

REVISED LAWS OF MINNESOTA 94

SUPPLEMENT 1909

CONTAINING

THE AMENDMENTS TO THE REVISED LAWS,
AND OTHER LAWS OF A GENERAL AND
PERMANENT NATURE, ENACTED
BY THE LEGISLATURE IN
1905, 1907, AND 1909

WITH HISTORICAL AND EXPLANATORY NOTES TO PRIOR STATUTES
AND FULL AND COMPLETE NOTES OF ALL
APPLICABLE DECISIONS

COMPILED AND ANNOTATED BY
FRANCIS B. TIFFANY

ST. PAUL
WEST PUBLISHING CO.

1910

and during the absence or disability of the examiner said deputy examiner shall perform all the duties of the office. The duties of the several assistants and other employes shall be such as the examiner may prescribe, and any of them may be assigned to perform any special duty imposed by this chapter upon the examiner or his deputy. In such case the assistant may exercise all the powers of his principal necessary to the proper discharge of such duty. (R. L. § 1587, as amended by Laws 1907, c. 409, § 1, and Laws 1909, c. 449, § 1.)

1588. Biennial reports.—The examiner shall report to the governor biennially touching all his official acts, giving abstracts of the statistics and condition of the various offices, institutions and corporations to which his duties relate, and making such recommendations as he may deem proper, which report shall be printed and included in the volume of executive documents. (R. L. § 1588, as amended by Laws 1907, c. 409, § 1, and Laws 1909, c. 449, § 1.)

1589. Salaries and expenses.—The salary of the public examiner shall be \$4,100 per year, which shall be in full compensation for his services. The salary of the deputy examiner and first assistant corporation examiner shall be \$2,400 per year each. The salaries of three assistant public examiners shall be \$2,100 per year each. The salaries of one assistant public examiner and of the second assistant corporation examiner shall be \$1,800 per year each; and of the executive clerk \$1,500 per year. The salaries of the several other employes subject to appointment by the public examiner shall be such sums as the examiner shall prescribe, and together with the expenses of the examiner and of his deputy and assistants and other employes, necessarily incurred in the discharge of their duties and in the administration of the office, shall be paid out of the contingent fund provided for such office; and such salaries and expenses shall not exceed the aggregate sums appropriated and allowed therefor by law. (R. L. § 1589, as amended by Laws 1907, c. 128, § 1, and Laws 1909, c. 449, § 1.)

1590. Annual appropriation.—There is hereby annually appropriated from any moneys in the state treasury not otherwise appropriated, a sum sufficient for the payment of the salaries of the persons so appointed. (R. L. § 1590, as amended by Laws 1907, c. 409, § 3, and Laws 1909, c. 449, § 1.)

1591. Standing appropriation.

See section 1590, and note under section 1580.

CHAPTER 19.

INSURANCE.

INSURANCE COMMISSIONER.

1592. Appointment—Term, salary, bond.

See section [1593—] 1.

1593. General duties—Deputy—Clerks, etc.—Salaries—Standing appropriation.

See section [1593—] 1.

[1593—] 1. Department of insurance—Commissioner, how appointed—Bond—Compensation—Fees.—That there is hereby established and continued a department of insurance in the State of

Minnesota. Its chief officer, to be styled the commissioner of insurance, shall be appointed by the governor, with the advice and consent of the senate, for the term of two years beginning the first Monday in January. He shall give bond, with sureties, in the sum of twenty-five thousand dollars, to be approved by the treasurer of the state, for the faithful discharge of his duties and shall receive in full compensation for his services the sum of four thousand five hundred dollars per annum. Nothing in this section shall affect the term of office of the present commissioner of insurance, except that his salary shall be four thousand five hundred dollars per annum from the beginning of his term of office. All fees received by said commissioner from and after the time when his salary commenced, as aforesaid, shall be paid by him into the state treasury. ('05 c. 229 § 1)

Historical.—"An act to continue and provide for the department of insurance in the state of Minnesota, and regulating the compensation and fees of such department and for the repeal of laws inconsistent herewith." Approved April 17, 1905.

By section 8 of said act there was appropriated such sum as might be necessary to pay the salaries, expenses, and compensation therein provided for.

Section 9 repeals inconsistent acts.

So far as this act differs from the Revised Laws, it is to be construed, by virtue of section 5504, as amendatory or supplementary, and its effect appears to be to supersede sections 1592, 1593, in whole or in part.

[1593—]2. Powers and duties—Deputy—Actuary—Clerks, etc.—Examiner—Salaries.—The commissioner shall exercise the powers and perform the duties imposed and conferred upon him by this act and by any other law of this state. He may appoint a deputy commissioner to assist him in his duties, who shall receive an annual salary of two thousand dollars; an actuary, who shall receive an annual salary of two thousand dollars; a chief clerk, who shall receive an annual salary of fifteen hundred dollars; a bookkeeper and cashier, who shall receive an annual salary of fifteen hundred dollars; one stenographer at an annual salary of twelve hundred dollars; one clerk at an annual salary of twelve hundred dollars, and one clerk at an annual salary of nine hundred dollars; and one examiner at an annual salary of two thousand dollars. (Laws 1905, c. 229, § 2, as amended by Laws 1907, c. 472, § 1.)

[1593—]3. Duties of deputy and actuary—Fees, how disposed of—Expenses.—In the absence or disability of the commissioner of insurance, his duties shall be performed by the deputy. The actuary of such departments shall, under the direction of the commissioner, make the valuations of outstanding policies of foreign life insurance companies doing business in this state, as may be required by law, and shall annually value the outstanding policies of all life insurance companies organized under the laws of this state, and shall perform such other actuarial duties, including visitation and examination of insurance companies, as the commissioner of insurance may prescribe. All fees which may under any law of this state be charged to any insurance company for valuing policies, or the performance of other duties of said actuary, shall be collected by the commissioner of insurance and paid into the treasury of this state. But the actual expenses of the commissioner of insurance, or any other officer or employé of his department, in making any valuation of policies or visitation or examination of an insurance company, shall be upon proper voucher paid by the state to the person so incurring said expenses from the fees so collected. ('05 c. 229 § 3)

[1593—]4. Examination of company applying—Compensation of examiner other than officer, etc.—The commissioner of insurance may, whenever he deems it necessary, employ a competent

person to make an examination of the affairs of any insurance company admitted, or applying to be admitted, to do business under the laws of this state. When such person so employed is not a salaried officer of said department, his compensation or per diem for making such examination shall be determined by the commissioner of insurance and the amount thereof, together with all expenses incurred in making such examination, shall be paid by the insurance company so examined to the commissioner and by him paid over to the treasurer of the state, and said treasurer shall pay therefrom, upon the proper voucher, the compensation and expenses of the person so making said examination. ('05 c. 229 § 4)

[1593—]5. Same—Examination by officer—Fees.—When any such visitation or examination is made by a person regularly employed in said department and receiving a salary from the State of Minnesota, the company so examined, except township mutual insurance companies, shall pay as fees to said insurance department the sum of ten dollars per day for each and every day necessarily occupied by such person in making said examination, which fees shall be accounted for and turned into the treasury of the State of Minnesota. In case of the examination of township mutual insurance companies the actual expenses only thereof shall be charged. ('05 c. 229 § 5)

[1593—]6. Additional fees.—In addition to the fees and charges hereinbefore provided for there shall be paid to the commissioner of insurance, and by him accounted for and paid to the state of Minnesota, the following fees:

1. By township mutual fire companies, and mutual hail, tornado and cyclone companies having an annual expense of not more than \$1,000.00: For filing certificate of incorporation, \$2.00. For filing annual statements, \$1.00. For certificate of authority annually, \$1.00.

2. By other domestic companies: For filing certified copy of certificates of incorporation and accompanying documents, for obtaining license, \$30.00. Each company's certificate of authority, \$1.00.

3. By foreign companies: For filing certified copy of charter or certificate of incorporation and by-laws, \$30.00. For filing statement of financial condition, \$20.00. Each company's or agent's certificate of authority, \$2.00.

4. By all companies (except township mutual, and mutual hail, tornado and cyclone companies having an annual expense of not more than \$1,000.00): For filing certified copy of amendment to articles of incorporation, \$10.00. For filing annual statement, \$20.00. For abstracts or summaries of annual statements, for publication, when prepared by commissioner, \$10.00.

