

CHAPTER 178—H. F. No. 915

An act relating to assessment benefit associations, supplementing Minnesota Statutes 1941, Sections 63.01 to 63.23, inclusive.

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

Section 1. Amendment of articles of incorporation of assessment benefit associations. Subdivision 1. Any association organized under section 63.01 may amend its articles of incorporation so as to provide for the issuance of certificates on a term, whole life or family group basis without loan, cash surrender or other non-forfeiture benefits. Such articles shall state the name of the association, the location of its principal place of business which shall be located in this State; the time and place of holding meetings of the association; the number of members required to constitute a quorum; the number of directors of the association; the names and addresses of the directors and officers of the association and the terms of their offices; the object of the association with its plan of doing business fully and clearly defined; the nature of the certificates to be issued by the association; the death benefits payable under the certificates. If the commissioner shall approve the articles as to form, he shall mark the same "filed" and upon proof of the record of a duplicate or certified copy thereof with the Register of Deeds of the County wherein is located the principal place of business of the association, such association shall be empowered to transact its business as provided for in this Act.

Subd. 2. Such associations shall issue certificates which provide for a death benefit payable to a designated beneficiary or to the estate of the member and may provide for an additional amount payable in the event of the accidental death of the member and shall state that such amount shall be payable within ninety days of the time satisfactory proof of death is furnished to the association and may collect a membership fee therefor in an amount not to exceed \$5.00 as may be provided in the articles of incorporation. The certificate, together with the by-laws, the articles of incorporation, the application for membership and reinstatement to membership shall constitute and be the entire contract between the association and the member. Any certificate hereafter issued, except transfers or conversions of certificates heretofore issued, which has been in force for two years shall be incontestable except for non-payment of premiums or assessments and except as to the defense of suicide against any claim for double indemnity for accidental death if such a provision is contained in the

certificate. In all cases the age of a member shall be his age at nearest birthday and if the fact of this age is misstated in the application for membership or in the certificate, the true age of the member shall prevail in determining the benefits payable upon the death of the member. Any association operating under the terms of this Act may issue more than one certificate on the life of a member.

Subd. 3. The certificate shall state the amount of the premium charged by the association and payable by the member, which premium shall be sufficient to maintain the reserve requirements at least equal to 75% of the full reserve required for whole life certificates under the American Experience Table of Mortality, or any other table of mortality approved by the Commissioner of Insurance, with interest at 4% per annum, first year preliminary term, and at least equal to the full reserve required by such table for term contracts. The certificate shall also provide for the levy of additional assessments in the event the proceeds from the regular premium are insufficient to maintain the minimum reserve requirements as herein provided, but in the event such assessments shall be levied, the full amount of the proceeds therefrom shall be placed in the Benefit Account of the association. The premiums shall be computed on a monthly basis, shall be payable in advance and may be paid monthly, quarterly, semi-annually or annually and the association may grant discounts for quarterly, semi-annual or annual payments.

Subd. 4. Notice of the payments of premiums or assessments as herein provided for shall be given by first class mail sent to the last known address of the member as it appears on the books of the association. Such notices shall state the time when such premiums or assessments are due and shall state that the premium or assessment shall be payable within thirty-one days from the due date thereof and shall further state that the certificate shall be null and void if the payment is not made within the time specified in the notice.

Subd. 5. In addition to the net premium assessed on a certificate, the association may provide for a further sum to be used for expense purposes. Such sum shall be levied and collected with and as a part of the premium payable by the member and shall not exceed the sum of \$4.00 per certificate year or a sum equal to 20% of the net premium on the certificate, whichever is the greater. Any such association may issue certificates on the first year preliminary term basis, in which event an amount equal to 75% of the proceeds from the gross premium collected thereunder during the preliminary

term may be used for expense purposes. All the proceeds from the premiums and assessments as herein provided, except such part thereof as is properly placed in the Expense Account, shall be credited to the Benefit Account of the association and shall be used for the payment of death claims, dividends, reinsurance premiums and investment expenses. The amount so credited in the Benefit Account shall be invested in securities of the same character as those permitted for the investment of funds of domestic life insurance companies. Dividends may be paid from the funds in the Benefit Account, but only from funds accumulated therein in excess of full reserve requirements under the required Table of Mortality with interest at 4% per annum, first year preliminary term.

