

gaged in the services of the institutions; provided such company agrees to appoint the Commissioner, and his successors in office, as its attorney to receive service of legal process issued against it in Minnesota, such appointment to be irrevocable and to bind the company and any successors in interest and to remain in effect as long as there is in force in this state any contract made by that company or any obligation arising therefor; nor shall this act apply to any insurance or annuity contracts issued by such a life insurance company.

Sec. 7. Minnesota Statutes 1965, Sections 72.41 to 72.47 are repealed.

Approved May 18, 1967.

CHAPTER 591—H. F. No. 2296

[Coded]

An act relating to insurance; providing for the examination of insurance companies; repealing Minnesota Statutes 1965, Section 60.08.

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

Section 1. **[60.081] Insurance; examination of companies.**
Subdivision 1. **Domestic companies.**

(1) **When examinations to be made.** The commissioner shall make a thorough examination pursuant to the requirements of this section before any domestic insurance company, including reciprocals and fraternal but excluding township mutuals, is issued its first certificate of authority and begins doing business in this state. Within six months after any such company begins doing business in this state the commissioner shall visit and examine such company and thereafter he shall visit and examine such company for three successive years; after the third successive year he shall visit and examine such company at least once every three years.

The commissioner may also examine at any other time or for any reason.

Whenever a domestic insurance company enters into a management contract or agreement which shifts or changes the management of such company or whenever ownership control of such company is changed, for the purposes of this section such company may be

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deemed to be beginning business in this state. For the purpose of this section ownership control shall be defined as direct or indirect control or ownership of 50 percent or more of the stock or voting rights in a stock company, or of sufficient votes to elect a majority of the directors of a mutual company; provided, however, that such control or ownership shall not be determined by including proxies received as a result of a solicitation for proxies to all of the shareholders or members.

The commissioner shall notify the governor whenever examinations required by this section have not been made and inform the governor why such examination has not been made.

(2) **Who may be examined.** The commissioner in making any examination of a domestic insurance company required or authorized by this act may examine any person, association, or corporation:

(a) transacting, having transacted, or being organized to transact the business of insurance in this state;

(b) engaged in or proposing to be engaged in the organization, promotion, or solicitation of shares or capital contributions to or aiding in the formation of a domestic insurance company;

(c) holding shares of capital stock of a domestic insurance company for the purpose of controlling the management thereof as voting trustee or otherwise;

(d) having a contract, written or oral, pertaining to the management or control of a domestic insurance company as general agent, managing agent, attorney-in-fact, or otherwise;

(e) which has substantial control directly or indirectly over any domestic insurance company whether by ownership of its stock or otherwise, or owning stock in any domestic insurance company, which stock constitutes a substantial proportion of either the stock of such domestic insurance company or of the assets of such owner thereof;

(f) which is a subsidiary or affiliate of any domestic insurance company;

(g) which is a licensed agent or solicitor or has made application for such licenses;

(h) engaged in the business of adjusting losses or financing premiums.

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Nothing contained in this clause (2) shall authorize the commissioner to examine any person, association, or corporation which is subject to regular examination by another division of the commerce department of this state. The commissioner shall notify such other division when, in his opinion, an examination is advisable.

Subd. 2. Foreign companies. The commissioner may, when he deems it necessary, make an examination of the affairs or an appraisal of any or all of the assets of any foreign insurance company, including reciprocals and fraternal, admitted, or applying for admission, to do business under the laws of this state. In lieu of such an examination the commissioner may, in his discretion, accept the report of examination made by the commissioner of insurance, or corresponding officer, of the state in which the company has its home office; provided, however, that the commissioner shall not accept such a report of examination unless:

(1) the company so examined has sold policies of insurance in the state of examination on which the annual premiums for the preceding calendar year exceeded \$500,000 in amount or 25 percent of its total premiums for said year, or

(2) the company so examined has been doing business in the examining state without a change in management, whether as the result of a management contract, any other agreement or arrangement, or a change in control, for more than 3-½ years and the examining state will examine companies domiciled therein as frequently as required by this act.