5. General fees: For each certificate, including certified copy of certificate of authority, renewal, valuation of life policy, corporate condition or qualification, \$1.00. For each copy of paper on file in his office, 20c per folio, and \$1.00 for certifying same. For license to procure fire insurance in unadmitted foreign companies, \$10.00. For each brokers' license, \$10.00. For receiving and forwarding copy of summons or process served upon commissioner of insurance, as attorney for any insurance company, \$2.00, which amount shall be paid by the party serving the same and may be taxed as other costs in the action. For valuing policies of life insurance companies, 1c per \$1,000 of insurance so valued, except in case of a company organized under the law governing assessment insurance, when the charge for valuation of policies valued as yearly renewable term shall be \$10.00 per day for each person necessarily employed. For receiving and filing certificates of valuation of poli-

cies by commissioner of any other state or territory, \$50.00; provided, that, when by the laws of any other state or nation, any fines, penalties, license or fees additional to or in excess of those imposed by the section upon foreign insurance companies and their agents are imposed upon insurance companies of this state or their agents, doing business in such state, the same fines, penalties, licenses, and fees shall be imposed upon all insurance companies of such state and their agents doing business in this state so long as such laws remain in force. (Laws 1905, c. 229, § 6, as amended by Laws 1907, c. 472, § 2, and Laws 1909, c. 349, § 1.)

[1593—]7. **Garnishment of commissioner—Fees.**—When garnishee process is served upon the commissioner of insurance, as attorney for any insurance company, no garnishee fee shall be paid to such commissioner. After the receipt of copy of such process the insurance company may demand of the attorney of the person making such garnishee the proper fees, and if such demand is not complied with before the day fixed for the disclosure of the garnishee, the proceeding may be dismissed. ('05 c. 229 § 7)

GENERAL PROVISIONS.

1594. Definitions.—In this chapter, unless the context otherwise requires, "company" or "insurance company," shall include every corporation or association engaged in insurance as principal. "Domestic" shall designate those incorporated in this state, and "foreign" when used without limitations, those in any other state or country. "Beneficiary association" shall mean a corporation, society or voluntary association organized and carried on for the sole benefit of its members and their families, relatives or dependents, but not for profit, and insure the lives of its members only upon the whole life assessment plan, so called, and in which organization admission to membership by a vote of the members or some governing body thereof, is a prerequisite to being entitled to such relief or policy of insurance and which association sells neither endowments nor annuities. "Fraternal beneficiary associations" shall mean a corporation, society or voluntary association organized and carried on for the sole benefit of the members and their beneficiaries, but not for profit, and having a lodge system and ritualistic form of work and representative form of government. "Net assets" shall mean that portion of the excess of the entire assets of an insurance company over its entire liabilities exclusive of capital and inclusive of policy liability, available for the payment of its obligations, including capital stock in this state, and including as assets deferred premiums on policies written within three months and actually in force, and in case of a mutual marine or fire and marine company, its subscription funds and premium notes not more than thirty days past due and uncollected. In case of a mutual fire insurance company there shall be included as assets premium notes absolutely payable within six months from date and given for policies actually in force, when such notes are not more than thirty days over due. Unpaid guaranty fund subscriptions shall not be included as assets, and guaranty fund certificates upon which there is no liability of the company until all its other obligations and liabilities are paid shall not be included as a liability. "Unearned premiums," insurance reserve, net value policies, and "premium reserve" shall severally refer to the liability of an insurance company upon its insurance contracts, other than accrued claims, computed by rules of valuation hereinafter established. "Profits" of a mutual insurance company shall mean that portion of its net earnings not required for payments of losses and expenses, nor set apart for any

lawful purposes; and "commissioner" shall mean insurance commissioner. (R. L. § 1594, as amended by Laws 1907, c. 321, § 1.)

R. L. § 1594, cited and applied in *National Protective Legion v. O'Brien*, 102 Minn. 15, 112 N. W. 1050.

See note under section 1703.

1596. Insurance defined—Unlawful contracts—Contracts deemed made in this state.

Contract of insurance.—A contract by which a corporation, in consideration of a stipulated amount, agrees to defend a physician against all suits for damages for malpractice at its expense, not exceeding a fixed amount, but not to pay any judgment obtained against the physician, is a contract of insurance, and the corporation making such contract is engaged in the business of insurance. *Physicians' Defense Co. v. O'Brien*, 100 Minn. 490, 111 N. W. 396.

1597. Classification and purposes.—Insurance corporations shall be authorized to transact in any state or territory in the United States, in the Dominion of Canada, and in foreign countries any of the following kinds of business, upon either the stock or mutual plan, when specified in their charters or certificates.

1. To insure against loss or damage to property on land, and against loss of rents and rental values, lease-holds of buildings, use and occupancy, and direct or consequential loss or damage caused by change of temperature resulting from the destruction of refrigerating or cooling apparatus, or any of its connections, by fire, lightning, hail, or tempest, or any or all of them.

2. To insure vessels, freight, goods, moneys, effects, and money lent on bottomry or respondentia against the perils of the sea and other perils usually insured against by marine insurance, and against perils of inland navigation and transportation.

3. To insure property of the assured, or life, person, or property of another for which the assured is liable, against loss or damage caused by the explosion of steam boilers, and caused by breakage or rupture of machinery.

4. To make contracts of life or endowment insurance, and grant, purchase, or dispose of annuities or endowments of any kind; but not including authority to any corporation transacting the business of life insurance in this state to take any other kinds of risks except those connected with or appertaining to insurance on life, or against accidents to or sickness of persons, and the granting, purchasing and disposing of annuities and endowments.

5. To insure against loss or damage by the sickness, bodily injury or death by accident of the assured, or of any other person employed by or for whose injury or death the assured is responsible.

6. To guarantee the fidelity of persons in fiduciary positions, public or private, or to act as surety on official and other bonds, and for the performance of official or other obligations.

7. To insure owners and others interested in real estate against loss or damage by reason of defective titles, incumbrances, or otherwise.

8. To insure against loss or damage by breakage of plate glass, located or in transit.

9. To insure against loss or damage by burglary or theft, or attempt thereat, or loss of money or securities in course of transportation.

10. To insure against loss or damage by water, caused by accidental breakage or leakage of automatic sprinkler systems.

11. To insure against loss or damage by death of live stock.

12. To guarantee merchants and those engaged in business, and giving credit, from loss by reason of giving credit to those dealing with them; this shall be known as credit insurance.

13. To insure against loss or damage to automobiles or other vehicles by collision, fire, theft, and other perils of operation, and

against liability for damage to property of others by collision with such vehicles.

14. To insure against liability for loss or damage to the property of another caused by the insured or by those for whom the insured is responsible.

The capital stock of every such corporation shall not be less than one hundred thousand dollars, except that of one of subdivision 9 when organized solely to insure bicycles against loss by theft, which shall not be less than twenty-five thousand dollars. But any company having an actual paid-up capital of not less than the aggregate capital required of two companies transacting the business specified in subdivisions 1 and 2, respectively, or that specified in subdivisions 4 and 5, respectively, by so providing in its certificate of incorporation or amendment thereto, may combine the business of the two first mentioned or of the two last mentioned, and transact the same as one corporation; and any corporation having an actual paid-up capital and surplus of at least three hundred thousand dollars, and authorized to transact business other than the kinds specified in subdivisions 1, 2 and 4 respectively, may also engage in any and all other kinds of insurance except those last above specified. Any such corporation transacting the business specified in subdivision one or subdivision two, or both subdivisions one and two, having a paid-up capital and surplus of not less than five hundred thousand dollars, by so providing in its charter or certificate of incorporation, may also engage in the kinds of business specified in subdivisions ten and thirteen, or either of them. The certificate of incorporation, in addition to the general requirements shall specify the territory in which it may do business, and except in stock corporations, the qualifications of members, the method of providing corporate funds, and the classes of property which it may insure. The charter or certificate of incorporation of any insurance corporation organized under any general or special law may be amended in respect to any matter which an original certificate of a corporation of the same kind might lawfully have contained, by the adoption of a resolution specifying the proposed amendment and by the approval, filing, recording and publication of the same in the manner prescribed by the general laws of this state relating to amendments to certificates of incorporation. (R. L. § 1597, as amended by Laws 1909, c. 330, § 1.)

See, also, Laws 1907, c. 388.

R. L. § 1597, cited in dissenting opinion in *Physicians' Defense Co. v. O'Brien*, 100 Minn. 490, 111 N. W. 396.

See note under section next following.

