

*may at any time by written instrument authorize the society to provide and pay for the support, care, medical and surgical treatment and funeral of such member and deduct the amount so paid with legal interest from the net reserve to the credit of the member's certificate or from the amount otherwise payable under the certificate to the beneficiary; or the member may at any time designate the society as beneficiary, and in such case the society shall use such reserve or amount, to the extent necessary, for the purposes aforesaid. Any society may limit the beneficiaries within the above classes.*

*Members shall have the right to change their beneficiaries within the above limits by complying with the requirements in that behalf prescribed by the society.*

Sec. 2. This act shall take effect and be in force from and after its passage.

Approved April 15, 1921.

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CHAPTER 288—H. F. No. 207.

*An act to amend Chapter 492, Laws of Minnesota, 1919, relating to the incorporation of mutual automobile insurance companies.*

Be it enacted by the Legislature of the State of Minnesota:

That Chapter 492, Laws 1919, be and the same is hereby amended so as to read as follows:

Section 1. **Mutual automobile insurance companies.**—Any number of persons not less than five may associate themselves together and form an incorporated company to insure against loss or damage to automobiles or other vehicles and their contents, by collision, fire, burglary or theft, and by windstorm or tornado, and against liability for damage to property of others by collision with such vehicles.

Sec. 2. **When policies may be issued.**—(a) No policies shall be issued by any company or association now or hereafter organized under the provisions of this act until not less than \$200,000 of insurance upon not less than 200 separate automobiles located in this state has been subscribed for and entered upon the books of the company or association and the premiums thereon for one year have been paid in cash, which premiums shall aggregate not less than \$2,500.

(b) Every such company shall provide in its by-laws and specify in its policies the maximum contingent mutual liability of its members for the payment of losses and expenses not provided for by its cash fund. Such contingent liability of a member shall not be less than a sum equal to and in addition to one annual premium nor more than a sum equal to five times the amount of such annual premium, but in case of a policy written for less than one

year the contingent liability shall not exceed the amount of the premium written in the policy. The total amount of the liability of the policyholder shall be plainly and legibly stated upon each policy as follows:

"The maximum contingent liability of a policyholder under this policy is \$....."

**Sec. 3. Liability.**—The maximum net single risk, after deducting reinsurance, for which a company organized under this act shall be solely liable, shall be not more than

- (a) \$1,000.00 while the membership is less than five hundred.
- (b) \$2,000.00 while the membership is more than five hundred and not more than one thousand.
- (c) \$3,000.00 so long as the membership is one thousand or more.

No such company shall insure any person against damage to his own car on account of collision while the membership in such corporation is less than one thousand.

**Sec. 4. Limit of Expense.**—No such company shall expend in any calendar year for the expense of conducting its business more than its membership fees and forty per cent of its total premiums and assessments actually collected. *The membership fee collected by such company shall not exceed Five Dollars upon each policy written.*

**Sec. 4a. Reinsurance reserve.**—The reinsurance or unearned premium reserve of every such company shall be determined in the same manner as that of a domestic mutual fire insurance company as provided in Sec. 3268, General Statutes 1913.

**Sec. 4b. Additional coverage.**—*Any such company which shall set aside and maintain over and above its liabilities and the reserves required by law of like stock insurance companies a guaranty fund available for the payment of losses and expenses of at least One Hundred Thousand Dollars, shall, when its certificate of incorporation so provides, be permitted to insure against damage to persons of others by collision with automobiles or other vehicles and against any loss or hazard incident to the ownership, operation or the use of motor or other vehicles. Where a membership fee is charged the amount thereof shall be specified in the consideration clause of the policy.*

**Sec. 5. Guaranty Reserve Fund.**—Any such company may, if a majority of its members so elect, at any annual meeting or special meeting called for that purpose, amend its articles of incorporation so as to provide for a guaranty reserve fund in an amount not exceeding One hundred thousand dollars, said guaranty reserve

fund to be used only in the payment of losses and expenses in the event the total liabilities of the company, including its statutory reserves and such guaranty reserve fund, are in excess of its total admitted assets and that the total contingent liability of the policyholders has been exhausted. The guaranty reserve fund may be created from the profits or surplus of the company, also by the levying of assessments, but no policyholder shall be liable for an assessment for any purpose whatsoever for an amount greater than as specified in his policy contract.

Sec. 6. This act shall take effect from and after the date of its passage.

Approved April 15, 1921.

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#### CHAPTER 289—H. F. No. 230.

*An act to amend Section 2, of Chapter 515, Laws 1919, relating to taxation of insurance companies, and to provide for the relief of domestic mutual companies from unpaid taxes accruing by reason of the unconstitutionality of Chapter 184, Laws 1915.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **Payment for maintenance.**—That Section 2 of Chapter 515 Laws 1919 be, and the same is, hereby amended to read as follows:

Every domestic and foreign company, except town and farmers mutual insurance companies and domestic mutual insurance companies other than life, shall pay to the state treasurer on or before April 30, annually, a sum equal to two per cent. of the gross premiums less return premiums on all direct business received by it in this state, or by its agent for it, in cash or otherwise, during the preceding calendar year, and if unpaid by said date a penalty of ten per cent. shall accrue thereon, and thereafter such sum and penalty shall draw interest at the rate of one per cent. per month until paid. In the case of every domestic company such sums shall be in lieu of all other taxes, except those upon real property, owned by it in this state, which shall be taxed the same as like property of individuals, and in the case of every foreign company such sums shall be in lieu of all other taxes, except those upon real and personal property owned by it in this state, which shall be taxed the same as like property of individuals, and except that in addition thereto every foreign fire company doing business in any city wherein a salvage corps has been established pursuant to law for which such company and every foreign company insuring against loss and damage by water to goods and premises arising from the breakage or leakage of sprinklers, pumps, or other apparatus erected for extinguishing fires or its agents for it, are not otherwise subject to taxation, shall at the same time pay to the treasurer of the duly authorized board