

CHAPTER 385—S. F. No. 31.

An Act to provide for the regulation and supervision of insurance and certain other companies.

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

Section 1. What companies, etc., are subject to provisions of this act.—Every corporation, company, co-partnership or association, all of which are in this act termed company, organized, proposed to be organized, or which shall hereafter be organized, within or without this state, whether incorporated or unincorporated, doing or intending to do an insurance business, or selling or holding, or intending to sell or hold, any stocks, bonds or other evidences of property or interest in any other company organized, proposed to be organized, or which shall hereafter be organized to transact the business of insurance, which shall in this state sell or negotiate for the sale of any stocks, bonds or other evidences of property or interest in itself or any other company, all of which are in this act termed securities, upon which sale or proposed sale the whole or any part of the proceeds are used, or to be used, directly or indirectly, for the payment of any commissions or other expenses incidental to the organization or promotion of any such company, shall be subject to this act.

Sec. 2. Facts and statements to be filed with insurance commissioner, together with fee of \$30.—Before offering or attempting to sell any such securities to any corporation, person or persons and before doing or offering to do any business whatever in this state, excepting that of preparing the documents hereinafter required, every such company, domestic or foreign, shall file in the office of the commissioner of insurance of this state, together with a filing fee of thirty dollars (\$30.00), the following documents, to-wit:

- (1) A statement showing in full detail the plan upon which it proposes to transact business.
- (2) A copy of all applications for securities and forms of contracts, securities, and other instruments which it proposes to take, enter into, sell or execute.
- (3) A statement which shall show the name of officers and location of the principal office of the company.
- (4) An itemized account of its actual financial condition, and the amount and nature of its property and liabilities.
- (5) Such other information and in such form touching its affairs as said commissioner of insurance may require.

If it shall be a company organized under the laws of any other state, territory or government, it shall also file with the said commissioner of insurance a copy of the laws of such state, territory or government under which it is organized or incorpo-

rated, and also a copy of its charter, or articles of incorporation, all amendments thereof, and a certificate of the proper officer of such foreign state, territory or government that it is authorized to do business therein; its constitution and by-laws and all amendments thereof which have been made, and all other papers pertaining to its organization.

Sec. 3. Insurance commissioner to be designated as process agent—Request for license to sell stock, securities, etc.—Fee of \$2 for accepting service.—Before any foreign company is licensed to sell securities in this state, it shall, by a duly executed instrument, to be filed in the office of the proper commissioner of insurance, constitute and appoint the said commissioner of insurance and his successor in office its true and lawful attorney in fact, and therein irrevocably agree that summonses and lawful processes in any action or proceeding against it may be served upon him with the same force and effect as if personally served upon it, so long as any of its liability exists in this state, and the authority thereof shall continue in force irrevocably.

Said instrument shall contain a provision and agreement declaring that such company desires to sell such securities in this state and that it will accept a license therefor according to the laws of this state, and that it will not remove or make application for removal into any court of the United States any action or proceeding commenced in any court of this state upon a claim or cause of action arising out of any business or transaction done therein.

In case of the failure of any such company to comply with any of the provisions of this section, or if it shall violate any of the conditions or agreements contained in the instrument filed as aforesaid, its right to sell securities in this state shall cease, and it shall be the duty of the commissioner of insurance to immediately revoke its license; and in case of such revocation said company shall not be again licensed for the period of one year from date of such revocation.

The commissioner of insurance shall be entitled to charge and receive a fee of two dollars (\$2.00) for each summons or other process served upon him under the provisions of this act, to be paid by the person serving the same. The fees so collected shall be paid into the state treasury as is now provided for by law for other fees collected by such commissioner of insurance.

Summons and process served on the commissioner of insurance shall be in duplicate, one for filing in the office of the commissioner of insurance, the other to be mailed to the company to be served. Summons and process so served shall be of the same force and effect as though served on the company personally.