[1597—]1. Business authorized—Capital stock of certain corporations.—No corporation so formed shall transact any other business than that specified in its charter and articles of association. Companies who insure plate glass may organize with a capital of not less than one hundred thousand dollars. Companies so formed insuring marine inland risks upon the stock plan shall have a capital of not less than two hundred thousand dollars. Companies so formed for the transaction of fire insurance on the stock plan, of fidelity insurance or accident insurance or steam boiler insurance shall have a capital of not less than one hundred thousand dollars. Provided, however, that a company organized solely to insure against loss by fire of property equipped with automatic sprinklers may commence with a subscribed capital of not less than one hundred thousand dollars of which not less than twenty-five thousand dollars shall have been paid in. Provided, however, that the full amount of capital stock subscribed shall be fully paid in within two years from the time of the organization. Companies to insure lives on the stock plan shall have a capital of not less than

one hundred thousand dollars, and companies to insure bicycles against loss from theft shall have a capital of not less than twenty-five thousand dollars. (Laws 1895, c. 175, § 29, as amended by Laws 1899, c. 233, § 1, and Laws 1905, c. 118, § 1.)

Historical.—Section 29 of Laws 1895, c. 175, as amended by Laws 1899, "c. 233," was amended, as above set forth, by section 1 of an act entitled "An act to amend chapter one hundred and seventy-five of the General Laws of Minnesota, for the year 1895, entitled 'An act to revise and codify the insurance laws of the state,'" approved April 7, 1905 (Laws 1905, c. 118). Laws 1895, c. 175, § 29, was amended by Laws 1899, c. 234 (not c. 233), § 1. Laws 1895, c. 175, and Laws 1899, c. 234, were repealed by R. L. §§ 5541, 5543. The provisions of said amended section 29 appear to have been incorporated in part in R. L. § 1597, although said section is not referred to in the numbers in parenthesis at the end of that section.

[1597—]2. **Church associations for mutual insurance.**—That the members of any one church, or of any one religious denomination, may maintain for the exclusive benefit of the members thereof an unincorporated association for the mutual insurance of the property of said members against loss or damage by fire, lightning, hail or tornado, or all of them. Such association shall furnish no insurance except upon the property of an actual member of such church or denomination. It may conduct said business upon the plan and method adopted by it and shall not be required to be licensed by or report to the insurance commissioner. ('07 c. 165 § 1)

Historical.—"An act exempting mutual fire, hail and tornado insurance unincorporated associations, maintained exclusively by the members of one church or of one religious denomination, from the laws of this state regulating insurance." Approved April 12, 1907.

PUBLIC SUPERVISION.

1607. **Reserve for reinsurance.**—To determine the policy liability of any company, other than life or title insurance, and the amount such company shall hold as reserve for reinsurance, the commissioner shall take 50 per cent of the aggregate premiums, on policies running one year or less from date of policy, and a pro rata amount on policies running more than one year from date of policy, except upon inland and marine risks, which he shall compute by charging 50 per cent of the amount of premium written in its policies upon yearly risks and upon risks covering more than one passage not terminated, and the full amount of premiums written in policies upon all other inland and marine risks not terminated. In case of any fire and marine company with less than \$200,000 capital, admitted to transact in this state, fire business only, the full amount of premiums written in its marine and inland navigation and transportation policies shall be charged as liability. In case of a mutual fire insurance company with a policy holder's contingent liability fixed by its bylaws and in its policies as provided by law, to determine the amount of such reinsurance reserve the commissioner shall take twenty-five per cent of the aggregate premiums on policies running one year or less from date of policy, and fifty per cent of the pro rata amount on policies running more than one year from date of policy. A policy for a term of years on which the premium is payable annually, shall be considered a policy for one year. (R. L. § 1607, as amended by Laws 1907, c. 321, § 1.)

PROVISIONS COMMON TO ALL COMPANIES.

1616. **Policy to embrace conditions.**

Companies included.—Benevolent fraternal associations are not included in the companies referred to in this section. *Loudon v. Modern Brotherhood of America*, 119 N. W. 425.

Statutory form—Modification.—Laws 1895, c. 175, § 52, did not authorize the parties to modify or add to the statutory form. Its purpose was to require

that all conditions of the insurance appear in one written instrument. *Wild Rice Lumber Co. v. Royal Ins. Co. of Liverpool*, 99 Minn. 190, 108 N. W. 871. See note under section 1640.

1617. Reinsurance—Reports—Penalty.—If any company other than life shall, directly or indirectly, effect the reinsurance of any risk taken by it, or any part thereof, it shall make a sworn report thereof to the commissioner, at the time of filing its annual statement, or at such other time as he may request. No fire company shall insure or reinsure in a single risk a larger sum than one-tenth of its assets. Every company effecting any reinsurance in violation of the foregoing provision, and every agent effecting or negotiating the same, shall severally be guilty of a misdemeanor. (R. L. § 1617, as amended by Laws 1907, c. 321, § 1.)

1618. Annual statement.—Every fire company shall transmit to the commissioner annually, on or before February 1, and every other company on or before February 15, unless for good cause shown, the commissioner extends the time within which any such statement may be filed to March 1, upon blanks furnished by him, a verified statement of its entire business and condition, during the preceding calendar year, including, in case of a fire company, the amount of premiums received in each municipality, having an organized, or a partly paid, or a voluntary fire department, but limited in case of a foreign company, except one engaged in life insurance, to its business and condition in the United States. Such statements shall also contain, in a separate verified schedule, all details required by law for assessment, for taxation. If approved by the commissioner, a summary of such statement, prepared by the commissioner, together with his certificate of approval, shall be published, and proof of publication filed with him before May 1 following, in default whereof he shall have such publication and proof made at the expense of the company. Upon the approval of such statement the commissioner shall issue a renewal license for the succeeding year beginning on said March 1. In the case of a domestic mutual company, such license shall not be effective until filed for record with the register of deeds and shall contain a condition to that effect. Any license to a company or its agent, issued after the approval of said statement, shall expire March 1 of the year following. No company or agent thereof shall transact any new business in this state after March 1 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 two hundred and fifty dollars in any one year or "funeral benefits," or aiding those dependent on a member not more than three hundred and fifty dollars, 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 statement. (R. L. § 1618, as amended by Laws 1907, c. 11, § 1.)

Historical.—"An act to amend section 1618 of chapter 19, Revised Laws, 1905, relating to insurance companies, and to repeal chapter 248 of Session Laws, 1905." Approved February 5, 1905.

By section 2, Laws 1905, c. 148, is repealed.

1619. Place of publication.—The publication required by section 1618 shall be made in the place of the company's home office, if within the state, otherwise in each of the three most populous counties of the state, and in all cases at least three times, and in a daily newspaper, conforming to the requirements of section 5515, Revised Laws 1905, which will accept and publish such advertisement, at the rates prescribed by law for legal publications, if there be one, but if not, then in a weekly newspaper having a general circulation in the county of its publication. Such newspaper shall be

entitled to charge and receive for such publication not to exceed the rate prescribed by law for legal publications. (R. L. § 1619, as amended by Laws 1907, c. 61, § 1.)

Historical.—"An act to amend section 1619, Revised Laws 1905, relating to the publication of annual statements of insurance companies." Approved March 25, 1907.

Section 2 repeals Laws 1905, c. 248, and other inconsistent acts.