Subd. 6. Such associations may provide for the reinstatement of lapsed certificates any time within two years upon evidence of insurability satisfactory to the association and upon payment of premiums and assessments in arrears, with interest at the rate of 6% per annum for the time such premiums and assessments are in arrears; re-entry may also be provided for at the attained age of the member without back payments; such associations shall grant transfer privileges to members holding other forms of certificates therein. All certificates issued by an association in accordance with the terms hereof shall be governed by this Act and shall be excluded from the provisions of Sections 63.01 to 63.23, Minnesota Statutes 1941, and acts amendatory thereof and supplementary thereto in conflict herewith. Any association that becomes licensed to operate under this Act shall have no further authority to issue new certificates under Sections 63.01 to 63.23, Minnesota Statutes 1941, but may continue any certificates issued pursuant to the provisions thereof which have not been transferred to meet the requirements of this Act. Any member of an association holding a certificate issued thereby prior to this Act and not in accordance with the terms hereof and desiring to convert such certificate shall be entitled to make application to the association for any form of certificate issued by the association hereunder and no evidence of insurability shall be required therefor as long as the death benefit provided for in such new certificate is not in excess of the death benefit provided for in the certificate previously issued. When the certificate applied for has been issued, the former certificate shall be null and void. For the purposes of the new certificate thus issued, the age of the member at his nearest birthday shall prevail in determining the premium to be paid by the member under the terms thereof.

Subd. 7. The Commissioner of Insurance shall compute, annually, the net value on the last day of the preceding year, of all outstanding certificates issued under the provisions of this Act, in accordance with the reserve requirements provided for herein. In the event the Commissioner shall determine that the reserve of the association is less than required by this Act, he shall so notify the association, which shall thereupon proceed to levy assessments sufficient to produce the required reserve.

Subd. 8. Any association complying with or operating under the terms of this Act or under Sections 63.01 to 63.23, Minnesota Statutes of 1941, may transfer its risks to, or reinsure them, or any portion of them, in, or merge or consolidate with, any other assessment benefit association or any other life insurance corporation, fraternal beneficiary association or society. Such association desiring to reinsure all of the members thereof or all of the members of a class or group thereof or to act as reinsuring agent and reinsure all of the members of other associations or all of the members of a class or group thereof or to merge or consolidate with any other association, life insurance company or fraternal beneficiary association or society may do so upon resolution of the members of the association taken at a regular meeting or a special meeting called for that purpose and in compliance with the provisions of Subdivision 9 hereof. A resolution of the board of directors of an association shall be sufficient to authorize the reinsurance of individual risks in whole or in part.

Subd. 9. Any association authorized to reinsure all of its members or all of the members of any group or class or to act as reinsuring agent and reinsure all of the members of any other association or all of the members of any group or class thereof or to merge or consolidate with any other association or society shall file an application therefor with the Commissioner of Insurance, which application shall give a detailed account of the facts of the proposed reinsurance, merger or consolidation. Such association shall submit to an examination of its books and records by the Commissioner of Insurance, his deputy or employees and shall pay the costs thereof. If the Commissioner, in his discretion, shall determine it proper and in the interests of the association to proceed in the manner set forth in the application, he shall issue his order approving the same and authorizing the association to proceed in the manner set forth. In the event of the reinsurance of risks of the association, the net premium therefor shall be paid from the funds in the Benefit Account of the association.

Subd. 10. Any association, complying with or operating under the terms of this Act or under Chapter 241, Laws of Minnesota, 1933, may, by resolution of the members thereof taken at a regular meeting or a special meeting called for that purpose, transform itself into a fraternal beneficiary society, cooperative life, or a legal reserve life insurance company. Such association shall file an application therefor with the Commissioner of Insurance, which application shall contain a detailed statement of the facts of the proposed transformation and shall submit itself to an examination of its books and records by the Commissioner or a deputy or employee and shall pay the cost thereof. If the Commissioner is satisfied that the association has the necessary reserves required by law of the class or kind of company or society to which the association wishes to convert, that its plan of operation is in the best interest of its members and the public, that the management is competent to conduct the business on the plan proposed and that all of the laws relating to the kind of business or society have been complied with, he shall issue his order approving such conversion and the association shall thereafter operate only on such plan.

Subd. 11. Every association operating under and by virtue of the terms of this Act, shall include, immediately under the title of the association, the words "Assessment Benefit Association" on all advertising matter, on certificates of membership and applications for membership.

Approved March 28, 1945.

CHAPTER 179—H. F. No. 7

An act to provide for primary elections in certain villages; and to provide for the method and procedure of holding primary elections, and for the compensation to be paid the election judges and clerks thereof.

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

Section 1. **Primary election.** Any village with a population of not less than 1,400 may hold an election of nominees, hereinafter designated as the "primary election" for the purpose of nominating candidates for village offices by adopting one of the following methods: