

the certificate of the clerk of the district court of said counties for said amounts and shall be in full compensation for all services rendered by said officers or deputies.

SEC. 7. That this act shall take effect and be in force from and after its passage.

Approved April 18, 1903.

CHAPTER 271.

S. F. No. 148.

An act to amend chapter one hundred eighty-six (186) of the General Laws of one thousand eight hundred eighty-five (1885), entitled "An act authorizing the formation of companies for mutual insurance against loss and damage by hail, tornadoes, cyclones and hurricanes," and the several acts amendatory thereof, being an act to revise and codify the laws of this state with reference to the formation of companies for mutual insurance against loss and damage by hail, tornadoes, cyclones and hurricanes.

Hail, tornado, cyclone and hurricane insurance companies.

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

SECTION 1. Any number of persons, not less than twenty-five, residing in this state, may associate themselves and become incorporated for the purpose of mutual insurance against loss or damage by hail, tornadoes, cyclones and hurricanes, by complying with the provisions of this act. *Provided*, that no policy shall be issued by such company until not less than two hundred thousand dollars (\$200,000) of insurance in not less than four hundred (400) separate risks upon property located in not less than ten (10) counties, and upon risks not exceeding fifteen (15) of one hundred and sixty (160) acres each, in any one township in the State of Minnesota, have been actually subscribed for and entered on its books, and there has been paid by each subscriber for such insurance an original membership fee of three dollars, for which the subscriber shall be given a receipt executed in duplicate, conditioned for the return of such sum if the company does not complete its organization within one year from the date of such receipt, the sum so received from the subscribers for insurance shall be deposited in some good bank and shall there remain until the complete organization of the company and the receipt of its license to do business, the duplicate of such receipts to-

Restrictions as to policies.

gether with a certificate from the bank or banker that such deposit has been made, shall be filed with the insurance commissioner within ninety (90) days of the date thereof.

Articles of
incorporation
contents.

SEC. 2. Such companies shall organize by adopting and signing articles of incorporation, which shall contain:

First—The name of the corporation, which shall not be the same as that previously assumed by any other corporation in this state, and which shall contain in its title the word “mutual.”

Second—The general nature and the proposed method and plan of its business, and the place of its principal office, with the time and place where shall be held its annual meetings.

Third—The names and residences of the persons so associated to form such corporation.

Fourth—The time of commencement, and the period of duration of such corporation.

Fifth—The number, names and places of residence of its first board of directors, the first officers, and the time and place of electing their successors.

Acknowledge
articles.

Certificate of
president
and secretary.

SEC. 3. Such articles shall be acknowledged by the persons signing them in the manner provided by law for the acknowledgment of deeds, and together with a certificate of the president and secretary under oath, reciting the amount of insurance subscribed, the number of risks, in how many counties and townships located and the largest number in any one township, and reciting the membership fees collected, to be not less than the amount of insurance, number and distribution of risks and amount of fees provided in section one (1) of this act, shall be filed for record in the office of the insurance commissioner for this state.

Duties of
insurance
commissioner.

SEC. 4. The insurance commissioner of this state shall, before recording such articles, and without unnecessary delay, examine the certificates, and if he shall find that all of the provisions contained in section one (1) of this act have been complied with, and if he shall find that such articles have been executed in conformity with the provisions of this act, he shall endorse thereon the word “approved,” date and sign the same, and he shall thereupon record the same in the records of his office, and shall issue under his hand and official seal, and deliver to

Approval.

said corporation his certificate to the effect that such corporation has been duly incorporated under the provisions of this act and is a body politic and corporate with power of perpetual succession and full authority to transact business from and after the date thereof, subject to the provisions of this act.

Such certificate shall be recorded in the office of the register of deeds of the county wherein such corporation shall have its principal office, and said certificate and records and any certified copy thereof shall be received in all the courts of this state as prima facie evidence that such corporation has been duly organized and created under the laws of this state; *provided*, that if any such company shall not commence to issue policies within one year from the date of such certificate its corporate power shall expire by its own limitation, and upon petition of the insurance commissioner, of which a copy shall be served upon such corporation in the same manner as is provided by law for the service of summons in civil actions, the judge of the district court in and for the county wherein the articles of incorporation designated to be its principal office, may upon ten (10) days' notice to such corporation of the time and place of hearing, and upon due investigation, by decree, limit the time within which it shall settle and close up its affairs.

