

## CHAPTER 438—H. F. No. 1293

[Not Coded]

*An act relating to taxation for road purposes by certain towns.*

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

**Section 1. Election of certain towns may determine amount of levy for road and bridge purposes; may pledge credit.** The electors of each town located in any county having more than 20,000 and less than 25,000 inhabitants according to the 1940 federal census and having more than 40 and less than 70 full and fractional townships, shall have power at their annual town meeting to determine the amount of money which shall be raised by taxation for road and bridge purposes, not exceeding 20 mills per dollar on the taxable property of the town. The tax so voted shall be extended, collected, and payment thereof enforced in the same manner and at the same time as is provided by law for the extension, collection, and enforcement of other town taxes.

After the annual town meeting, in case of emergency, the town board may levy a tax on the property in its town for road and bridge purposes in addition to the tax, if any, voted at the annual town meeting for road and bridge purposes in an amount not to exceed five mills on the dollar of the assessed value of the property in the town, and any tax so levied by the town board shall forthwith be certified to the county auditor for extension and collection.

The town board may thereafter pledge the credit of the town by issuing town orders, not exceeding the amount of the additional tax so levied by the town board for road and bridge purposes, in payment for work done or material used on the roads within the town.

Approved April 22, 1947.

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CHAPTER 439—H. F. No. 1316

*An act relating to investment of funds and real estate holdings of domestic life insurance companies; amending Minnesota Statutes 1945, Sections 61.11 and 61.12.*

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

**Section 1.** Minnesota Statutes 1945, Section 61.11, is amended to read as follows:

**61.11. Investment of domestic life insurance companies' funds.** The capital, surplus and other funds of every domestic life insurance company, whether incorporated by special act or under the general law (in addition to investments in real estate as otherwise permitted by law) may be invested only in one or more of the following kinds of securities or property:

(1) Bonds or treasury notes or other obligations of the United States; bonds or other obligations of this state or of any state of the United States, or of the Dominion of Canada or any province thereof; bonds or other obligations of, or insured or guaranteed by any of the foregoing or by any agency or instrumentality thereof; bonds or other obligations of any county, city, town, village, organized school district, municipality, or civil division of this state, or of any state of the United States or of any province of the Dominion of Canada; debentures issued by the federal housing administrators; and obligations of national mortgage associations;

(2) Notes or bonds secured by first mortgage, or trust deed in the nature thereof, on improved real estate in the United States, having a value of at least 50 per cent more than the amount of the loan secured thereby, not including any part of the amount of such loan which the United States or any agency or instrumentality thereof has insured or guaranteed or made a commitment to insure or guarantee, but no improvement shall be included in estimating such value unless the same shall be insured against fire by policies payable to and held by the security holder or a trustee for its benefit; also, if approved by the commissioner, notes or bonds secured by mortgage or trust deed upon leasehold estates in improved real property where 40 years or more of the term are unexpired and where unencumbered except by the lien reserved in the lease for the payment of rentals and the observance of the other covenants, terms and conditions of the lease and where the mortgagee, upon default, is entitled to be subrogated to, or to exercise, all the rights and to perform all the covenants of the lessee, provided that no loan on such leasehold estate shall exceed 50 per cent of the fair market value thereof at the time of such loan, and the value thereof shall be shown by the sworn certificate of a competent appraiser; notes or bonds secured by mortgage, or trust deed in the nature thereof, which the United States or any agency or instrumentality thereof has insured or guaranteed or made a commitment to insure or guarantee;

(3) Bonds or obligations of railway companies, street railway companies, and other public utility corporations in-

corporated under the laws of this state, the United States or any state thereof, or the Dominion of Canada or any province thereof, which shall not be in default as to principal or interest on any outstanding issue of bonds; the debentures of farm mortgage debenture companies organized under the laws of this state, and federal farm loan bonds;

(4) *Certificates of deposit of banks organized under the laws of the United States or any state thereof; provided, that not more than five per cent of the admitted assets of the company shall be invested in these certificates of deposit;*