Subd. 3. Scope and purpose; foreign and domestic examinations. The commissioner, or the person making the examination at his direction, shall have free access to all books, records, securities, documents, and any or all papers relating to the property, assets, business, and affairs of any company or person which may be examined pursuant to this act for the purpose of ascertaining, appraising, and evaluating the assets, conditions, affairs, operations, ability to fulfill obligations, and compliance with all the provisions of law of such company or person insofar as any of the above pertain to the business of insurance of a person, association, or corporation transacting, having transacted, or being organized to transact such business in this state. Whenever he deems it necessary, the commissioner shall make appraisal of any or all of the company's assets. Every company or person being examined, its officers, directors, and agents, shall provide to the commissioner convenient and free access at all reasonable hours at its office to all its books, records, securities, documents, any or all papers relating to the property, assets, business, and affairs of such company or person. The officers, direc-

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tors, and agents of such company or person shall facilitate such examination and aid in such examination so far as it is in their power to do so.

The commissioner in examining a company before he has issued the company its first certificate of authority may examine and verify the property of the company in a physical inventory and may appraise or cause to be appraised by competent appraisers appointed by him all assets in which the insurer has or claims an interest or which is security in any form for the payment of any debt or obligation to any person or company, which appraisal may be at the company's expense.

Subd. 4. Examination report; foreign and domestic companies. The commissioner shall make a full and true report of every examination, which shall include (1) a statement of findings of fact relating to the financial status and other matters ascertained from the books, papers, records, documents, and other evidence obtained by investigation and examination or ascertained from the testimony of officers, agents, or other persons examined under oath concerning the business, affairs, assets, obligations, ability to fulfill obligations, and compliance with all the provisions of the law of such company or person and (2) a summary of important points noted in the report, conclusions, recommendations and suggestions as may reasonably be warranted from the facts so ascertained in such examinations. The report of examination shall be verified by the oath of the examiner in charge thereof, and shall be prima facie evidence in any action or proceedings in the name of the state against the company, its officers or agents upon the facts stated therein.

Subd. 5. Order and notification; foreign and domestic companies. The commissioner upon receipt of a verified examiner's report shall notify the company or person examined of the summary of important points noted in the report, conclusions, recommendations, and suggestions of the examiner. Within ten days of receipt of a verified examiner's report the commissioner shall, when he deems it necessary, prepare and forward to the company a written order to comply within a time specified in the order or by law with one or more of the following:

(a) to make good within the time and extent prescribed by law or the commissioner's order any deficiency, whenever its capital, reserves or surplus have become impaired,

(b) to cease and desist from transaction of any business or from any business practice which if transacted or continued might result in the company's condition or further transaction of business being hazardous to its policyholders, its creditors, or the public,

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(c) to cease and desist from any other violation of its charter or any law of the state.

Sec. 2. Minnesota Statutes 1965, Section 60.08, is repealed.

Approved May 18, 1967.

CHAPTER 592—S. F. No. 540

An act relating to the annual tax levy for the county road and bridge fund; amending Minnesota Statutes 1965, Section 163.05, Subdivisions 3, 4, and 5.

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

Section 1. Minnesota Statutes 1965, Section 163.05, Subdivision 3, is amended to read:

Subd. 3. **County road and bridge fund; tax levy; counties having a population of more than 200,000 and not more than 300,000.** In counties having a population of more than ~~100,000~~ 200,000 and not more than 300,000 the amount to be levied for the county road and bridge fund shall not exceed 12 mills on the dollar of the taxable valuation of the county.

Sec. 2. Minnesota Statutes 1965, Section 163.05, Subdivision 4, is amended to read:

Subd. 4. **All other counties.** Except as provided in subdivision 5, in all other counties the amount to be levied for the county road and bridge fund shall not exceed ~~20~~ 25 mills on the dollar of the taxable valuation of the county.

Sec. 3. Minnesota Statutes 1965, Section 163.05, Subdivision 5, is amended to read:

Subd. 5. **Special laws to remain in effect.** Those counties authorized to levy an amount in excess of 20 mills for their county road and bridge fund by specific legislative enactment *enacted before the effective date of this act* may levy the amount provided in such specific legislative enactments *plus an additional five mills.*

Approved May 19, 1967.

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