Record
with register
of deeds.

Companies
must issue
policies within
one year.

SEC. 5. Upon the issuance of such certificate, such incorporators shall be and become a corporation, and authorized to transact the business of mutual insurance against loss or damage to property by hail, tornadoes, cyclones, and hurricanes, in such manner and upon such terms as may be herein provided and authorized by its by-laws, it shall have perpetual succession, sue and be sued, contract and be contracted with, implead and be impleaded by its corporate name, in any court of this state, and shall possess the usual powers and be subject to the usual duties of corporations.

Company,
organized.

SEC. 6. The articles of incorporation may be amended in any respect not inconsistent with the provisions of this act, at any annual meeting of the members of the corporation, upon a vote of two-thirds (2-3) of the members present and represented at such meeting.

Amended
articles.

SEC. 7. The general management of the business of such corporation shall be vested in a board of not less than five (5) directors, each of whom shall, during the

General
management
vested in
board of five
directors.

term of his office, be a member of said corporation, such directors may be divided into one, two, three, four or more classes, as may be provided by its by-laws, and shall be elected at the annual meeting, in such manner as that the members of one class shall retire and their successors be chosen each year, or at such other time or times as the by-laws may prescribe, and who shall hold their office until their successors are duly elected and qualified; vacancies in any class may be filled by the board for the unexpired term, compensation to be fixed by the by-laws.

Officers,
bonds,
terms,
salary.

The directors shall choose from among their own member a president, secretary, treasurer, and such other officers as the by-laws may provide, who shall give such bonds with such surety as shall be required by the by-laws or the directors of the corporation, whose respective terms of office shall be one (1) year, and until their successors are elected and qualified, and whose duties and compensation shall be such as is provided by the by-laws, *provided* such by-laws shall not be so amended as to increase the salary of any officer, except by a majority vote of all of the members present and represented at any annual meeting of the company; *provided, further*, that such salary shall be in full compensation to all officers, and neither the officers or directors shall receive any commissions.

Insured to
be member
of corpora-
tion.

SEC. 8. Every person insured under the provisions of this act shall be a member of the corporation while his policy is in force, entitled to one vote for each policy he holds, and shall be notified of the time and place of holding its meetings, by written notice, or by an imprint upon the back of each policy, which notice shall be substantially as follows: "The assured is hereby notified that by virtue of his policy he is a member of the insurance company of and that the annual meetings of said company are holden at its home office in.....on the.....day of..... in each year. at.....o'clock.....m."

The blanks shall be duly filled in writing or print, and the same shall be deemed a sufficient notice.

Proxies.

Members of such corporations are entitled to vote by proxy at any meeting of the company, proxies to be returned and filed on or before ten (10) days prior to any annual meeting; *provided*, no proxy shall be valid after a period of three months from date, and to be executed

and dated not earlier than the first day of October of any year.

Such corporations shall provide in and by their by-laws the manner, terms and conditions upon which any member may withdraw, be suspended or expelled and his policy cancelled and terminated.

Withdrawal
of members,
cancellations.

SEC. 9. All companies organized under the provisions of this act shall charge and collect on their policies at the time of delivery thereof a full mutual premium in cash, or notes absolutely payable, at a rate which shall not be less, in the hail department, than two and one-half per cent per annum of the face amount at risk.

Premiums.

Each policy holder, in addition to the premium paid or contracted to be paid shall be liable to an assessment, to pay his proportional part of all losses and expenses sustained and incurred while a member of such company, not exceeding, however, in addition to the premium named in his policy and contract, a sum equal to such premium, *provided* such assessment, in addition to the premium theretofore paid or contracted to be paid, shall not in any one year exceed the sum of five per cent; *provided*, he is notified of such assessment within ninety (90) days after the expiration of his policy and if his policy is for more than one (1) year, within ninety (90) days after the expiration of his annual insurance thereunder. The mailing of such notice to the last known address of the member shall be deemed sufficient notice of such assessment.

Assessments.

Notification.

The total amount of liability to which a member is liable shall be plainly, legibly and correctly stated both in the application, policy and note, if a note be given.

SEC. 10. Whenever a company organized under this act has not sufficient funds for the payment of incurred and adjusted losses and expenses, it shall be the duty of the board of directors to levy, by resolution, an assessment for the amount required to pay such losses and expenses, upon the members in proportion to their several liabilities.

Insufficient
funds.