Sec. 4. Advertisement, etc., to bear serial number.—No advertisement, pamphlet, circular or other document relative to such securities or the financial condition of such company shall be issued, circulated or delivered by such company, or its agent, within this state, unless the same shall bear a serial number and a copy thereof shall first have been filed with such commissioner of insurance.

Sec. 5. Contract of subscription to be in writing—Use of funds derived from sale of same.—No person, for the purpose of organizing or promoting any company, or promoting the sale of securities of such company by it after organization as principal or agent, shall sell or agree or attempt to sell within this state any securities of such company unless the contract of subscription or of sale shall be in writing and contain a provision which shall state either by way of a percentage (or the amount per share) what sum out of the purchase price of such securities shall be used for commission, promotion and organization expenses, and shall be in the following language:

No sum shall be used for commission, promotion and organization expense on account of any share of stock in this company in excess of _____ per cent of the amount actually paid upon separate subscriptions (or in lieu thereof, there may be inserted, \$_____ per share from every fully paid subscription) for such securities, and the remainder of such payments shall be held or invested as authorized by the law governing such company and held by the organizers (or trustees as the case may be), and the directors and officers of such company after organization, as bailees for the subscriber, to be used only in the conduct of the business of such company after having been duly authorized and licensed to transact the business of insurance.

Funds held by such organizers, trustees, directors or officers of a domestic company as bailees shall be deposited with a solvent bank or trust company of this state until such company has been duly licensed to transact the business of insurance. Funds held by such organizers, trustees, directors or officers of a foreign company as bailees shall be deposited with a solvent bank or trust company of any other state until such company has been duly licensed to transact the business of insurance.

All funds so deposited by the organizers (or trustees) as bailees, shall be held in trust for the subscribers of such company severally and individually, and shall not be subject to execution, garnishment or attachment.

Sec. 6. Interest of person making sale must appear in contract of subscription.—No person shall receive, directly or indirectly, any commission, remuneration or reward for his services in selling or in aiding in the sale of any such securities, unless the name of such person and the fact of his interest in such commissions or rewards shall appear upon such contract of sub-

scription. The omission of such statement from any such contract shall, in addition to the penalty herein provided, make such person liable to the purchaser or his assignees for all sums paid by such purchasers with interest at the legal rate from the date of payment, upon the assignment or tender of assignment of the securities so purchased.

Sec. 7. Commissioner may make examination of applying companies, latter paying \$10 per diem and expenses.—The said commissioner of insurance shall have power to make such examinations of said company at its expense, including actual expenses and a per diem of the examiners of ten dollars, and to require such further information as to its financial condition as he may deem advisable, and if he shall find that the provisions of this act have been complied with and is satisfied that the said company is solvent, and that its business is lawful, he may license the said company, its officers and agents to sell its securities in this state. No such company or representative thereof shall sell or offer to sell any securities within this state unless a license shall have been issued to such company, and to each officer and agent thereof authorized to sell or contract for the sale of its securities. Such license shall recite in bold type that the said commissioner of insurance in no wise recommends the securities to be offered for sale by such company.

Sec. 8. Change in articles to be approved by commissioner, or cessation of business.—No such company shall sell or offer to sell any securities within this state during any time after the adoption of any change in its articles of organization, by-laws or plan of doing business, or the making of any change in the form of its applications, or other contracts, before the same shall have been filed with such commissioner of insurance.

Sec. 9. License to sell stock—\$2 annual fee.—No person shall sell or offer to sell any securities in this state, as officer of or agent for such company, unless such company shall hold a license therefor, issued by such commissioner of insurance; nor shall any officer or agent sell or offer to sell any securities in this state unless he shall also hold a license from such commissioner of insurance. A license to an officer or agent shall only be issued upon the filing with such commissioner of insurance by such officer or agent of a bond in the sum of one thousand dollars, (\$1,000.00), with such conditions as may be prescribed by such commissioner of insurance and with two sureties to be approved by such commissioner of insurance. Such license shall expire on the first day of March following its issuance, unless it shall sooner be revoked by the said commissioner of insurance. Such license shall be subject to revocation at any time by the said commissioner of insurance for cause appearing to him sufficient. The fee for such license shall be two dollars (\$2.00),

Sec. 10. Annual statement to be filed.—Every such company shall on or before the first day of March, file with such commissioner of insurance a statement as of the 31st day of December preceding, in such form as required by him, and in addition thereto such other statements and information shall be filed in such form and within such time as may be required by such commissioner of insurance.

