there is an unexpended balance of the county extension fund at the end of any year, this balance shall be carried over or reappropriated within the limits of the appropriation hereinbefore specified.

Approved April 8, 1963.

CHAPTER 199—H. F. No. 478

[Not Coded]

An act relating to public employees retirement association; providing survivorship benefits to the widows of certain contract employees.

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

Section 1. **Public employees retirement; contract employees.** Notwithstanding the provisions of Minnesota Statutes 1961, Chapter 353, and any act amendatory thereof to the contrary, a contract employee of a school district who had a contract with a school district for the school term beginning September, 1960, and who died after June 1, 1961, and before July 1, 1961, and who had not less than 3½ years of allowable service, shall be deemed to have been a member of the public employees retirement association on the date of his death, and his widow is eligible for benefits from the fund of the association to the extent provided by Chapter 467 of the Laws of 1961.

Sec. 2. Section 1 is applicable only to a surviving widow who has not remarried on or prior to the effective date of this act.

Approved April 8, 1963.

CHAPTER 200—H. F. No. 524

An act relating to life insurance policies; providing for the valuation of reserve liabilities therefor, and for nonforfeiture benefits thereof; amending Minnesota Statutes 1961, Sections 61.263, 61.264, 61.285 and 61.286.

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

Section 1. Minnesota Statutes 1961, Section 61.263, is amended to read:

61.263 **Life insurance; minimum standards of valuation.** The minimum standard for the valuation of all such policies and contracts issued prior to the operative date of Laws 1947, Chapter 182, shall be that provided by the laws in effect immediately prior to such date. The minimum standard for the valuation of all such policies and contracts issued on or after the operative date of Laws 1947, Chapter 182, shall be the commissioners reserve valuation method described in section 61.264, three and one-half percent interest, and the following tables:

(a) For all ordinary policies of life insurance issued on the standard basis, excluding any disability and accidental death benefits in such policies, the commissioners 1941 standard ordinary mortality table for such policies issued prior to the operative date of subdivision 4 of section 61.285, as amended, and the commissioners 1958 standard ordinary mortality table for such policies issued on or after such operative date; provided that for any category of such policies issued on female risks all modified net premiums and present values referred to in this act may be calculated according to an age not more than three years younger than the actual age of the insured.

(b) For all industrial life insurance policies issued on the standard basis, excluding any disability and accidental death benefits in such policies, the 1941 standard industrial mortality table *for such policies issued prior to the operative date of subdivision 6 of section 61.285, as amended, and the commissioners 1961 standard industrial mortality table for such policies issued on or after such operative date.*

(c) For *individual* annuity and pure endowment contracts, excluding any disability and accidental death benefits in such policies, the 1937 standard annuity mortality table *or, at the option of the company, the annuity mortality table for 1949, ultimate, or any modification of either of these tables approved by the commissioner.*

(d) For group annuity and pure endowment contracts, excluding any disability and accidental death benefits in such policies, the group annuity mortality table for 1951, any modification of such table approved by the commissioner, or at the option of the company, any of the tables or modifications of tables specified for individual annuity and pure endowment contracts.

~~(d)~~ *(e)* For total and permanent disability benefits in or supplemental to ordinary policies or contracts, *for policies or contracts issued on or after January 1, 1966, the tables of period 2 disablement rates and the 1930 to 1950 termination rates of the*

Changes or additions indicated by *italics*, **deletions by** ~~strikeout~~.

1952 disability study of the Society of Actuaries, with due regard to the type of benefit; for policies or contracts issued on or after January 1, 1963, and prior to January 1, 1966, either such tables or, at the option of the company, the class (3) disability table (1926); and for policies issued prior to January 1, 1963, the class (3) disability table (1926). ~~which, for active lives, shall~~ *Any such table shall, for active lives,* be combined with a mortality table permitted for calculating the reserves for life insurance policies.

~~(e)~~ *(f)* For accidental death benefits in or supplementary to policies, *for policies issued on or after January 1, 1966, the 1959 accidental death benefits table; for policies issued on or after January 1, 1963, and prior to January 1, 1966, either such table or, at the option of the company, the inter-company double indemnity mortality table; and for policies issued prior to January 1, 1963,* the inter-company double indemnity mortality table. *Either table shall be* combined with a mortality table permitted for calculating the reserves for life insurance policies.

~~(f)~~ *(g)* For group life insurance, life insurance issued on the substandard basis and other special benefits, such tables as may be approved by the commissioner.