Such resolution shall require payment of the assessment within sixty (60) days, shall be signed by the president and secretary, recorded at length in the records of the company, and a certified copy thereof transmitted to and filed with the insurance commissioner.

Payment of
assessment
within 60
days.

SEC. 11. The directors of any company organized under and pursuant to the provisions of this act may,

Assets, exceeding limit of guaranty fund.

from time to time, and when the cash assets exceed the amount authorized to be maintained as a guaranty fund shall, by resolution, fix and determine the amount to be paid as a dividend to its members.

Failure to meet legal obligations.

SEC. 12. Whenever any company organized under the provisions of this act shall fail or neglect for a period of four (4) months to meet its legal obligations, the insurance commissioner shall have authority if upon examination he deems the condition of said company to be such as to render its further proceedings hazardous to the public or to its policy holders, to apply to the judge of the district court of and for the county where the principal office of the company is located, or, upon the refusal or neglect of such judge to act then to the judge of any district court in the state for an injunction restraining it in whole or in part from further proceeding with its business. Such judge may in his discretion issue an injunction forthwith or issue the same upon notice and hearing, and after a full hearing of the matter may dissolve or modify such injunction or make it perpetual, and make all orders and decrees needful in the premises, and may appoint agents or receivers to take possession of the property and effects of the company, and to settle its affairs subject to such rules and orders as the court may from time to time prescribe. Service of process in such proceedings shall be sufficient if made upon any officer of the company.

Injunction.

Receiver.

Sec. 13. The insurance commissioner in addition to the powers and authority vested in him by the provisions of section twelve (12) of this act is hereby authorized and empowered to call for a report of and from any company organized under the provisions of this act, when in his judgment the interests of the public and the policy holders require, and it shall be the duty of the proper officers of such company to make prompt return and reply to such call, and fully answer all interrogatories regarding its business methods, financial condition and all matters lawfully inquired about, in addition to the annual statement and such personal examination and inspection as the commissioner may require. If any officer of the company having charge of its books and papers, shall fail or neglect to make such report promptly, or if such company shall carry on its business in a fraudulent, extravagant and unsafe manner, and so as not to afford to

Report to Ins. commissioner.

its policy holders protection against loss or damage to their property, or if said company violates any of the provisions of this act or if the expenses other than the absolute payment of losses of any company shall exceed in any year, one per cent on the face amount of the risks, the insurance commissioner is hereby authorized and empowered to revoke the authority and license of such company to do business in this state.

And whenever the insurance commissioner shall have reason to doubt the solvency of any company, or to believe that any company is doing a fraudulent, extravagant and unsafe business, he may, at the expense of such company cause an examination of its books, records, papers and securities, and if upon such examination the commissioner shall find that such company is not paying its legal obligations or is conducting its business in a fraudulent, extravagant or unsafe manner, or is violating any of the provisions of this act or of law, he may institute proceedings for the winding up of its affairs as provided in section twelve (12) of this act.

Insurance commissioner to examine books, etc.

Sec. 14. No company organized under the provision of this act shall insure any property other than hay, grain, corn and other farm crops and products, while growing or while in the bin, crib or granary upon the premises of the insured, and dwellings, barns and other farm buildings and their contents, and live stock while on the premises of the insured or running at large. Provided, that no company shall in its hail department insure more than one hundred and sixty (160) acres in any one section and not to exceed thirty-two hundred (3200) acres in any one township.

Risks classified.

Sec. 15. All companies organized under the provisions of this act are authorized to issue policies of insurance signed by the president and secretary, contracting to pay to the persons insured under such policies all loss and damage to the property insured, which they may sustain on classes of property named in section fourteen (14) of this act, for a period not exceeding five (5) years, and in a sum not exceeding the amount and subject to the conditions specified in the application and policy of insurance.

Authority to issue policies.

Sec. 16. Every company organized and pursuant to this act, and every company now engaged in the business of insuring against loss by hail, tornadoes, cyclones and

Guaranty surplus funds.

hurricanes, as a mutual insurance company, under the laws of this state, shall create a guaranty surplus fund for the better protection of its policy holders and for the payment of its losses when its annual premium receipts are insufficient therefor, and for the purpose of creating such fund every such company shall set aside and credit to such fund all of the income received in each year remaining after the payment of all legal obligations of such company, until such fund shall have to its credit the sum of one hundred thousand dollars, and shall annually thereafter be set aside, in the same manner and from the same fund, a sufficient sum to maintain such guaranty surplus fund. *Provided*, that such fund so created shall not exceed the sum of one hundred thousand dollars.