(5) *Stocks, bonds, notes, or other evidences of indebtedness as set forth in this subdivision, provided that no investment may be made which will increase the aggregate investment in all stocks beyond ten per cent, nor common stock beyond five per cent of admitted assets as of the end of the preceding calendar year; in applying the standards prescribed in clauses (b), (c), and (d) of this subdivision to the stocks, bonds, notes, or other evidences of indebtedness of a corporation which in the qualifying period preceding purchase of such stocks, bonds, notes or other evidences of indebtedness acquired its property or a substantial part thereof through consolidation, merger, or purchase, the earnings of the several predecessors or constituent corporations shall be consolidated;*

(a) *Stocks of banks, insurance companies, and municipal corporations organized under the laws of the United States or any state thereof; but not more than four per cent of the admitted assets of any domestic life insurance company may be invested in stocks of other insurance corporations and banks;*

(b) *Common stocks of any corporation not designated in clause (a) of this subdivision, organized under the laws of the United States or any state thereof, which (1) over the five completed fiscal years immediately preceding date of purchase earned an average amount per annum applicable to dividends on its common stock at least equal to six per cent of the par value of its common stock (or in case of common stock having no par value, of the issued or stated value of such stock) outstanding at date of purchase, and (2) earned such amount during each of three of said five fiscal years; but the company shall not invest in more than ten per cent of the common stock of any one such corporation;*

(c) *Preferred stock of, or common or preferred stock guaranteed as to dividends by, any corporation not designated*

*in clause (a) of this subdivision, organized under the laws of the United States or any state thereof, which (1) over the five completed fiscal years immediately preceding date of purchase earned an average amount per annum applicable to dividends at least equal to five per cent of the par value of its common and preferred stocks (or, in the case of stocks having no par value, of its issued or stated value) outstanding at date of purchase, and (2) earned such amount during each of three of said five fiscal years; or which (1) over such period earned an average amount per annum at least equal to two times the total of its annual fixed charges and preferred dividends, determined with reference to the date of purchase and (2) earned such amount during each of three of said five fiscal years. No investment shall be made under this clause (c) in a stock upon which any dividend is in arrears or has been in arrears for an aggregate of 90 days within the immediately preceding three-year period. The company shall not invest in more than ten per cent of the preferred stock of any one such corporation;*

*(d) Bonds, notes, debentures, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state thereof (other than a corporation designated in subdivision (3) of this section) which, (1) over the five completed fiscal years immediately preceding date of purchase, earned an average amount per annum applicable to dividends at least equal to four per cent upon the par value (or in case of stock having no par value, then upon its issued or stated value) or all its capital stock outstanding in each of such five years and (2) earned such amount during each of three of said five fiscal years. No investment shall be made under this clause (d) upon which any interest obligation is in default or which has been in default for an aggregate of 90 days within the immediately preceding three-year period.*

(6) Railroad equipment trust obligations, comprising bonds, notes or certificates, which when issued are secured by new standard gauge rolling stock purchased or leased by any railroad incorporated in the United States or in Canada, or by the receiver or trustee of any such railroad, or by any corporation engaged in the business of leasing or furnishing railroad rolling stock, provided, that the entire issue of such obligations;

(a) Is required to be paid, in United States dollars within the United States, within 15 years from date of issue in approximately equal installments payable annually or at more

frequent intervals and commencing not later than three years after the date of issue, and

(b) Is of an aggregate amount not exceeding 80 per cent of the cost of the equipment securing such issue; but if issued originally in an amount which exceeded such 80 per cent, then investment in the obligations of such issue shall nevertheless be authorized as soon as or at any time after all the unpaid obligations of such issue are reduced to or are less than 50 per cent of the cost of the equipment securing such issue, provided no installments or principal or interest are in default.