Sec. 2. Minnesota Statutes 1961, Section 61.264, is amended to read:

61.264 **Reserve valuation of life insurance and endowment benefits; modified premiums.** Reserves according to the commissioners reserve valuation method, for the life insurance and endowment benefits of policies providing for a uniform amount of insurance and requiring the payment of uniform premiums shall be the excess, if any, of the present value at the date of valuation of such future guaranteed benefits provided for by such policies over the then present value of any future modified net premiums therefor. The modified net premiums for any such policy shall be such uniform percentage of the respective contract premiums for such benefits that the present value, at the date of issue of the policy, of all such modified net premiums shall be equal to the sum of the then present value of such benefits provided for by the policy and the excess of (a) over (b) as follows:

(a) A net level annual premium equal to the present value, at the date of issue, of such benefits provided for after the first policy year, divided by the present value at the date of issue of an annuity of one per annum payable on the first and each subsequent anniversary of such policy on which a premium falls due; provided, however, that such net level annual premium shall not exceed the net level annual premium on the nineteen year premium whole life plan for insurance of the same amount at an age one year higher than the age at issue of such policy.

(b) A net one year term premium for such benefits provided for in the first policy year.

Reserves according to the commissioners reserve valuation method for (1) life insurance policies providing for a varying amount of insurance or requiring the payment of varying premiums, (2) annuity and pure endowment contracts (3) disability and accidental death benefits in all policies and contracts, and (4) all other benefits, except life insurance and endowment benefits in life insurance policies, *shall be calculated by a method consistent with the principles of the* preceding paragraph, *except that any extra premiums charged because of impairments or special hazards shall be disregarded in the determination of modified net premiums.*

Sec. 3. Minnesota Statutes 1961, Section 61.285, is amended to read:

61.285 **Calculation of adjusted premiums.** Subdivision 1. *Except as provided in the second paragraph of subdivision 2, the* adjusted premiums for any policy shall be calculated on an annual basis and shall be such uniform percentage of the respective premiums specified in the policy for each policy year (excluding extra premiums on a substandard policy) that the present value, at the date of issue of the policy, of all such adjusted premiums shall be equal to the sum of (1) the then present value of the future guaranteed benefits provided for by the policy; (2) two percent of the amount of insurance, if the insurance be uniform in amount, or of the equivalent uniform amount, as hereinafter defined, if the amount of insurance varies with duration of the policy; (3) 40 percent of the adjusted premium for the first policy year; (4) 25 percent of either the adjusted premium for the first policy year or the adjusted premium for a whole life policy of the same uniform or equivalent uniform amount with uniform premiums for the whole of life issued at the same age for the same amount of insurance, whichever is less. In applying the percentages specified in (3) and (4), no adjusted premiums shall be deemed to exceed four percent of the amount of insurance or ~~level~~ *uniform* amount equivalent thereto. The date of issue of a policy for the purpose of this section shall be the date as of which the rated age of the insured is determined.

Subd. 2. In the case of a policy providing an amount of insurance varying with duration of the policy, the equivalent ~~level~~

uniform amount thereof for the purpose of this section is the ~~level~~ *uniform* amount of insurance provided by an otherwise similar policy containing the same endowment benefit or benefits issued at the same age and for the same term, the amount of which does not vary with duration and the benefits under which have the same present value at the ~~inception of the insurance~~ *date of issue* as the benefits under the policy*; provided, however, that in case of a policy providing a varying amount of insurance issued on the life of a child under age ten, the equivalent uniform amount may be computed as though the amount of insurance provided by the policy prior to the attainment of age ten were the amount provided by such policy at age ten.*

The adjusted premiums for any policy providing term insurance benefits by rider or supplemental policy provision shall be equal to (a) the adjusted premiums for an otherwise similar policy issued at the same age without such term insurance benefits, increased, during the period for which premiums for such term insurance benefits are payable, by (b) the adjusted premiums for such term insurance, the foregoing items (a) and (b) being calculated separately and as specified in the first two paragraphs of this section except that, for the purposes of (2), (3) and (4) of the first such paragraph, the amount of insurance or equivalent uniform amount of insurance used in the calculation of the adjusted premiums referred to in (b) shall be equal to the excess of the corresponding amount determined for the entire policy over the amount used in the calculation of the adjusted premiums in (a).

Subd. 3. *Except as otherwise provided in subdivisions 4 and 6,* all adjusted premiums and present values referred to in this act shall *for all policies of ordinary insurance* be calculated on the basis of the commissioners 1941 standard ordinary mortality table ~~for ordinary insurance and~~, *provided that for any category of ordinary insurance issued on female risks, adjusted premiums and present values may be calculated according to an age not more than three years younger than the actual age of the insured and such calculations for all policies of industrial insurance shall be made on the basis of* the 1941 standard industrial mortality table ~~for industrial insurance and~~. *All calculations shall be made on the basis of* the rate of interest, not exceeding three and one-half per cent per annum, specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits. In calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be not more than 130 percent of the rates of mortality according to such applicable table. For insurance issued on a substandard basis, the calculation of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the company and approved by the commissioner.