[1619—]1. **Annual report—Additional matters.**—In addition to any other matter which may be required by law or pursuant to law by the commissioner of insurance to be stated therein, every annual report of every life insurance company doing business in this state, shall contain an accurate, concise and complete statement of the following matters, to-wit: (1) All the real property held by the company, the dates of acquisition, the names of the vendors, the actual cost, the value at which it is carried on the company's books, the market value, the amounts expended during the year for repairs and improvements, the gross and net income from each parcel, and if any portion thereof be occupied by the company, the rental value thereof, a statement of any certificate issued by the commissioner extending the time for the disposition thereof, and all purchases and sales made since the last annual statement, with particulars as to dates, names of vendors and vendees, and the consideration. (2) The amount of existing loans upon the security of real property, stating the amount loaned upon property in each state and foreign country. (3) The moneys loaned by the company to any person other than loans upon the security of real property above mentioned and other than loans upon policies, the actual borrowers thereof, the maturity and rate of interest of such loans, the securities held therefor, and all substitutions of securities during the current year in connection therewith, and the same particulars with reference to any loans made or discharged since the last annual statement. (4) All other property owned by the company or in which it has interest (including all securities, whether or not recognized by the law as proper investments), the dates of acquisition, from whom acquired, the actual cost, the value at which the property is carried upon the books, the market value, the interest or dividends received thereon during the year; also all purchases and sales of property other than real estate made since the last annual statement, with particulars as to dates, names of purchasers and sellers, and the consideration; and also the income received and outlays made in connection with all such property. (5) All commissions paid to any person in connection with loans or purchases or sales of any property, and a statement of all payments for legal expenses, giving particulars as to dates, amounts and names and addresses of payees. (6) All moneys expended in connection with any matter pending before any legislative body or any officer or department of government, giving particulars as to dates, amounts, names and addresses of payees, the measure or proceeding in connection with which the payment was made, and the interest of the company therein. (7) The names of the officers and directors of the company, the proceedings at the last annual election, giving the names of candidates and the number of votes cast for each and whether in person, by proxy or by mail. (8) The salary, compensation and emoluments received by officers or directors, and where the same amounts to more than five thousand dollars, that received by any person, firm or corporation, with particulars as to dates, amounts, payees and the authority by which the payment was made; also all salaries paid to any representative, either at the home office, or at any branch office, or agency, for agency supervision. (9) The largest balances carried in each bank or trust company during each month of the year. (10) All death claims

resisted or compromised during the year, with particulars as to sums insured, sums paid and reasons assigned for resisting or compromising the same in each case. (11) A complete statement of the profits and losses upon the business transacted during the year and the sources of such gains and losses, and a statement showing separately the margins upon premiums for the first year of insurance and the actual expenses chargeable to the procurement of new business insured since the last annual statement. A foreign company issuing both participating and non-participating policies, shall make a separate statement of profits and losses, margins and expenses, as aforesaid, with reference to each of said kinds of business, and also showing the manner in which any general outlays of the company have been apportioned to each of such kinds of business. (12) A statement separately showing the amount of the gains of the company for the year attributable to policies written after Dec. 31st, 1901, and the precise method by which the calculation has been made. (13) The rates of annual dividends declared during the year for all plans of insurance and all durations and for ages at entry, twenty-five, thirty-five, forty-five and fifty-five, and the precise method by which such dividends have been calculated. (14) A statement showing the rates of dividends declared upon deferred dividend policies completing their dividend periods for all plans of insurance and the precise methods by which said dividends have been calculated. (15) A statement showing any and all amounts set apart or provisionally ascertained or calculated or held awaiting apportionment upon policies with deferred dividend periods longer than one year for all plans of insurance and all durations and for ages of entry as aforesaid, together with the precise statement of the methods of calculation by which the same have been provisionally or otherwise determined. (16) A statement of any and all reserve or surplus funds held by the company and for what purpose they are claimed respectively to be held. ('07 c. 243 § 1)

Historical.—"An act relating to the annual reports of life insurance companies." Approved April 19, 1907.

Section 2 repeals inconsistent acts.

1620. Agents and brokers—Certificate—Revocation.

Cited and applied in *Fredman v. Consolidated Fire & Marine Ins. Co. of Albert Lea*, 104 Minn. 76, 116 N. W. 221, 124 Am. St. Rep. 608.

1625. Taxation—Salvage corps.—Every domestic and foreign company, except town and farmers' mutual insurance companies, shall pay to the state treasurer on or before March 1st, annually, a sum equal to two per cent of the "gross" premiums less return premiums "on all direct business" received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year. In the case of every domestic company such sums shall be in lieu of all other taxes, except those upon real property, owned by it in this state, which shall be taxed the same as like property of individuals, and in the case of every foreign company such sums shall be in lieu of all other taxes, except those upon real and personal property owned by it in this state, which shall be taxed the same as like property of individuals, and except that in addition thereto, every foreign fire company doing business in any city wherein a salvage corps has been established pursuant to law for which such company or its agents for it are not otherwise subject to taxation, shall at the same time pay to the treasurer of the duly authorized board of underwriters therein a tax equal to two per cent of the gross amount of premiums received by it, or for it, in such city, which shall be used by such board for the equipment and maintenance of such corps. The provisions of this section shall not apply to any domestic mutual company insuring its mem-

bers against loss or damage by fire, lightning, tornado, hail or cyclone, or loss of live stock from disease or accident, which pays as salary and compensation to any one officer or member in any year no more than the aggregate sum of one thousand dollars. (R. L. § 1625, as amended by Laws 1907, c. 321, § 1.)

See section [2374—]21.

Foreign company.—The 2 per cent. paid on premiums by a foreign insurance company as provided by this section, is not a tax on gross earnings. Property owned by such corporation within the state is taxable like property of individuals. A foreign insurance company, which has paid the 2 per cent. tax, is not exempt from payment of the registry tax required upon the filing for record of a real estate mortgage owned by it. *Mutual Benefit Life Ins. Co. v. Martin County*, 104 Minn. 179, 116 N. W. 572.

See note under section [1038—] 27.

CERTAIN MUTUAL COMPANIES.

1627. Premiums—Contingent liability.—Every mutual fire company shall charge and collect on each policy a premium, in cash, or in notes absolutely payable, or it may accept a deposit of cash equal to one year's premium on the policy issued, and while such deposit remains intact collect all future premiums on such policy by assessments thereon, and shall also provide in its by-laws, and specify in its policies the maximum contingent mutual liability of its members for the payment of losses and expenses not provided for by its cash fund. Such contingent liability of a member shall not be less than a sum equal to and in addition to one annual premium, nor more than a sum equal to five times the amount of such annual premium or, in case of a policy written for less than one year, the contingent liability shall not exceed the amount of premium written in the policy. The total amount of the liability of the policy-holder shall be plainly and legibly stated upon each policy. Whenever any reduction shall be made in the contingent liability of members, such reduction shall apply proportionally to all policies in force. Provided that mutual fire insurance companies maintaining a full fifty (50) per cent reinsurance reserve and having a fully paid in and unimpaired guaranty fund of not less than \$100,000, may issue policies without a contingent liability; but the fact that there is no such contingent liability must be plainly and legibly stated in such policies. (R. L. § 1627, as amended by Laws 1907, c. 321, § 1.)

1628. Requirements when note given.—Except as provided in section 1627, whenever a note or other written evidence of indebtedness is given for any premium due, or to become due upon any insurance of property, except marine, the same shall be full payment therefore and operate to continue the same in full force during the term thereof, except that when any such note or written evidence of indebtedness is not paid at maturity, the policy for which the same was premium in whole or in part may be cancelled upon notice and in same manner as though said premium was paid in cash and the surrender of said note or other written evidence of indebtedness shall constitute a return or payment of the unearned portion of premium, and in such event the parties liable on such note or evidence of indebtedness shall be liable for and shall pay the premium earned prior to such cancellation, and no more. Provided further, that in case of any cancellation of a policy, any note or notes, or written evidence of indebtedness, given for whole or part of the premium thereon, may be by insurer returned to the insured in lieu of cash to the extent of the unpaid amount thereof plus accrued interest. No note given for premiums or deposit for assessment or both, or for any part of either, shall be negotiable, and every assignment thereof shall be subject to all existing de-

fenses. Nor shall any such notes be valid for any purpose unless the words "not negotiable" are plainly and legibly written or printed across the face thereof. (R. L. § 1628, as amended by Laws 1907, c. 321, § 1.)

1630. Assessments, when and how made.—Whenever the net assets of any mutual insurance company are insufficient for the payment of incurred losses and expenses above its reinsurance reserve, as provided by law, it shall make an assessment for the amount required ratably upon its members liable thereto. The order for assessment shall be duly entered upon its records, with a statement of its condition at the date thereof, including all cash assets, deposit notes, and contingent amount liable to such assessment, the amount of the assessment, and the particular losses or other liabilities for which it is made. Such records shall be signed by each director voting for the order before any part of the assessment is collected, and any person liable thereto may inspect and take a copy thereof. (R. L. § 1630, as amended by Laws 1907, c. 321, § 1.)