(7) Promissory notes maturing within six months, secured by the pledge of registered terminal warehouse receipts issued against grain deposited in terminal warehouses, as defined in section 233.01. At the time of investing in these notes, the market value of the grain shall exceed the indebtedness secured thereby, and the note or pledge agreement shall provide that the holder may call for additional like security or sell the grain without notice upon depreciation of the security; the insurance company may accept, in lieu of the deposit with it of the warehouse receipts, a trustee certificate issued by any national or state bank at a terminal point, certifying that the warehouse receipts have been deposited with it and are held as security for the notes; and the amount invested in the securities mentioned in this *subdivision* shall not, at any time, exceed 25 per cent of the unassigned surplus and capital of the company;

(8) Certificates, notes, or other obligations issued by trustees or receivers of any institution created or existing under the laws of the United States or of any state, district, or territory thereof, which, or the assets of which, are being administered under the direction of any court having jurisdiction if such obligation is adequately secured as to principal and interest; *the amount invested in the securities mentioned in this subdivision shall not, at any time, exceed 25 per cent of the unassigned surplus and capital of the company;*

(9) *Real estate sales contracts to which the company is not an original party, involving unencumbered real property situated in the United States, having a value of at least 50 per cent more than the amount of the unpaid balance of the contract; same to be assigned or otherwise transferred to the company or to a trustee or nominee of its choosing. No improvement shall be included in estimating the value unless the same shall be insured against fire by policies payable to*

*and held by the company or a trustee or nominee for its benefit. The foregoing provisions of this subdivision shall not apply to real estate sales contracts to which the company is an original party and shall not prohibit the company from holding such contracts as an investment.*

(10) Loans on the security of insurance policies issued by itself to an amount not exceeding the loan value thereof; and loans on the pledge of any of the securities *eligible for investment under the provisions of subdivisions (1) to (9) above, but not exceeding 95 per cent of the value of securities enumerated in subdivisions (1), (2) and (3) above and 80 per cent of the value of stocks and other securities; in case of securities enumerated in subdivisions (2), (4) and (9) "value" means principal amount unpaid thereon and in case of other securities market value thereof; in case of securities enumerated in subdivisions (2) and (9) the pledge agreement shall require principal payments by the pledgor at least equal to and concurrent with principal payments on the pledged security; in loans authorized by this subdivision, except as otherwise provided by law in regard to policy loans, the company shall reserve the right at any time to declare the indebtedness due and payable when in excess of such proportions of value or, in case of pledge of securities other than those enumerated in subdivisions (2) and (9), upon depreciation of security.*

(11) *Investments conforming to the categories, conditions, and standards set forth in the foregoing subdivisions of this section but which exceed in amount the limits prescribed therefor, except that the following limits shall not be exceeded: no stock shall be purchased which will increase the company's aggregate investment in all stocks beyond ten per cent, or in common stocks beyond five per cent, of its admitted assets as of the end of the preceding calendar year. The amount invested pursuant to this subdivision shall not exceed in the aggregate two per cent of the company's admitted assets.*

No investment or loan, except policy loans, shall be made by any such life insurance company unless the same shall have been authorized by the board of directors or by a committee charged with the duty of supervising the investment or loan, and in either case accurate records of all authorizations shall be maintained. Any company doing business in a foreign country may invest the funds required to meet its obligations incurred in such foreign country in conformity to the laws thereof in the kind of securities of such foreign

*country in which the company is authorized to invest in this state. No such company shall subscribe to or participate in any underwriting of the purchase or sale of securities or property, or enter into any transactions for such purchase or sale on account of the company jointly with any other person, firm, or corporation; nor shall any such company enter into any agreement to withhold from sale any of its property, but the disposition of its property shall be, at all times, within the control of its board of directors. Nothing contained in this paragraph shall be construed to invalidate or prohibit an agreement by two or more investors to join and share in the purchase of investments for bona fide investment purposes, provided that, in such investments secured by mortgage or deed of trust, provision be made for a method of resolving any matters relating thereto as to which the investors are not in agreement.*

Sec. 2. Minnesota Statutes 1945, Section 61.12, is amended to read as follows:

**61.12. Real estate holdings of domestic life insurance companies.** Subdivision 1. **Real property holdings; purposes.** *Except as provided in subdivisions 2 and 3, every such life insurance company may acquire, hold and convey real property only for the following purposes and in the following manner:*

(1) Such as shall be requisite for convenient accommodation in the transaction of its business;

(2) Such as shall have been mortgaged to it in good faith by way of security for loans previously contracted, or for moneys due;

(3) Such as shall have been conveyed to it in satisfaction of debts previously contracted in the course of its dealings;

(4) Such as shall have been purchased at sales on judgments, decrees or mortgages obtained or made for such debts.

