

(c) The aggregate amount of funds invested in either an equity or loan capacity in all of the subsidiaries of the bank or trust company authorized under this subdivision shall not exceed 25 percent of the capital stock and paid in surplus of the bank or trust company.

(d) A subsidiary organized or acquired under this subdivision is subject to the examination and enforcement authority of the commissioner under chapters 45 and 46 to the same extent as a state bank or trust company.

(e) For the purposes of this section, "subsidiary" means a corporation of which more than 50 percent of the voting shares are owned or controlled by the bank or trust company.

### Sec. 3. [48.892] CLERICAL SERVICES OFFICES.

A bank may perform clerical services, as defined in section 48.89, subdivision 1, for itself at an off-premises data processing and storage center located within the state if the bank furnishes assurances satisfactory to the commissioner that the performances of those services will be subject to regulation and examination by the commissioner to the same extent as if the services were being performed at the bank's main office or detached facility. A data processing and storage center is not considered a branch or detached facility, as defined in section 47.51. The establishment of a data processing and storage center may include acquiring real and personal property, which shall be subject to section 47.10.

Presented to the governor May 12, 1989

Signed by the governor May 15, 1989, 5:58 p.m.

---

## CHAPTER 130—S.F.No. 886

*An act relating to insurance; township mutuals; permitting the directors to choose a manager who need not be a member of the board; expanding the permissible duties of the treasurer and manager; permitting township mutual fire insurance companies to cover certain secondary property; permitting township mutual insurance companies to insure secondary property outside the companies' territory under certain circumstances; setting forth a director's personal liability; amending Minnesota Statutes 1988, sections 67A.09, subdivision 1; 67A.12, subdivision 1; 67A.14, subdivisions 1 and 5; and 67A.17, subdivisions 2 and 3.*

### BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1988, section 67A.09, subdivision 1, is amended to read:

Subdivision 1. **HOW ELECTED OR CHOSEN.** The directors shall choose one of their number as president, one as vice-president, and one as secretary;

New language is indicated by underline, deletions by ~~strikeout~~.

they shall also choose a treasurer, who ~~may or may need~~ not be a member of the board, but must be a member of the company. They may also choose a manager, who need not be a member of the board, and need not be a member of the company. The offices of secretary and treasurer may be held by the same person.

The board of directors may appoint other officers as it deems necessary for the conduct of business.

Sec. 2. Minnesota Statutes 1988, section 67A.12, subdivision 1, is amended to read:

Subdivision 1. **WHO MAY ACCEPT.** The president ~~and~~ secretary of a ~~company, treasurer, or chosen manager~~ may accept all applications and sign and issue policies, agreeing in the name of the company to pay all losses and damages, not exceeding the sums named in the policies, sustained by reason of the perils named, for the term therein specified.

Sec. 3. Minnesota Statutes 1988, section 67A.14, subdivision 1, is amended to read:

Subdivision 1. **KINDS OF PROPERTY.** (a) Township mutual fire insurance companies may insure qualified property. Qualified property means dwellings, household goods, appurtenant structures, farm buildings, farm personal property, churches, church personal property, county fair buildings, community and township meeting halls and their usual contents.

(b) Township mutual fire insurance companies may extend coverage to include an insured's secondary property if the township mutual fire insurance company covers qualified property belonging to the insured. Secondary property means any real or personal property that is not considered qualified property for a township mutual fire insurance company to cover under chapter 67A. The maximum amount of coverage that a township mutual fire insurance company may write for secondary property is 25 percent of the total limit of liability of the policy issued to an insured covering the qualified property.

Sec. 4. Minnesota Statutes 1988, section 67A.14, subdivision 5, is amended to read:

Subd. 5. **WHAT MAY NOT BE INSURED; PROPERTY OUTSIDE DESIGNATED TERRITORY; EXCEPTIONS.** (a) No township mutual insurance company shall insure any property in cities of the first or second class.

(b) If by annexation or other growth in population a city, town, township or unorganized territory or any portion thereof is reclassified into a city of the second class, a township mutual insurance company may continue to do business in that portion of the city in which it was authorized to do business prior to the reclassification.

(c) ~~No~~ A township mutual insurance company shall may insure any real or

New language is indicated by underline, deletions by ~~strikeout~~.

personal property, including qualified or secondary property, subject to the limitations in subdivision 1, paragraph (b), located outside of the limits of the territory in which the company is authorized by its certificate or articles of incorporation to transact business, if the company is already covering qualified property belonging to the insured, inside the limits of the company's territory.

(d) ~~The prohibition in clause (e) shall not apply to any~~ A township mutual fire insurance company may insure property temporarily outside of the authorized territory of the township mutual insurance company.

Sec. 5. Minnesota Statutes 1988, section 67A.17, subdivision 2, is amended to read:

Subd. 2. **SECRETARY'S DUTIES.** It shall be the duty of the secretary or chosen manager, when after the assessment shall have been is completed, to immediately notify every person composing the company, by letter sent to the person's usual post office address, of the amount of the loss, and the sum due as the person's share thereof, and of the time when and to whom the payment is to be made, but this time shall not be less than 60, nor more than 90, days from the date of the notice, and every person designated to receive this money may demand and receive two percent in addition to the amount due on the assessment, as aforesaid, for fees in receiving and paying over the same.

Sec. 6. Minnesota Statutes 1988, section 67A.17, subdivision 3, is amended to read:

Subd. 3. **MEMBER SUBJECT TO SUIT AND DIRECTORS' LIABILITY.** Suits at law may be brought against any member of the company who ~~shall refuse or neglect~~ refuses or neglects to pay any assessment. ~~The directors of any company so formed who shall willfully neglect or refuse to perform the duties imposed upon them by law shall be liable in their individual capacities to the person sustaining the loss. The articles may eliminate or limit a director's personal liability to the company or its members for monetary damages for breach of fiduciary duty as a director. The articles shall not eliminate or limit the liability of a director:~~

(1) for breach of loyalty to the company or its members;

(2) for acts or omissions made in bad faith or with intentional misconduct or knowing violation of law;

(3) for transactions from which the director derived an improper personal benefit; or

(4) for acts or omissions occurring before the date that the provisions in the articles eliminating or limiting liability become effective.

Presented to the governor May 12, 1989

Signed by the governor May 15, 1989, 5:41 p.m.

New language is indicated by underline, deletions by ~~strikeout~~.