

addressed, shall reply in writing to such inquiry promptly and truthfully, and such reply shall be verified, if required by the commissioner, by such individual or by such officer or officers of an insurer as he shall designate. If approved by the commissioner, a summary of such statement, prepared by the commissioner, together with a certificate of approval, shall be published, and proof of publication filed with him before September first, following, in default whereof he shall have such publication and proof made at the expense of the company. Upon the approval of the statement the commissioner shall issue a renewal license for the succeeding year beginning June first. Any license to a company or its agent, issued after the approval of the statement, shall expire May thirty-first of the year following. No company or agent thereof shall transact any new business in this state after May thirty-first in any year unless it shall have previously transmitted such statement to the commissioner; but no fraternal beneficiary association, nor any social corporation paying only sick benefits not exceeding \$250 in any one year, or funeral benefits, or aiding those dependent on a member not more than \$350, nor any subordinate lodge or council which is, or whose members are, assessed for benefits which are payable by a grand body, shall be required to make such statements. The commissioner shall be required to prepare abstracts of the annual statement of fraternal beneficiary associations and reciprocal or interinsurance exchanges, nor shall such associations or exchanges be required to publish an abstract or summary of the statement.

Sec. 2. **Repealer.** Minnesota Statutes 1945, Section 61.42, is hereby repealed.

Approved April 6, 1949.

CHAPTER 288—H. F. No. 734

An act relating to the Department of Insurance and amending Minnesota Statutes 1945, Section 60.37.

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

Section 1. Minnesota Statutes 1945, Section 60.37, is amended to read as follows:

60.37. Capital stock to be paid in full; investment.

The capital of every stock company shall be paid in full, in cash, within six months from the date of its certificate of incorporation, and thereupon a majority of the directors shall certify, under oath, to the commissioner that such payment, in cash, has been made by the stockholders for their respective shares, and is held as the capital of the company, and until then no policy shall be issued. Except as otherwise provided by law, the funds of every domestic company shall be invested in, or loaned upon, one or more of the following kinds of securities or property, and under the restrictions and conditions herein specified:

(1) Bonds or treasury notes or other obligations of the United States; *obligations guaranteed by the United States; Obligations payable in United States dollars issued or fully guaranteed by International Bank for Reconstruction and Development not exceeding in aggregate face amount five per cent of the total admitted assets of such company;* national or state bank stock; interest-bearing bonds or certificates of indebtedness or other obligations at market value of this or any other state, or *any governmental subdivision or municipal corporation* in this or any other state, or of the Dominion of Canada or any province or *any governmental subdivision or municipal corporation* thereof, having legal authority to issue the same, at market value; or debentures issued by the Federal Housing Administrator or obligations of national mortgage associations;

(2) Notes or bonds secured by first mortgage on improved real estate in this or any other state, or in the Dominion of Canada, worth at least twice the amount loaned thereon, not including buildings unless insured by policies payable to and held by the security holder, or by a trustee for the security holder, or notes or bonds secured by mortgage, or trust deed in the nature thereof, or other obligations which the United States or any agency or instrumentality thereof has insured or guaranteed or made a commitment to insure or guarantee;

(3) *Common stocks upon which dividends of not less than three per cent of par or stated value have been regularly paid for three years immediately preceding the investment; and bonds, not in default, at market value, of any corporation incorporated by or under the laws of the United States, or any state, or the Dominion of Canada, or any province thereof; or preferred stocks at market value of any solvent corporation incorporated by or under the laws of the United States or any*

state, or the Dominion of Canada or any province thereof provided such corporation's net income available for fixed charges after deducting federal and state income taxes must have averaged for the five fiscal years preceding investment at least $1\frac{1}{2}$ times the sum of annual fixed charges, contingent interest and preferred dividends, all computed as of the date of investment; and upon which bonds or preferred stocks, interest or dividends have not been in arrears for an aggregate of 90 days within the preceding three years; or in the stock or guaranty fund certificates of any insurance company, which investment must be approved by the commissioner; or in the stock or bonds of any real estate holding company, which investment must be approved by the commissioner, whose real estate is used, in whole or in part, in the transacting of the insurance business of such insurance company, either directly or by reinsurance, or in the fee to real estate used, in whole or in part, in such business; or in the stock or bonds of any corporation owning investments in foreign countries used for purposes of legal deposit, when the insurance company transacts business therein direct or as reinsurance;

(4) Promissory notes maturing within six months, secured by the pledge of warehouse receipts issued against *commodities* deposited in *public* warehouses; at the time of investing in such notes the market value of the *commodities* 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 *commodities* 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; the amount invested in the securities mentioned herein shall not, at any time, exceed 25 per cent of the capital stock of the company; and

(5) Loans on pledge of any such securities, but not exceeding 80 per cent of the market value of stocks or other securities and 95 per cent of the market value of bonds specified in clause (1); and in all loans reserving the right at any time to declare the indebtedness due and payable when in excess of such proportion or upon depreciation of security.

Approved April 6, 1949.