All the real property specified in clauses (2), (3), and (4), which shall not be necessary for its accommodation in the convenient transaction of its business, shall be sold and disposed of within five years after the company shall have acquired title to the same, or within five years after the same shall have ceased to be necessary for the accommodation of its business, and it shall not hold this property for a longer period unless it shall procure a certificate from the commissioner of insurance that its interest will suffer materially by the forced sale thereof, in which event the time for the sale

may be extended to such time as the commissioner shall direct in the certificate.

**Subd. 2. Building project authorized.** *In order to promote and supplement public and private efforts to provide an adequate supply of decent, safe, and sanitary dwelling accommodations for persons of low and moderate income; to relieve unemployment; to alleviate the shortage of rental residences; and to assist in relieving the emergency in the housing situation in cities and their environs in this country through investment of funds, any domestic life insurance company, prior to December first, nineteen hundred fifty-one, may purchase or lease from any owner or owners (including states and political subdivisions thereof), real property in, or within ten miles from, any city having a population of 25,000 or more in any state in which such company is licensed to transact the business of life insurance; and on any real property so acquired, or on real property so located and acquired otherwise in the conduct of its business, such company may erect apartment, tenement, or other dwelling houses, not including hotels, but including accommodations for retail stores, shops, offices, and other community services reasonably incident to such projects; or, to provide such housing or accommodations, may construct, reconstruct, improve, or remove any buildings or other improvements thereon. Such company may thereafter own, improve, maintain, manage, collect or receive income from, sell, lease, or convey any such real property and the improvements thereon. The aggregate investment by any such domestic life insurance company in all such projects, including the cost of all real property so purchased or leased and the cost of all improvements to be made upon such real property and upon real property otherwise acquired, shall not, at the date of purchase or other acquisition of such real property, exceed ten per cent of the total admitted assets of such company on the last day of the previous calendar year. The purchase or lease of, or investment in, any such housing projects shall be subject to the approval of the commissioner of insurance.*

**Subd. 3. Acquisition of property.** *Any domestic life insurance company may acquire real property other than property to be used primarily for agricultural, horticultural, ranch, mining, recreational, amusement, hotel, club or church purposes, as an investment for the production of income, and improve or otherwise develop, and lease, sell, and convey the same, subject to the following conditions and limitations: (1) the cost of each parcel of real property acquired pursuant to this subdivision, including the estimated cost to the company*

*of the improvement or development thereof, when added to the book value of all other real property then held by it pursuant to this subdivision, shall not exceed three per cent of its admitted assets as of the end of the preceding calendar year, and (2) the cost of each parcel of real property acquired pursuant to this subdivision, including the estimated cost to the company of the improvement or development thereof, shall not exceed one-fourth of one per cent of its admitted assets as of the end of the preceding calendar year. Each parcel of real property held by the company under this subdivision shall be valued on its books as of the end of each calendar year at an amount that will include a write-down of the cost of such property, including all improvement or development costs, at a rate that will average not less than two per cent per annum of such cost for each year or part thereof that the property has been so held, and (2) if, as of the end of any calendar year, the aggregate net income before depreciation from all the properties held by the company under this subdivision, less the sum of all previous write-downs applied with respect to such properties, shall exceed four per cent per annum on the total book value of all such properties for the entire period during which such properties have been so held, the amount of such excess shall be applied, in such amounts and to such properties as the company shall determine, as a further write-down of such total book value. In order to enable the commissioner to obtain comparable information from all companies with respect to their operations under this subdivision and to determine compliance therewith, he may, by regulation, prescribe a uniform classification of all items of investment, income and expense, and a uniform method of reporting such operations.*

Approved April 22, 1947.

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#### CHAPTER 440—H. F. No. 1383

*An act relating to accident and health insurance; amending Minnesota Statutes 1945, Sections 62.01 and 62.12.*

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

Section 1. Minnesota Statutes 1945, Section 62.01, is amended to read as follows:

**62.01. Policy, form, approval.** Subdivision 1. **Form filed with commissioner.** On and after the *effective date of this*