

at the expense of the association. *Farmers' and township re-insurance or guaranty associations shall be subject to the provisions of Section 60.875.*

Approved April 3, 1957.

CHAPTER 285—S. F. No. 957

An act relating to township mutual fire insurance companies; amending Minnesota Statutes 1953, Section 67.33.

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

Section 1. Minnesota Statutes 1953, Section 67.33 is amended to read:

67.33 Reinsurance. Subdivision 1. Township mutual fire insurance companies may enter into reinsurance agreements with other township mutual fire insurance companies and reinsure a portion of any risk with these companies. In these cases they shall not be confined to the territory in which they are writing direct business.

Subd. 2. Any township mutual fire insurance company may become a member of a reinsurance association such as provided for under Sections 67.45 to 67.54, for the purpose of reinsuring any part or all of any risk or risks written by it.

Approved April 3, 1957.

CHAPTER 286—S. F. No. 964

An act relating to insurance, providing for investments by insurance companies other than life; amending Minnesota Statutes 1953, Section 60.37.

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

Section 1. Minnesota Statutes 1953, Section 60.37, is amended to read:

60.37. Capital stock to be paid in full; investment. The capital of every stock company shall be paid in full, in cash, within six months from the date of its certificate of incorporation, and thereupon a majority of the directors shall certify, under oath, to the commissioner that such payment, in cash, has been made by the stockholders for their respective shares, and is held as the capital of the company, and until then no

policy shall be issued. Except as otherwise provided by law, the funds of every domestic company shall be invested in, or loaned upon, one or more of the following kinds of securities or property, and under the restrictions and conditions herein specified:

(1) Bonds or treasury notes or other obligations of the United States; obligations guaranteed by the United States; obligations payable in United States dollars issued or fully guaranteed by International Bank for Reconstruction and Development not exceeding in aggregate face amount five percent of the total admitted assets of such company; national or state bank stock; interest-bearing bonds or certificates of indebtedness or other obligations at market value of this or any other state, or any governmental subdivision or municipal corporation in this or any other state, or of the Dominion of Canada or any province or any governmental subdivision or municipal corporation thereof, having legal authority to issue the same, at market value; or debentures issued by the Federal Housing Administrator or obligations of national mortgage associations;

(2) Notes or bonds secured by first mortgage on improved real estate in this or any other state, or in the Dominion of Canada, *having a value of at least 50 percent more than the amount of the loan secured thereby*, not including buildings unless insured by policies payable to and held by the security holder, or by a trustee for the security holder, or notes or bonds secured by mortgage, or trust deed in the nature thereof, or other obligations which the United States or any agency or instrumentality thereof has insured or guaranteed or made a commitment to insure or guarantee;

(3) Common stocks upon which dividends of not less than three percent of par or stated value have been regularly paid for three years immediately preceding the investment; and bonds, not in default, at market value, of any corporation incorporated by or under the laws of the United States, or any state, or the Dominion of Canada, or any province thereof; or preferred stocks at market value of any solvent corporation incorporated by or under the laws of the United States or any state, or the Dominion of Canada or any province thereof provided such corporation's net income available for fixed charges after deducting federal and state income taxes must have averaged for the five fiscal years preceding investment at least $1\frac{1}{2}$ times the sum of annual fixed charges, contingent interest and preferred dividends, all computed as of the date of investment; and upon which bonds or preferred stocks, interest or dividends have not been in arrears for an aggregate of 90 days within the preceding three years; or in

the stock or guaranty fund certificates of any insurance company, which investment must be approved by the commissioner; or in the stock or bonds of any real estate holding company, which investment must be approved by the commissioner, whose real estate is used, in whole or in part, in the transacting of the insurance business of such insurance company, either directly or by reinsurance, or in the fee to real estate used, in whole or in part, in such business; or in the stock or bonds of any corporation owning investments in foreign countries used for purposes of legal deposit, when the insurance company transacts business therein direct or as reinsurance;

(4) Promissory notes maturing within six months, secured by the pledge of warehouse receipts issued against commodities deposited in public warehouses; at the time of investing in such notes the market value of the commodities shall exceed the indebtedness secured thereby and the note or pledge agreement shall provide that the holder may call for additional like security or sell the commodities without notice upon depreciation of the security; the insurance company may accept, in lieu of the deposit with it of the warehouse receipts, a trustee certificate issued by any national or state bank at a terminal point, certifying that the warehouse receipts have been deposited with it and are held as security for the notes; the amount invested in the securities mentioned herein shall not, at any time, exceed 25 percent of the capital stock of the company; and

(5) Loans on pledge of any such securities, but not exceeding 80 percent of the market value of stocks or other securities and 95 percent of the market value of bonds specified in clause (1); and in all loans reserving the right at any time to declare the indebtedness due and payable when in excess of such proportion or upon depreciation of security.

Approved April 3, 1957.

CHAPTER 287—S. F. No. 977

An act relating to the state sanatorium, authorizing its use for the care of chronically mentally ill and naming the institution the Minnesota State Sanatorium; amending Minnesota Statutes 1953, Sections 251.01 and 251.02.

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

Section 1. Minnesota Statutes 1953, Section 251.01 is amended to read: