

CHAPTER 129—H. F. No. 184.

An act relating to the establishment, opening and improvement of public highways leading up to meandered lakes in certain cases.

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

Section 1. Highways may be opened to meandered lakes. Whenever a petition signed by fifty free holders of the county is presented to a county board, wherein it appears that (a) there is a meandered lake within the county which is not accessible to the general public by reason of the fact that there is no public highway leading up to the same, and (b) that the establishment and opening of a county road of not more than one mile in length and sixty-six feet in width would connect such lake with a public highway and would afford the general public a means of access to such lake, it may be the duty of such board, if after an investigation, it finds the statements in the petition to be true, to adopt a resolution establishing a public highway not more than one mile long nor sixty-six feet wide, at some location to be designated by it, so as to connect such lake with some previously established and traveled highway, and to that end the several county boards shall have power to acquire any land, or any easement or interest therein deemed necessary, including the right to acquire the fee of the land to the width of the road only at the point where the road meets the lake by purchase, gift or condemnation proceedings.

Sec. 2. Resolution to be published.—The resolution establishing such road shall specify its route and terminal, and shall be published once in some qualified newspaper in the county. Thereafter the county board shall proceed to acquire the land named, and when acquired such highway shall be deemed to have been duly established, and forthwith thereafter the land so acquired shall be improved and maintained by the county as a public highway.

Sec. 3. Tax levy authorized.—A tax sufficient to defray the cost of establishing and improving such road shall be voted by the county board at some regular or special meeting held after the adoption of such resolution, and after the voting of such a tax county warrants may be issued against such tax to defray the cost of establishing and constructing such highway.

Sec. 4. This act shall take effect and be in force from and after its passage.

Approved April 3, 1923.

CHAPTER 130—H. F. No. 198.

An act entitled "An act to amend Sections 3334, 3335, 3338 and 3339, General Statutes of Minnesota 1913, relating to the establishment and maintenance of guaranty surplus and special reserve funds by companies transacting fire insurance business.

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

Section 1. Guaranty surplus and special reserve fund—Dividends—Penalties.—That Section 3334 of the General Statutes of Minnesota 1913 be and the same is hereby amended so as to read as follows:

"3334. After the date of filing any such resolution with the insurance commissioner, such company shall not make or declare or pay in any form any dividend upon its capital stock, exceeding eight per cent per annum thereupon and six per cent per annum upon the surplus funds to be formed hereunder, until after its guaranty surplus fund and its special reserve fund shall have together accumulated to an amount equal to its capital stock *or to the sum of \$2,000,000.00*; and any part of the surplus profits of such company above such annual dividend, may be equally divided between and set apart to constitute the said guaranty surplus fund and the said special reserve fund, which funds shall be held and used as herein-after provided, and not otherwise. And any company doing business under this chapter, whose guaranty surplus fund and special reserve fund shall have together accumulated to an amount equal to its capital stock *or to the sum of \$2,000,000.00*, may, from time to time, declare dividends out of its surplus profits in such amounts as its board of directors may prescribe, subject only to the limitation that the payment of such dividends shall not deplete its capital, nor reduce the aggregate amount of the guaranty surplus and special reserve funds to an amount less than the amount of its capital stock *or, if its capital stock exceeds \$2,000,000.00, to an amount less than \$2,000,000.00*; and subject to the further limitation that no dividends exceeding 10% upon the capital stock shall be declared in any year if the payment thereof would reduce the aggregate amount of all surplus funds, including guaranty surplus and special reserve funds, below an amount equal to *30% of its un-earned premiums*. And any company doing business under this chapter, which shall declare or pay any dividend contrary to the provisions herein contained, shall forfeit its charter and be liable to be proceeded against by the attorney general for its dissolution."

Sec. 2. Same—Examination by commissioner—Certificate.—That Section 3335 of the General Statutes of Minnesota 1913 be and the same is hereby amended so as to read as follows:

"3335. Whenever such company shall notify the insurance commissioner that it has fulfilled the requirements already expressed in this act, and that its guaranty surplus fund and its special reserve fund, taken together, equal its capital stock *or amount to the sum of \$2,000,000.00*, the commissioner shall make an examination of such company and make a certificate of the result thereof, and file the same in his office, and if the commissioner shall find that said combined funds shall equal the capital stock of such company *or amount to the sum of \$2,000,000.00*, thereafter such company may continue,

out of any subsequent profits of its business, to add to such funds; provided, that whenever any addition is made to the special reserve fund an equal sum shall be carried to the guaranty surplus fund."

Sec. 3. Same—Items to be considered in estimating profit.—That Section 3338 of the General Statutes of Minnesota 1913 be and the same is hereby amended so as to read as follows:

"3338. In estimating the profit of any such company for the purpose of making a division thereof between said guaranty surplus fund and such special reserve fund, until such funds shall together amount to a sum equal to the capital stock of such company *or amount to the sum of \$2,000,000.00*, there shall be deducted from the gross assets of the company, including for this purpose the amount of the special reserve fund, the sum of the following items:

First.—The amount of all outstanding claims.

Second.—An amount sufficient to meet the liability of such company for the unearned premiums upon its unexpired policies, which amount shall at least equal one-half the premiums received on policies having one year or less to run from the date of policy, and a pro rata proportion of the premiums received on the policies having more than one year to run from the date of policy, and shall be known as the reinsurance liability.

Third.—The amount of its guaranty surplus fund and of its special reserve fund.

