

*of either party and the trial thereof shall be by jury unless trial by jury shall be waived. The burden of proving incompetency or misconduct shall rest upon the governmental subdivision alleging the same. Nothing in this act shall be construed to apply to the position of private secretary, teacher, superintendent of schools or one chief deputy of any elected official or head of a department, or to any person holding a strictly confidential relation to the appointing officer. The burden of establishing such relationship shall be upon the appointing officer in all proceedings and actions relating thereto.*

*All officers, boards, commissions and employees shall conform to, comply with and aid in all proper ways in carrying into effect the provisions of this act. Any willful violation of this act by officers, officials, or employees is a misdemeanor.*

Approved March 30, 1943.

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#### CHAPTER 231—H. F. No. 598.

*An act to permit any domestic insurance corporation heretofore or hereafter incorporated for the transaction of the kinds of business authorized and permitted by Subdivision 4 of Section 3315 Mason's Minnesota Statutes 1927 and having capital stock, to convert such corporation into a mutual corporation and to provide a method therefor.*

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

Section 1. **Domestic insurance corporations may become mutual corporations in certain cases.**—Any domestic insurance corporation heretofore or hereafter incorporated for the transaction of the kinds of business authorized and permitted by subdivision 4 Section 3315 Mason's Minnesota Statutes 1927, and having capital stock may become a mutual corporation and to that end may formulate and carry out a plan for the acquisition by it of its outstanding capital stock, and for the mutualization of such corporation, as follows:

(a) Such plan shall have been adopted by vote of a majority of the directors of such company.

(b) Such plan shall have been submitted to the Commissioner of Insurance and shall have been approved by him as con-

forming to the requirements of this act; and as not prejudicial to the policyholders of such company or to the insuring public.

(c) Such plan shall have been approved by a vote of stockholders representing a majority of the outstanding capital stock at a meeting of stockholders called for that purpose. Stockholders may vote in person or by proxy filed with the company at least five days before the meeting at which it is to be used. Notice of such meeting shall be given by mailing such notice from the home office of such company at least thirty days prior to such meeting in a sealed envelope, postage prepaid, directed to each stockholder at his address as shown on the stock records of the company.

(d) Such plan shall have been approved by a majority of the votes cast by policyholders (whether or not members) who vote at a meeting called for that purpose. Eligibility of policyholders, whether or not members of the company, and the number of votes to which each is entitled, shall be determined by the laws of Minnesota relating to the rights of members of domestic mutual life insurance companies to vote at company meetings. Policyholders may vote in person or by proxy filed with the company at least five days before the meeting at which it is to be used. Notice of such meeting shall be given by mailing such notice from the home office of such company at least thirty days prior to such meeting in a sealed envelope, postage prepaid, directed to each policyholder at his address as shown on the policy records of the company. Such meeting shall be conducted in such manner as may be provided for in such plan, with the approval of the Commissioner of Insurance. The Commissioner shall supervise and direct the methods and procedure of said meeting and shall appoint an adequate number of inspectors to conduct the voting at said meeting, who shall have power to determine all questions concerning the verification of the ballots, the ascertaining of the validity thereof, the qualifications of the voters and the canvass of the vote. Such inspectors, or any one thereof designated by the Commissioner, shall certify to the Commissioner and to such company the result of such vote, and with respect thereto shall act under such rules as shall be prescribed by the Commissioner. All necessary expenses incurred by the Commissioner, or incurred with his approval by the inspectors appointed by him, shall be paid by such company upon the certificate of the Commissioner.

(e) Approval of the plan by stockholders and policyholders as above provided may be given at a joint meeting thereof.

(f) Such plan may specify the purchase price to be paid by such company for shares of its capital stock, and in such case the price so specified shall be adhered to. If such plan does not specify

the price to be paid for such shares, such company shall first obtain the approval of the Commissioner for every payment made for the acquisition of any shares of its capital stock.

(g) Such plan may authorize the board of directors of the company to provide for participation in the surplus of the company by holders of policies which do not by their terms provide for such participation or which provide for a limited participation only, and may include appropriate proceedings to confer upon policyholders the right to vote at meetings of the company. Policyholders upon whom the right to vote is so conferred shall have the same voting rights and shall be entitled to the same notice of annual meeting as members of domestic mutual life insurance companies.

(h) Before approving any such plan or any such payment, the Commissioner shall be satisfied, by such investigation as he may make or such evidence as he may require, that such company, after deducting the aggregate sum appropriated by such plan for the acquisition of any part or all of its capital stock, and in the case of any payment not fixed by such plan and subject to approval as aforesaid, after deducting also the amount of such payment, will be possessed of admitted assets in an amount equal to the sum of (1) and (2) as follows:

(1) Its entire liabilities, including the net value of its outstanding contracts computed as provided by law, and (2) the contingency reserve deemed by the Commissioner necessary to protect its policyholders and the insuring public, in view of the past experience of such company, the character of its assets, its present management and its probable future earnings.

The Commissioner's action in refusing to give any approval required by this section shall be subject to review by any court of competent jurisdiction.

Such plan may be amended by vote of stockholders representing a majority of the outstanding capital stock and by a majority of the votes cast by policyholders who vote at the meeting, but in such case the plan shall not become effective until approved, as amended, by vote of a majority of the directors of such company and by the Commissioner of Insurance.

**Sec. 2. May acquire capital stock.**—In pursuance of any plan such company shall have power, and shall be privileged, to acquire any shares of its capital stock by gift, bequest, or purchase. Until all of the shares of its outstanding capital stock are acquired, any shares so acquired shall be taken and held in trust for all the policyholders of such company, as hereinafter provided.

and shall be assigned and transferred on the books of the company to three trustees, who shall be named in such plan and shall be approved by the Commissioner. All shares held by such trustees shall be deemed admitted assets of such company at their par value. Such trustees, who may be directors of the company, shall vote all shares so acquired and held by them at all corporate meetings in accordance with the majority vote of policyholders voting on any question before the meeting. When all of the outstanding capital stock of any such corporation shall have been acquired, the entire capital stock of such corporation shall be retired and canceled and thereupon such corporation shall be and become a mutual life insurance company without capital stock. The plan of conversion formulated pursuant to Section 1 of this act shall provide for the method of filling vacancies among such trustees. Before undertaking any of the duties of his appointment each trustee shall file with the company a verified acceptance of his appointment and a declaration that he will faithfully discharge his duties as such trustee. All dividends and other sums received by such trustees on the shares of stock so acquired by them shall, after paying the necessary expenses of executing the trust, be immediately repaid to such company for the benefit of all who are or may become policyholders of such company and entitled to participate in the profits or savings thereof.

Approved March 30, 1943.

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CHAPTER 232—H. F. No. 651.

(AMENDING SECTIONS 28.01; 28.07 AND 28.08 MINNESOTA  
STATUTES 1941.)

*An act to regulate cold storage warehouses and amending Mason's Minnesota Statutes of 1927, Sections 6207, 6213, 6214, and repealing Sections 6216 and 6217.*

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

Section 1. **Law amended.**—That Mason's Minnesota Statutes for 1927, Section 6207, be and the same is hereby amended so as to read as follows:

“6207. **Definitions.**—For the purpose of this act ‘Cold Storage’ shall mean the storage or keeping of articles of food in a cold storage warehouse or in any refrigerated space leased for public use other than an individual locker. The term ‘Cold Storage Ware-