Not to exceed \$100,000.

Investment of funds.

Such fund may, and if possible shall, be invested at interest upon securities and in the manner provided by section thirty-two (32) of chapter one hundred seventy-five (175) of the General Laws of one thousand eight hundred ninety-five (1895) and amendments thereto.

Detailed statement by secretary.

Sec. 17. The secretary or other proper officer of each company doing business under the provisions of this act shall, at each annual meeting of the company, make a detailed statement of its condition, financially and as to its business transacted during the preceding year, and shall also make annually such report to the insurance commissioner, at the time, in the manner, upon the blanks and as fully as he shall require, and such annual statement shall, in a compact and comprehensive form, be published once in a weekly legal newspaper having general state circulation in Minnesota.

License and renewal certificates.

The filing and making of the annual statement to and with the insurance commissioner shall be a condition precedent to the issue by the insurance commissioner of an annual license or certificate of authority to continue its business. Upon the filing of such report it shall be the duty of such commissioner annually to issue to such company a renewal certificate of authority to continue its business if such report is satisfactory to him, which certificate shall be issued promptly and with no unnecessary delay, and may be filed in the office of the register of deeds in the county where the principal office of the company is located.

Foreign corporations.

Sec. 18. Foreign insurance companies, of the same character, provided to be organized under this act, may,

upon complying with the following conditions, be admitted to transact business in this state by its duly licensed and constituted agents resident therein, any class of insurance business authorized by this act, subject to all general laws now or hereafter in force relative to the duties, obligations, prohibitions and penalties of insurance companies, and all laws of this state applicable to the transaction of such business by foreign insurance companies and their agents.

Sec. 19. No foreign insurance company shall be so admitted and authorized to do business until:

(1) It shall deposit with the insurance commissioner a certified copy of its charter, or articles of incorporation and of its by-laws, and a statement under oath of its financial condition signed by its president and secretary or other proper officers, and shall pay to the commissioner for the filing of such copy the sum of thirty dollars, and for the filing of such statement the sum of twenty dollars.

Requirements.

(2) It shall satisfy the insurance commissioner that it is fully and legally organized under the laws of its own state, to do the business it proposes to transact and that it is conducted on as safe a basis as companies of the same class organized and doing business in this state.

Insurance commissioner to be appointed lawful attorney.

(3) It shall, by a duly executed instrument in writing, filed in his office, constitute and appoint the commissioner or his successor its true and lawful attorney in fact, upon whom all lawful processes in any action or legal proceeding against it may be served, and therein shall agree that any lawful process against it which may be served upon its said attorney, shall be of the same force and validity as if served upon the company, and that the authority thereof shall continue in force irrevocable so long as any liability of the company remains outstanding in this state.

The service of such process shall be made by leaving the same in the hand or office of the commissioner, copies of such instrument certified by the commissioner shall be deemed sufficient evidence thereof, and service upon such attorney shall be deemed sufficient service upon the principal. When legal process is served upon him as attorney for a foreign company under the provisions of this act, the same shall be by duplicate copies, one of which shall be filed in the office of said commissioner, and the other

Service upon.

by him immediately mailed, postage prepaid, to home office of the company, or to the address of the authorized resident attorney in this state, as the company may designate in such stipulation.

Agents to
be residents.

(4) It shall appoint as its agent, or agents in this state, some resident or residents thereof. Upon written notice by such company of its appointment of a suitable person to act as its agent within this state, and the payment of a fee of one dollar, the insurance commissioner shall, if the facts warrant it, grant such certificate. Such certificate shall continue in force until the first day of March next after its issue, and, by renewal thereof on the annual payment for such renewal of a fee of one dollar before the first day of March of each year, until revoked by the commissioner for non-compliance with the laws or until the appointment of the agent is revoked by written notice from the company to that effect filed with the insurance commissioner. While such certificate remains in force the company shall be bound by the acts of the person named therein, within his apparent authority, as its acknowledged agent.

Certificate of
compliance
with law.

(5) It shall obtain from the insurance commissioner a certificate that it has complied with the laws of this state and is authorized to make contracts of insurance, and such license must be renewed annually.

Sworn state-
ment as to
business and
financial
affairs.