Subd. 4. In the case of ordinary policies issued on or after the operative date of this subdivision as defined herein, all adjusted premiums and present values referred to in this act shall be calculated on the basis of the commissioners 1958 standard ordinary mortality table and the rate of interest, not exceeding three and one-half percent per annum, specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits, provided that for any category of ordinary insurance issued on female risks, adjusted premiums and present values may be calculated according to an age not more than three years younger than the actual age of the insured. Provided, however, that in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be not more than those shown in the commissioners 1958 extended term insurance table. Provided, further, that for insurance issued on a substandard basis, the calculation of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the company and approved by the commissioner.

Subd. 5. After the effective date of subdivision 4, any company may file with the commissioner a written notice of its election to comply with the provisions of subdivision 4 after a specified date before January 1, 1966. After the filing of such notice, then upon such specified date (which shall be the operative date of subdivision 4 for such company), subdivision 4 shall become operative with respect to the ordinary policies thereafter issued by such company. If a company makes no such election, the operative date of subdivision 4 for such company shall be January 1, 1966.

Subd. 6. In the case of industrial policies issued on or after the operative date of this subdivision as defined herein, all adjusted premiums and present values referred to in this act shall be calculated on the basis of the commissioners 1961 standard industrial mortality table and the rate of interest, not exceeding three and one-half percent per annum, specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits. Provided, however, that in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be not more than those shown in the commissioners 1961 industrial ex-

tended term insurance table. Provided, further, that for insurance issued on a substandard basis, the calculations of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the company and approved by the commissioner.

Subd. 7. After the effective date of subdivision 6, any company may file with the commissioner a written notice of its election to comply with the provisions of subdivision 6 after a specified date before January 1, 1968. After the filing of such notice, then upon such specified date (which shall be the operative date of subdivision 6 for such company), subdivision 6 shall become operative with respect to the industrial policies thereafter issued by such company. If a company makes no such election, the operative date of subdivision 6 for such company shall be January 1, 1968.

Sec. 4. Minnesota Statutes 1961, Section 61.286, is amended to read:

61.286 **Default in premium payment.** Any cash surrender value and any paid-up nonforfeiture benefit, available under the policy in the event of default in a premium payment due at any time other than on the policy anniversary, shall be calculated with allowance for the lapse of time and the payment of fractional premiums beyond the last preceding policy anniversary. All values referred to in sections 61.283, 61.284, and 61.285 may be calculated upon the assumption that any death benefit is payable at the end of the policy year of death. The net value of any paid-up additions, other than paid-up term additions, shall be not less than the dividends used to provide such additions. Notwithstanding the provisions of section 61.283, additional benefits payable (a) in the event of death or dismemberment by accident or accidental means, (b) in the event of total and permanent disability, (c) as reversionary annuity or deferred reversionary annuity benefits, (d) as term insurance benefits provided by a rider or supplemental policy provisions to which, if issued as a separate policy, Laws 1947, Chapter 182, would not apply, ~~and~~ *(e) as term insurance on the life of a child or on the lives of children provided in a policy on the life of a parent of the child, if such term insurance expires before the child's age is 26, is uniform in amount after the child's age is one, and has not become paid-up by reason of the death of a parent of the child, and (f)* as other policy benefits additional to life insurance and endowment benefits, and premiums for all such additional benefits, shall be disregarded in ascertaining cash surrender values and nonforfeiture benefits required by Laws 1947, Chapter 182, and no such additional

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benefits shall be required to be included in any paid-up nonforfeiture benefits.

Approved April 8, 1963.

CHAPTER 201—H. F. No. 563

An act relating to powers of the commissioner of taxation in the administration of the inheritance tax law; amending Minnesota Statutes 1961, Section 291.31.

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

Section 1. Minnesota Statutes 1961, Section 291.31, is amended to read:

291.31 **Inheritance tax; powers of commissioner of taxation.** *Subdivision 1.* The commissioner of taxation is hereby authorized and empowered to issue a citation to any person who he may believe or has reason to believe has any knowledge or information concerning any property which he believes or has reason to believe has been transferred by any person and as to which there is or may be a tax due to the state under the provisions of this chapter, and by such citation require such person to appear before him at a time and place to be designated in such citation and testify, under oath, as to any fact or information within his knowledge touching the quantity, value, and description of any such property and its ownership and the disposition thereof which may have been made by any person, and to produce and submit to the inspection of the commissioner of taxation any books, records, accounts, or documents in the possession of or under the control of any person so cited. The commissioner of taxation shall also have power to inspect and examine the books, records, and accounts of any person, firm, or corporation, including the stock transfer books of any corporation, for the purpose of acquiring any information deemed necessary or desirable by him for the proper enforcement of this chapter and the collection of the full amount of the tax which may be due to the state hereunder. Any and all information acquired by the commissioner of taxation under and by virtue of the means and methods provided for by this section shall be deemed and held by him as confidential and shall not be disclosed by him except so far as the same may be necessary for the enforcement and collection of the inheritance tax provided for by this chapter.

Refusal of any person to attend before the commissioner of taxa-