The accounts of such company shall be kept in such form as may be required by such commissioner of insurance.

Sec. 11. False statements prohibited.—No officer, employee or agent of any such company shall make or cause to be made any false statement in any report required of him, or a false entry in any book of such company, or exhibit any false paper with the intent to deceive any person authorized to examine into the affairs of such company, or shall make or publish any false statement of its condition or regarding its securities.

Sec. 12. Commissioner given power of revocation.—The license of any company, officer or agent violating any provision of this act may be revoked by such commissioner of insurance.

Sec. 13. Penalty for violation.—Any officer or agent of any such company knowingly or wilfully violating any provision of this act shall be punished by a fine not exceeding one hundred dollars (\$100.00) or by imprisonment in the county jail for not exceeding ninety (90) days.

Sec. 14. Fees to be paid into state treasury and re-appropriated for use in carrying this law into effect.—All fees herein provided for shall be collected by the said commissioner of insurance and by him shall be turned into the state treasury, and all fees so turned into the state treasury are hereby re-appropriated to the said commissioner of insurance for the purpose of paying all salaries and expenses necessary for carrying this act into effect; and the said commissioner of insurance is hereby authorized to appoint such clerks and deputies as are actually and absolutely necessary to carry this act into full force and effect. All money actually and necessarily paid out by the said commissioner of insurance to any clerk or deputy appointed under this act, as salaries, or any money actually and necessarily paid out by the said commissioner of insurance, or by any deputy or clerk appointed under this act for traveling or incidental expenses shall be paid by the state treasurer out of such fees upon the state auditor's warrants, to be issued upon vouchers containing an itemized account of such salaries and expenses, and approved by the commissioner of insurance.

Sec. 15. Company to be licensed before sale of stock commences.—No person shall sell or offer for sale in this state stock

in any insurance company organized under the laws of any other state or country unless such company has been licensed to do business in this state.

Sec. 16. This act shall take effect and be in force from and after its passage.

Approved April 19, 1913.

CHAPTER 386—S. F. No. 162.

An Act relating to the duties of the board of regents of the state university and providing for the collection of statistics and information as to co-operative association among farmers and disseminating information in reference thereto.

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

Section 1. **Department for collection of statistics relative to co-operative associations.**—That in addition to the duties now imposed by law upon the board of regents of the state university, none of which shall be effected or abridged by anything herein contained, it is hereby made the duty of said board of regents of the state university to create in the department of agriculture under the supervision of said board a department to collect statistics and information in reference to co-operative associations among farmers and the management and methods of conducting such associations. Such information shall cover all matters relating to co-operative associations among farmers and relate to all subject matter proper or usual for co-operative action among farmers.

Sec. 2. **Dissemination of information among farmers.**—It shall be the duty of said board through and by means of the employees of said board hereinafter provided for to disseminate such information among farmers desiring to form and operate such co-operative associations upon application therefore by any such co-operative association or any number of farmers desiring to form such a co-operative association such information shall not only cover the methods of organizing such co-operative association but also information as to the law governing and regulating such co-operative association and such information as to the conduct and management of the business thereof as shall be necessary or essential for the proper management and conduct of such business. And it is hereby made the duty of all co-operative associations to report annually to said department on blanks provided for that purpose.

Sec. 3. **Department head, an assistant and stenographer authorized.**—That for the purpose of carrying into effect the provisions of this act the said board of regents are hereby authorized and empowered to employ a suitable and competent person