1631. Same—Guaranty fund.—Whenever, by reason of depreciation, loss, or otherwise, the net assets after providing for other debts, are less than the required premium reserves upon policies, the deficiency shall be restored by assessment as above provided, notice of which shall be filed with the commissioner. Whenever the board of directors, or the commissioner, shall be of the opinion that the insolvency of any company is probable, such board, or upon their failure so to do, the commissioner, may order two assessments made, the first to determine what each policy holder should equitably pay or receive in case of withdrawal from the company and cancellation of his policy; the second, such further sum as each should pay to reinsure the unexpired term at the same rate as the first insurance. The directors shall forthwith cause written notice and demand of payment to be served personally or by mail upon each policy holder subject thereto. After adjustment of the first assessment, every policy upon which the second assessment shall not be paid shall be cancelled; but in no case shall there be credited upon a policy more than if cancelled by the board of directors under the by-laws. If within two months after the last assessment is payable, the amount of the policies whose holders have paid the same is less than five hundred thousand dollars, all other policies shall be void, and the company shall continue only for the purpose of adjusting the deficiency or excess of premiums and settling outstanding claims. No assessment shall be valid against a policy holder who has not been duly notified thereof in writing within one year after the expiration or cancellation of his policy. A mutual fire insurance company may be formed with, or an existing fire insurance company may establish a guaranty fund divided into certificates of ten dollars each, or multiples thereof, and such guaranty fund shall be invested in the same manner as is provided for the investment of capital stock of insurance companies. The certificate holders of such guaranty fund shall be entitled to an annual dividend of not more than ten per cent on their respective certificates, if the net profits or unused premiums left after all losses, expenses or liabilities, then incurred, with reserves for reinsurance, are provided for, shall be sufficient to pay the same; and if the dividends in any one year are less than ten per cent, the difference may be made up in any subsequent year or years from the net profits. The guaranty fund shall be applied to the payment of losses and expenses when necessary, and if the guaranty fund be impaired, the directors may make good the whole or any part of such impairment from future profits of the company, but no divi-

dend shall be paid on guaranty fund certificates while the guaranty is impaired. The holder of the guaranty fund certificates shall not be liable for any more than the amount of his certificate which has not been paid in and such amount shall be plainly and legally stated on the face of the certificate. Each certificate holder of record shall be entitled to one vote in person or by proxy in any meeting of the members of the company for each ten dollars invested by him in guaranty fund certificates. The guaranty fund may be reduced or retired by vote of the policyholders of the company and the assent of the insurance commissioner, if the net assets of the company above its reinsurance reserve and all other claims and obligations, and the amount of its guaranty fund certificates and interest thereon for two years last preceding and including the date of its last annual statement, shall be not less than fifty per cent of the premiums in force. Due notice of such proposed action on the part of the company shall be mailed to each policy holder of the company not less than thirty days before the meeting when such action may be taken. In mutual fire insurance companies with a guaranty fund, the certificate holders shall be entitled to choose and elect from among their own number or from among the policy holders at least one-half of the total number of directors. If any mutual fire insurance company with a guaranty fund ceases to do business, it shall not divide among its certificate holders any part of its assets or guaranty fund, until all its debts and obligations have been paid or cancelled. Foreign mutual fire insurance companies having a guaranty fund shall not be required to make their certificates of guaranty fund conform to the provisions of this section, but when such certificates do not conform therewith, the amount thereof shall be charged as a liability. (R. L. § 1631, as amended by Laws 1907, c. 321, § 1.)

DOMESTIC COMPANIES.

1632. Deposits with commissioner.

See section [1632—] 1.

[1632—] 1. Deposit with commissioner.—No company in this state other than fire, marine or fire and marine, hail, farmers' mutual or real estate title insurance companies shall do business in this state unless it has on deposit with the insurance commissioner of this state as security for all its policy holders, stocks or bonds, of this state, or of the United States, or bonds of any of the municipalities of this state, or personal obligations secured by first mortgage on real estate within this state, worth, exclusive of buildings, the amount of the lien, and bearing interest of not less than three per cent per annum, to an amount, the actual market value of which, exclusive of interest, shall never be less than one hundred thousand dollars, except in case of companies organized to insure bicycles against loss from theft, the amount of such deposits for such companies shall never be less than ten thousand dollars, which stocks, bonds or mortgages shall be retained by the insurance commissioner and be disposed of as directed by law. Provided, however, that the deposit of mortgages on real estate shall not exceed the amount of fifty thousand dollars. As long as any policies of the depositing company remain in force, the insurance commissioner shall hold the said deposit as security for all holders of its policies. Provided, any insurance company of any other state of the United States may file with the insurance commissioner of this state a certificate of the insurance commissioner of such other state, that, as such officer, he holds in trust and on deposit for the benefit of all the policy holders of such company a deposit of not less than

one hundred thousand dollars par value of such securities as are required or permitted to be deposited with him by the laws of such state, such securities to be of the character in which insurance companies are authorized to invest under the laws of this state, stating the items of the securities so held, and that he is satisfied that such securities are worth one hundred thousand dollars. No deposit shall be required in this state while the said deposit, so certified, remains. (Laws 1895, c. 175, § 97, as amended by Laws 1899, c. 234, § 4, and Laws 1905, c. 181, § 1.)

Historical.—Section 97 of Laws 1895, c. 175, as amended by Laws 1899, c. 234, § 4, was amended, as above set forth, by section 1 of an act entitled "An act to amend chapter one hundred and seventy-five of the General Laws of eighteen hundred and ninety-five, as amended by chapter two hundred thirty-four of the General Laws of eighteen hundred and ninety-nine, relating to insurance." Approved April 15, 1905 (Laws 1905, c. 181).

Section 2 repeals inconsistent acts.

Laws 1895, c. 175, and Laws 1899, c. 234, were repealed by R. L. §§ 5541, 5543; the provisions of said amended section 97 being incorporated in part in R. L. § 1632. So far as the amended section above set forth differs from said section 1632, it is to be construed, by virtue of section 5504, as amendatory or supplementary, and its effect appears to be, to supersede said section.

[1634—]1. **Investments by fire and marine companies.**—Any domestic insurance company authorized to transact the business of fire insurance or fire and marine insurance, and lawfully transacting business in any foreign state or country, may invest its funds in the bonds or other equivalent obligations issued by the national government of such foreign state or country, and for the payment of which the faith and credit of such foreign state or country is pledged. ('09 c. 345 § 1)

Historical.—"An act to authorize domestic fire or fire and marine insurance companies to invest their funds in bonds or securities of foreign states in which they transact business." Approved April 21, 1909.

FIRE INSURANCE COMPANIES.

1640. Standard policy.— * * *

2. It may print or use in its policy printed forms of description and specification of the property insured, including permits for the use of electricity, gasoline, acetylene, or storage of other extra hazardous product or material, for repairs and improvements, for the operation or ceasing to operate, for the maintenance of sprinkling or other improvements, and for the use of the premises for ordinary work and materials incident to the business. Any permit for the use or storage of a hazardous product may contain a caution giving instructions as to the proper method of use or storage. It may print or use in its policy printed forms for insurance against loss of rents and rental values, leaseholds of buildings, use and occupancy, and indirect or consequential loss or damage caused by change of temperature resulting from the destruction of refrigerating or cooling apparatus, or any of its connections. It may also use a form specifically excluding the last mentioned hazard. When the policy covers a lumber risk upon the request of the insured in writing, of which fact such writing shall be the only evidence, and if in consideration thereof a reduction in the rate of premium is made by the company, the form known as the "clear space lumber clause" may be used, said form to be in the following terms, to wit: The rate of premium upon the within policy has been reduced from the sum of \$. to the sum of \$., and in consideration of such reduction the assured agrees that a continuous space of feet shall hereafter at all times be maintained between the property hereby insured and any wood-working or manufacturing establishment; said space shall, in all cases, exclude and be measured from the exterior boundary of any