Fourth.—The amount of the capital of the company; and

Fifth.—Interest at the rate of eight per centum per annum upon the amount of the capital, and six per centum per annum upon the amount of the said funds for whatever time shall have elapsed since the last preceding cash dividend. And the balance shall constitute the net surplus of the company, any portion of which is subject to an equal division between the said funds as is herein provided."

Sec. 4. Same—When claims exceed guaranty surplus and capital stock.—That Section 3339 of the General Statutes of Minnesota 1913 be and the same is hereby amended so as to read as follows:

"3339. Whenever the claims upon such company shall exceed the amount of its capital stock and of the guaranty surplus fund provided for by this chapter, *and of its surplus funds, other than the special reserve fund*, the said company shall notify the insurance commissioner of the fact, who shall then make or cause to be made an examination of said company, and shall issue his certificate of the result, showing the amounts of capital, of guaranty surplus fund, of special reserve fund, of reinsurance liability and of other assets; and upon his issuing such certificate in duplicate, one copy to be given to the company and one to be recorded in the insurance department, the said special reserve fund shall be immediately held to protect all policy holders of said company other than such as are claimants upon it at the date of said certificate, and said special re-

serve fund, together with other assets, certified by the insurance commissioner as equal in value to the amount of the unearned premiums of such company, to be ascertained as hereinbefore provided, shall constitute the capital and assets of such company for the protection of policy holders other than such claimants and for the further conduct of its business, and any official certificate of the insurance commissioner herein provided for shall be binding and conclusive upon all parties interested in such company, whether as stockholders, creditors or policy holders, and upon the payment to claimants who are such at the date of said certificate, of the full sum of the capital of such company and of its guaranty surplus fund and of its assets at said date, excepting only such special reserve fund and an amount of its assets equal to the liability of the company for unearned premiums, as so certified by such insurance commissioner, such company shall be forever discharged from any and all further liability to such claimants and to each of them, and the said insurance commissioner shall, after issuing his said certificate, upon the demand of such company, transfer to it all such securities as shall have been deposited with him by such company as such special reserve fund, and if the amount of such special reserve fund be less than fifty per centum of the full amount of the capital of the company, *if the capital be \$2,000,000.00 or less, or if the amount of such special reserve fund be less than \$1,000,000.00, if the capital be over \$2,000,000.00*, a requisition shall be issued by the said insurance commissioner upon the stockholders, to make up such capital to that proportion of its full amount, *not exceeding \$1,000,000.00*; provided, that any capital so impaired shall be made up at least to the sum of one hundred thousand dollars, and in case said company, after such requisition shall fail to make up its capital at least to said sum of one hundred thousand dollars, as therein directed, said special reserve fund shall still be held as security and liable for any and all losses occurring upon policies of such company. *If, after such application of the special reserve fund and requisition on the stockholders, the par value of outstanding shares of stock shall exceed the new amount of capital so established, outstanding shares, to the amount of such excess, shall be surrendered by the stockholders pro rata.* Such company shall, in its annual statement to the insurance commissioner of this state, set forth the amount of such special reserve fund and of its guaranty surplus fund. If, in consequence of the payment of losses by fires, or of the expenses of the business, or of the interest or dividends payable under the provisions of this act to stockholders, or from any cause, the guaranty surplus fund shall be reduced in amount below the amount of the special reserve fund the directors of the corporation shall make no additions to the special reserve fund until the guaranty surplus fund is equal to the special reserve fund. The policy registers, insurance maps, books of record and other books in use by such company in its business,

and its policy and other blanks, office furniture, fixtures and supplies are not to be considered as assets, but shall be held by the company for its use in the protection of its policy holders. Provided, however, that if any amount greater than a sum equal to one-half of its capital stock shall by such company, under the provisions of this chapter, have been deposited with such commissioner, he shall retain of such securities an amount equal to one-half of what amount he shall so hold thereof in excess of a sum equal to such one-half of such capital stock *if the capital be \$2,000,000.00 or less, or in excess of \$1,000,000.00 if the capital be over \$2,000,000.00*, and he shall transfer the balance thereof to such company as herein provided, and the amount so transferred to such company shall from the time of such transfer, provided the amount thereof shall not be less than one hundred thousand dollars, constitute the capital stock of such company for the further conduct of its business as hereinbefore provided, and the securities so retained shall be regarded as the special reserve fund of such company, to which additions may be made as herein provided, and shall be held in the same manner, and for the same purpose, and under the same conditions as the original special reserve fund of such company was held. The provisions of this section, providing for discharge of the company from further liability to existing claimants upon application to the payment of such claims of its capital, surplus and assets, excepting the special reserve fund, and an amount equal to the liability for unearned premiums, shall not be construed to relieve the stockholders of said corporation from any liability imposed by the constitution of this state."

Approved April 3, 1923.

CHAPTER 131—H. F. No. 202.

An act authorizing the incorporation of co-operative associations for the purpose of promoting and facilitating the production and marketing of live stock, and defining their powers.

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

Section 1. **Co-operative associations—Purposes—Definition.**—A co-operative association, society or company may be formed for the purpose of promoting and facilitating the production and marketing of live stock by advancing and lending money upon the obligations of the members of any such association who are producers of live stock in this state, when such obligations are secured by satisfactory collateral or by chattel mortgages on live stock owned by members of any association organized under the provisions of this act.

In construing this act the words "producers of live stock" shall be held to include and mean persons and associations en-