(6) It shall annually file a sworn statement covering its business and financial affairs as of December 31st prior, in such detailed form upon blanks furnished by him as the commissioner may require. Such statement made, filed and satisfactory to the commissioner shall be a condition precedent to the renewal of the annual license.

Laws of
other states,
applicable.

SEC. 20. When by the laws of any other state, any taxes, fines, penalties, licenses, fees additional to or in excess of those imposed by the laws of this state upon foreign insurance companies and their agents, are imposed on insurance companies of this state and their agents, doing business in such state, the same taxes, fines, penalties, licenses and fees shall be imposed upon all insurance companies of such state and their agents doing business in this state, so long as such laws remain in force.

Fees payable
to insurance
commissioner.

SEC. 21. There shall be paid to the insurance commissioners by domestic insurance companies organized un-

der this act, and by foreign insurance companies admitted under the provisions hereof the following fees:

(1) Domestic companies—

For filing the articles of incorporation and accompanying certificates and receipts the sum of twenty dollars.

For filing annual statement the sum of ten dollars.

For each certificate furnished the sum of one dollar.

For the certificate of license the sum of one dollar.

(2) Foreign companies—

For filing certified copy of its charter of articles of incorporation the sum of thirty dollars.

For filing the statement required by section nineteen (19) of this act the sum of twenty dollars.

For each agents' certificate of authority the sum of one dollar.

For receiving and filing each annual statement the sum of ten dollars.

SEC. 22. Every company organized under the provisions of this act, shall make and adopt by-laws, not repugnant to law, this act or to its articles of incorporation, and shall therein provide such regulations, terms and conditions as may be necessary to effectually and fully carry out its plans and methods of insurance, and the by-laws in force at the time of the date of any policy of insurance issued by such company, shall have the force and effect of law in the determination of all questions and claims arising under such policy, between the insured and the company.

By-laws.

And such by-laws shall contain a provision requiring all printed matter to have plainly and prominently displayed thereon the word "mutual."

"Mutual."

And such by-laws shall provide that the policies or contracts of insurance contain the following provision, viz.: "In case of loss under this policy, and a failure of the parties to agree as to the amount of loss, it is mutually agreed that the amount of such loss shall be referred to three (3) disinterested men, the company and the insured each choosing one, out of three persons to be named by the other, the third being selected by the two so chosen; the award in writing by a majority of such referees shall be conclusive and final upon the parties as to the amount of loss or damage, and such reference, unless waived by the parties, shall be a condition precedent to any right of action in law or equity to recover for such loss.

Clause provided for in by-laws to be contained in policy.

Limit in which actions may be commenced.

No suit or action against this company for the recovery of any claim by virtue of this policy shall be sustained in any court of law or equity in this state, unless commenced within six (6) months from the time the loss occurred.

Such by-laws shall also provide the form, manner and time of notice to be given the company by the insured of any loss by him sustained.

Life of corporation.

SEC. 23. No corporation formed under the provisions of this act shall continue for a longer period than thirty (30) years.

Transfer and reinsurance.

SEC. 24. Any corporation organized or doing business under this act may transfer its risks to, or reinsure them in any other insurance company, corporation, association or society doing business in this state on the mutual or stock plan.

Approval by Insurance commissioner, and two-thirds of members.

Provided, that the contract of transfer or reinsurance shall have been first submitted to and approved by the insurance commissioner of this state, and has been approved by a two-thirds vote of the members and policy holders present, represented and voting at any regular meeting of such corporation, or at a special meeting thereof called to consider the same, of which special meeting a written or printed notice shall have been mailed to each policy holder at his last known address, at least thirty (30) days before the day fixed for such meeting. But no such transfer or reinsurance shall be made to any insurance company organized under the laws of another state which is not at the time legally authorized to do business in this state.

Rights of companies organized under ch. 186, 1885.

SEC. 25. Nothing herein contained shall be construed so as to limit or abridge the rights of any company or corporation heretofore organized in this state under the provisions of chapter one hundred eighty-six (186) of the General Laws of the year one thousand eight hundred and eighty-five, and amendments thereto, but every such company shall in the future management and conduct of its business conform to all of the provisions, limitations and requirements of this act.

SEC. 26. All acts or parts of acts inconsistent or in conflict herewith are hereby and herewith repealed.

SEC. 27. This act shall take effect and be in force from and after its passage.

Approved April 18, 1903.