permanent structure or addition connected with or attached to (here insert description of nearest wood-worker); said space not to be occupied by any independent or disconnected building or structure (here insert exceptions if any), or by accumulation of combustible materials of any kind and except the loading or unloading only within or transportation of lumber or timber products across such clear space. It shall not be used for handling, piling or sorting lumber for temporary purposes or otherwise. This clause shall not be construed to prohibit the maintenance or operation within said clear space of tramways used exclusively for the transportation of lumber, provided, that lumber is neither piled or stored thereon. Sorting platforms shall not be held tramways within the meaning of this clause, and failure upon the part of the insured to comply with the terms of this clause shall not avoid this policy, nor in any manner lessen the liability of the company hereunder but in case of such failure the assured shall be liable to the company for the difference in the premium hereinbefore set forth. It may also print or use in its policy a permit containing what is known as the "Watchman Clause," said clause to be in the following words, to-wit: The insured agrees that during the continuance of this policy he will uniformly and constantly maintain a watch service in connection with said premises, and in consideration of such uniform and constant watch service the rate of premium charged upon the policy has been reduced from \$. to \$. and it is hereby expressly agreed and understood that the failure of the assured to maintain such uniform and constant watch service or comply with this clause or agreement, shall in no manner nor to any extent avoid this policy, or in case of loss lessen the liability of the company under this policy; but in the event of the failure of the assured to maintain such watch service or perform his part of this agreement, he shall then be liable, and hereby agrees to pay said full premium for the unexpired term of said policy. It may also print or use in its policy a printed form providing that in case of a risk equipped with automatic sprinklers the assured shall use due diligence in seeing that the equipment is properly maintained; also a permit that the premises may remain vacant or unoccupied for a stipulated number of days beyond the thirty days provided in the policy, for which permit an additional premium may be charged; also a form whereby the assured agreed that, for a reduction in the rate of premium, barrels and buckets of water shall be kept at hand at all times; that failing so to do, the assured shall be liable for the highest rate written in the policy; also a form may be attached excluding liability for loss or damage to dynamos and other electrical appliances caused by electric current, either natural or artificial. It may also print or use in its policy printed forms providing that in case of loss, such loss shall be payable to the mortgagee, as his, her, its, or their interest may appear, a printed form in the following words, to-wit: "Subject to the stipulations, provisions, and conditions contained in this policy, the loss, if any, is payable to, mortgagee, as his, her, its, or their interest may appear." It may also print or use in its policy, in case the assured desires liability to attach to several buildings, divisions or locations under one item, a printed form in the following words, to-wit: "It is hereby agreed in case of loss, this policy shall attach in or on each building, division or location in such proportion as the value in or on such building, division or location bears to the aggregate value of the subject insured." (R. L. § 1640, subd. 2, as amended by Laws 1909, c. 331, § 1.)

Standard policy—Changes.—The form of policy prescribed by Laws 1895, c. 175, as amended by Laws 1897, c. 254, § 53, contained the only terms and conditions which could be incorporated in a contract of fire insurance. Only the

changes specifically authorized by section 53 might be made in the statutory form. A fire insurance company had no authority to attach to a standard form of policy a clause by which the insured warranted the maintenance of a clear space about the insured premises. Such "space clause," attached as a rider, was void as a warranty; but, as the statute authorized the company to print or use forms of description and specification of the property insured, such "space clause" might contain effective language limiting the general descriptive language. *Wild Rice Lumber Co. v. Royal Ins. Co. of Liverpool*, 99 Minn. 190, 108 N. W. 871.

The words "and in no case to include loss or damage by cyclone, tornado, or windstorm," in a lightning clause, attached as a rider to a policy, were limited to the rider, and did not apply to or vary the contract as contained in the policy. *Russell v. German Fire Ins. Co.*, 100 Minn. 528, 111 N. W. 400, 10 L. R. A. (N. S.) 326.

See note under section 1616.

Mortgage clause—Rights of mortgagee.—A condition with reference to the use and occupation of the building held not available against a mortgagee. *Moore v. Sun Ins. Co.*, 100 Minn. 374, 111 N. W. 260.

Arbitration—Waiver.—The right to demand arbitration is waived by a denial of liability on the policy. *Kelly v. Citizens' Mut. Fire Ass'n*, 96 Minn. 477, 105 N. W. 675.

Proximate cause of loss.—Where a three-story building was insured from loss or damage by fire, and fire consumed the interior of an adjacent five-story brick building, leaving an unsupported brick wall, and seven days thereafter a strong wind arose, during which time the wall fell upon the building, causing damage, under the evidence the cause of damage was a question of fact, and the evidence sustained a finding that the fire, and not the wind, was the proximate cause. *Russell v. German Fire Ins. Co.*, 100 Minn. 528, 111 N. W. 400, 10 L. R. A. (N. S.) 326.

[1641—]1. **Unjust discrimination in rates.**—No fire insurance company shall charge or receive, directly or indirectly, a higher or greater rate or premium for insurance against destruction or damage by fire of any property within this state than it charges for other risks in this state of the same kind or class, taking into consideration the local fire loss record, the nature of the risk, the exposures and hazards thereof, and the means of fire prevention applicable thereto. ('05 c. 331 § 1)

Historical.—"An act to prevent unjust discrimination in the fixing of fire insurance premiums, to provide for the appointment of a fire marshal and defining his duties, and to provide additional revenue for the enforcement of such act." Approved April 19, 1905.

[1641—]2. **Same—Penalty for violation—Action.**—If any fire insurance company, or any of its officers or agents, shall violate any provisions of the preceding section, the attorney general, upon request of the insurance commissioner, may bring a civil action against the offender, in the name of the state and in any district court thereof, for the recovery of the penalty hereinafter prescribed. Such action shall be tried by the court unless a jury trial be demanded by the defendant. If the cause of action be sustained, the defendant shall be adjudged guilty of unlawful discrimination, and the plaintiff shall recover in said action such sum as the court may deem proper, not exceeding five hundred dollars, with disbursements and costs. And for a second offense in respect to the same risk, the insurance commissioner shall revoke the license of the offending company to do business in this state. ('05 c. 331 § 2)

1642. Whole amount collectible—Co-insurance, etc.—Every company insuring any building or other structure against loss or damage by fire, lightning, or other hazard, by the issue of a policy or renewal of one theretofore issued, or otherwise, shall cause such structure to be previously examined, a full description thereof to be made, and its insurable value to be fixed, all by the insurer or his agent, and the amount thereof to be stated in the policy. In the absence of any change increasing the risk, without the consent of the insurer, of which the burden of proof shall be upon it, and in the absence of intentional fraud on the part of the insured, the whole amount mentioned in the policy or renewal upon which

the insurer receives a premium, shall be paid in case of total loss, and in case of partial loss, the full amount thereof. If there are two or more policies upon the property, each shall contribute to the payment of the whole or partial loss in proportion to the amount specified. Any policy where the entire risks covered by the same amounts to more than \$20,000 may contain a co-insurance clause, if the insured requests the same in writing, of which fact such writing shall be the only evidence, and if in consideration thereof, a reduction in the rate of premium is made by the company. When so demanded and attached to the policy, said agreement shall be binding upon both the insured and the company, and in case of loss the actual cash value of the property so insured at the time of the loss, including buildings, shall be the basis for determining the proper amount of such co-insurance and the amount of loss, notwithstanding any previous valuation of such building. Every person who solicits insurance and procures an application therefor, shall be held to be the agent of the party afterwards issuing insurances thereon or a renewal thereof. (R. L. § 1642, as amended by Laws 1907, c. 446, § 1.)

Construction—Authority of broker.—This section must be construed in connection with section 1716. It does not enlarge the authority of a broker to represent the insurance company as defined in section 1716. *Fredman v. Consolidated Fire & Marine Ins. Co. of Albert Lea*, 104 Minn. 76, 116 N. W. 221, 124 Am. St. Rep. 608.

Loss total or partial—Complaint—Recovery.—The insured may sue as for a total loss, and allege in addition the actual amount of damage, and if the evidence fails to establish a total loss, may recover for the actual damage proved. *Moore v. Sun Ins. Co.*, 100 Minn. 374, 111 N. W. 260.

1647. "Lloyds"—Authority to do business.

See section [1647—] 1.

[1647—]1. **Same.**—Associations of individuals, citizens of the United States, whether organized within this state or elsewhere, within the United States, formed upon the plan known as Lloyds, whereby each associate underwriter becomes liable for a proportionate part of the whole amount insured by a policy, may be authorized to transact insurance other than life in this state in such manner and on such terms as the insurance commissioner may direct, providing that if such organization shall be possessed of cash on hand and guaranteed subscriptions of the underwriters after deducting all liabilities except reinsurance reserve of a sum of not less than \$50,000.00, and that the net cash on hand shall be equal to the reinsurance reserve calculated on a basis of 50 per cent of the premiums in force, and that evidence shall be furnished to the insurance commissioner that the underwriters are men of good financial standing, responsible for their obligations, and that the organization does not issue policies of insurance on any one risk greater sums than one-fifth of the aggregate of the subscriptions of the several underwriters or the amount to which they may become liable, the commissioner shall license them under similar requirements as are made and prescribed in this act for the admission of foreign mutual fire insurance companies so far as the same may reasonably apply. Said association of individuals known as Lloyds are herein expressly authorized to transact insurance known as Sprinkler Leakage Insurance. (Laws 1895, c. 175, § 85, as amended by Laws 1905, c. 130, § 1.)

Historical.—"An act to amend section 85 of chapter 175 of the General Laws of 1895, authorizing associations of individuals known as Lloyds to transact insurance known as Sprinkler Leakage Insurance." Approved April 11, 1905.

Section 2 repeals inconsistent acts.

Laws 1895, c. 175, was repealed by R. L. § 5541; the provisions of said section 85 being incorporated in R. L. § 1647. So far as the amended section above set forth differs from said section 1647, it is to be construed by virtue of section 5504, as amendatory or supplementary.

1648. Mutual companies—When permitted.

See section [1648—]1.

[1648—]1. **Same.**—No policy shall be issued by a purely mutual fire insurance company hereafter organized until not less than seven hundred and fifty thousand dollars of insurance, in not less than three hundred separate risks; upon property located in this state, has been subscribed for and entered upon the books and the premiums thereon for one year to be paid in cash, which premium shall aggregate not less than seven thousand five hundred dollars in cash, except that where such mutual insurance company is organized to issue policies exclusively upon dwelling houses, their contents, barns, live stock and vehicles, or exclusively upon the stock in trade, tools, fixtures, buildings containing the same of one specified line of business, and the dwelling houses, barns and buildings appurtenant thereto and vehicles and live stock contained therein, and when the same are owned and occupied by the person so engaged in said business, trade or avocation it may issue policies insuring such stock in trade, tools, fixtures, buildings containing the same, said dwelling houses and the contents thereof, barns, live stock and vehicles, when there has been subscribed the amount of insurance hereinafter specified:

1. Those organized to insure creamery and cheese factory buildings, their contents and equipments, and the dwelling house and contents, and barn, live stock and vehicles, of the owner of such creamery or factory, may issue policies when not less than fifty thousand dollars, in not less than twenty-five separate risks, upon such buildings and contents in this state, has been subscribed for and so entered and the premiums thereon for one year paid in cash, which premium shall aggregate not less than one thousand dollars in cash. The name of every such company shall include the words "Mutual Creamery Fire Insurance Company," and it shall issue no policy except upon the class of risks aforesaid.

2. Those organized to insure the stock in trade, tools and fixtures of retail hardware dealers, the buildings containing the same, and the dwelling house and its contents, barns, live stock and vehicles, owned by such dealers, may issue policies when not less than five hundred thousand dollars of insurance, in not less than two hundred separate risks upon such property in this state, has been subscribed for and entered upon its books and the premiums thereon for one year paid in cash, which premiums shall aggregate not less than five thousand dollars in cash. The name of every such company shall include the words "Mutual Retail Hardware Fire Insurance Company," and shall issue no policy except as above specified.

3. Those organized to insure dwelling houses, their contents, barns, live stock and vehicles, exclusively, may issue policies when not less than two hundred and fifty thousand dollars of insurance, in not less than two hundred separate risks upon such property located within this state, has been subscribed for and entered upon their books and the premiums thereon for one year paid in cash, which premiums shall aggregate not less than two thousand five hundred dollars in cash. The name of every such company shall include the words "Mutual Dwelling House Fire Insurance Company," and it shall issue no policy except upon the class of risks aforesaid.

4. Those organized to insure printing material, machinery and stock in trade of newspaper publishers and printers, the buildings containing the same, and the dwelling house and its contents, barns, live stock and vehicles, when such buildings and contents are owned and occupied by the owner of such printing material, machin-

ery and stock in trade, may issue policies when not less than two hundred thousand dollars of insurance, in not less than two hundred separate risks, when such property located in this state has been subscribed for and entered upon such companies' books and the premiums thereon for one year paid in cash, which premiums shall aggregate not less than two thousand dollars in cash. The name of every such company shall include the words "Mutual Publishers' Fire Insurance Company," and shall issue no policy except upon the class of risks aforesaid.

5. Those organized to insure grain elevators, warehouses and cribs, machinery, grain, sacks and tools appurtenant to or contained in such elevators, warehouses and cribs and dwelling house and contents, barns, live stock, and vehicles, when such buildings and contents are owned and occupied by the owner of such grain elevator, may issue such policies when not less than one hundred thousand dollars of insurance, in not less than fifty separate risks upon such property in this state, has been subscribed for and entered upon the books of such companies and the premiums thereon for one year paid in cash, which premiums shall aggregate not less than one thousand dollars in cash. The name of such company shall include the words "Mutual Grain Dealers' Fire Insurance Company," and shall issue no policy except upon the class of risks aforesaid. (Laws 1895, c. 175, § 36, as amended by Laws 1897, c. 258, Laws 1899, c. 198, Laws 1903, cc. 92, 347, and Laws 1905, c. 117, § 1.)

Historical.—"An act to amend section thirty-six (36) of chapter one hundred seventy-five (175) of the General Laws of one thousand eight hundred ninety-five (1895), as amended by chapter two hundred fifty-eight (258) of the General Laws of one thousand eight hundred ninety-seven (1897), as amended by chapter one hundred ninety-eight (198) of the General Laws of one thousand eight hundred ninety-nine (1899), as amended by chapter ninety-two (92) of the General Laws of one thousand nine hundred three (1903), as amended by chapter three hundred forty-seven (347) of the General Laws of one thousand nine hundred three (1903), providing for the organization of certain mutual fire insurance companies." Approved April 7, 1905.

The several acts mentioned in the title were repealed by R. L. §§ 5541, 5542, 5543, 5546, the provisions of said amended section 36 being incorporated in part in R. L. § 1648. So far as the amended section above set forth differs from said section 1648, it is to be construed, by virtue of section 5504, as amendatory or supplementary, and its effect is to repeal said section.

[1649—]1. **Guaranty surplus and special reserve fund.**—Any insurance company organized under the laws of this state, authorized to transact a fire insurance business, may create the funds herein provided for, to be known and designated as the guarantee surplus fund and the special reserve fund, and may avail itself of the provisions of this section and the following sections of this chapter, upon complying with the requirements thereof. ('09 c. 437 § 1)

Historical.—"An act in relation to the establishment and maintenance of safety funds (guaranty surplus and special reserve funds) by companies transacting fire insurance business and fixing the rights of policy holders in and to such funds and the uses to which the same may be applied." Approved April 22, 1909.

[1649—]2. **Same—Fund, how created—Resolution—Certificate of commissioner.**—Any such insurance company, desiring to create such funds, may do so if such action is authorized by its stockholders, upon the adoption of a resolution to that effect by its board of directors at a regular meeting of such board or at any special meeting called for that purpose, and filing with the insurance commissioner of the state a copy thereof, declaring the intention of such company to create such funds and to do business under the provisions of this chapter; and, as soon after the filing of such copy of the resolution as convenient, the insurance commissioner shall make, or cause to be made, an examination of such company, and he shall make a certificate of the result thereof, which shall par-

ticularly set forth the amount of surplus funds held by such company at the date of such examination, the whole or any part of which, under the provisions of this chapter, may be equally divided between and set apart to constitute guaranty surplus and special reserve funds, which certificate shall be recorded in the insurance department. ('09 c. 437 § 2)

[1649—]3. Same—Dividends—Penalty.—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; 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 hereinafter provided, and not otherwise. 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. ('09 c. 437 § 3)

[1649—]4. Same—Examination by commissioner—Certificate.—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, 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, 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. ('09 c. 437 § 4)

[1649—]5. Same—Investment of guaranty surplus.—Said guaranty surplus shall be held and be invested by such company in the same manner as its capital stock and surplus accumulation may be held and be invested, and shall be liable and applicable in the same manner as the capital stock to the payment generally of the losses of such company. ('09 c. 437 § 5)

[1649—]6. Same—Investment of special reserve fund.—Said special reserve fund shall be invested according to existing laws relating to investments of capital by fire insurance companies, and shall be deposited, from time to time as the same shall accumulate and be invested, with the insurance commissioner of the state, who shall permit the company depositing the same to change such deposits by substituting for those withdrawn others of equal amount and value, and to collect and receive the interest or dividends upon such securities as the same may accrue; and said fund shall not be regarded as any part of the assets in possession of said company, so as to be or render the same liable for any claim for loss by fire or otherwise, except as herein provided. ('09 c. 437 § 6)

[1649—]7. Same—Items to be considered in estimating profit.—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, 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. ('09 c. 437 § 7)

[1649—]8. Same—When claims exceed guaranty surplus and capital stock.—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, 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 reserve 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, 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; 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. 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, 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. ('09 c. 437 § 8)

[1649—]9. Same—Impairment of capital—Stock liability—Amount insurable.—If at any time after said special reserve fund shall have been accumulated by any company, the directors of such company shall present evidence satisfactory to the insurance commissioner that the capital of such company has become impaired, he shall order the directors to call upon the stockholders to make up such impairment, and the board of directors may thereupon require the necessary payment by the stockholders to make good the whole of such impairment, or they may apply for that purpose the whole or any part of the special reserve fund and require of the stockholders payment of such amount as may be necessary to make up the balance of such impairment not made up out of the special reserve fund. The stock of every stockholder shall be pledged and liable for the amount assessed upon him to make up such impairment, either in whole or in part, and in case any stockholder refuses to pay such assessment, the stock standing in his name may be sold at public auction, after thirty days' notice, in such manner as the directors may provide. If the board of directors elect to make good such impairment or any part thereof out of the special reserve fund, the insurance commissioner shall, upon request of said

board, transfer to said company so much of said special reserve fund as is necessary for the purpose. No company doing business under this chapter shall insure any larger amount upon any single risk that is permitted by law to a company possessing the same amount of capital irrespective of the fund herein provided for. ('09 c. 437 § 9)

[1649—]10. **Same—Statement on policy.**—From and after the date when this act goes into effect, every policy not then in the hands of agents issued by a company which has constituted and set apart a guaranty surplus and special reserve fund, under this or any prior law of this state, shall have printed thereon by such company a statement that the same is issued under and in pursuance of the laws of the state of Minnesota relating to guaranty surplus and special reserve funds, and every such policy shall be deemed to have been issued and received subject to the provisions hereof. ('09 c. 437 § 10)

FIRE DEPARTMENT AID.

1653. Disposition of such funds—Relief association.—Such amount shall be kept as a special fund, and disbursed only for the following purposes:

(1) For the relief of sick, injured, or disabled members of such fire department, their widows and orphans.

(2) For the equipment and maintenance of such department.

But if there shall be a duly incorporated fire department relief association in such municipality, organized with consent of the governing body thereof, such amount shall be paid to the treasurer of said relief association, to be disbursed as herein above prescribed for municipalities, and as hereinafter provided for service pensions. In case any fire department relief association or any trustee having any of said funds in its hands shall resign its trust in relation thereto, or shall be dissolved or shall have been heretofore or shall be hereafter removed as such trustee, the district court of the proper county may appoint a trustee or trustees of said funds, or cause such trust to be executed by its officers under its direction, or such court may direct that such trust funds be paid to the treasurer of the proper municipality, and all funds so held in trust or so paid to any such treasurer shall be kept as a special fund and disbursed only for the purposes provided in this section. (R. L. § 1653, as amended by Laws 1909, c. 237, § 1.)

1655. Service pensions.—Every fire department relief association organized under any law of this state, whenever its certificate of incorporation or by-laws so provide, may pay out of any funds received from the state, or other source, a service pension, in such amount, not exceeding forty dollars, per month, as may be provided by its by-laws, to each of its members, who have heretofore retired or may hereafter retire, who has reached or shall hereafter reach the age of fifty years, and who has done, or hereafter shall do, active duty for twenty years or more as a member of a volunteer paid, or partially paid and partially volunteer fire department in the municipality where such association exists, and who has been, or shall hereafter be, a member of such fire department relief association at least ten years prior to such retirement, and who complies with such additional conditions as to age, service and membership as may be prescribed by the certificate or by-laws of such association. Such pensions shall be uniform in amount, but all may be decreased or increased, within the amount above specified, whenever the amount of funds on hand render such action advisable. No such pension shall be paid to any person while he re-

mains a member of a fire department, and no person receiving such pension shall be entitled to other relief from such association. No payments made or to be made by said association to any member on the pension roll shall be subject to judgment, garnishment or execution, or other legal process, and no person entitled to such payment shall have the right to assign the same, nor shall the association have the authority to recognize any assignment or pay over any sum which has been assigned. (R. L. § 1655, as amended by Laws 1907, c. 331, § 1.)

[1655—]1. Fireman's relief associations in cities having 50,000 inhabitants—Pensions.—Every fireman's relief association, now or hereafter organized in any city in this state having a paid fire department and now or hereafter having a population of more than fifty thousand inhabitants, which is now incorporated, or which may hereafter be incorporated under chapter 58, Revised Laws of Minnesota 1905, may pay out from any funds it may have heretofore received, or which it may hereafter receive, from the State of Minnesota, or any other source, pensions, and relief money to any of its sick and disabled members, or for service pensions as hereinafter provided, in such amounts, and in such manner, as its articles of incorporation and by-laws shall designate, not exceeding, however, the sum of \$40.00 per month to any of its pensioned members; provided, however, that any one who has served or is serving, on a paid municipal fire department, shall be placed on the service pension roll, upon his making application for the same, when he has complied with the following conditions—He shall have done active duty for a period of 20 years or more; he shall have arrived at the age of 50 years, or more; he shall have been, or shall be, entitled to be retired, from the service in the fire department; and provided further, that no service pension shall be paid to any person while he remains a member of the fire department. ('07 c. 24 § 1)

Historical.—"An act creating a fund, and providing for the disbursement thereof, for pensions and relief by fireman's relief associations, in cities having a population of more than fifty thousand inhabitants." Approved February 28, 1907.

Section 12 repeals inconsistent acts.

See sections [775—] 33, [775—] 34.

[1655—]2. Same—Pension for injuries or disabilities.—The qualification as to age and term of service, shall not apply to members of such fire department, who make application for a pension on account of injuries or disabilities, which unfit them for the duties of an active fireman, and such relief association shall pay a pension to such members, or to the widows and orphans of deceased firemen, in such sum, and under such limitations and conditions, as its articles of incorporation and by-laws shall provide and permit. ('07 c. 24 § 2)

[1655—]3. Same—Reduction or increase of pensions.—Every such association shall at all times have and retain the right to reduce the amount of pensions or to increase them whenever because of the amount of funds on hand or for other good reasons, such reduction or increase seems advisable or proper to such relief association, but said pension shall not exceed the amount of \$40.00 per month to any pensioner or to any one family. ('07 c. 24 § 3)

[1655—]4. Duty of city clerk—Annual report.—The clerk of any city of the class named herein having an organized fire department shall on or before the 31st day of October in each year, make and file with the insurance commissioner his certificate, stating the existence of such department, the number of steam engines, hook and ladder trucks, hose carts, and number of feet of hose in actual

use, the number of organized companies, and the system of water supply in use in such department, together with such other facts as the insurance commissioner may require. ('07 c. 24 § 4)

[1655—]5. Same—Annual report of commissioner.—The insurance commissioner shall embody in his annual statement blank, a blank form, with the names of the cities thereon entitled to benefits under this act, and require the companies to report at the time of making their annual statements the amount of premiums received by them during the year ending Dec. 31st, in each and of the cities named in said blank, and thereafter and before the 1st day of July the insurance commissioner shall certify to the state auditor the names of the cities which have organized fire departments as reported to him under section 4 [1655—4] of this act, and the amount of premiums received by said companies in each of said cities, and the amount of tax paid in such year by said companies upon such premiums. ('07 c. 24 § 5)

[1655—]6. Same—Auditor's warrant.—The state auditor at the end of the fiscal year, shall issue and deliver to the treasurer of any such city his warrant upon the state treasurer for an amount equal to the total amount of the existing 2 per cent tax so paid by fire insurance companies upon the premiums by them received in any such city, as specified in said certificate of said insurance commissioner. ('07 c. 24 § 6)

[1655—]7. Same—Duty of state treasurer.—The state treasurer is hereby authorized and directed to and upon the presentation to him of the said warrant of the said auditor, he shall pay to the treasurer of any such city, out of the general revenue fund of this state, the amount in such warrant specified. ('07 c. 24 § 7)

[1655—]8. Same—Disposition of fund—Relief association—Annual report—"Fireman" defined—Treasurer's bond.—The amount so paid to any city under the provisions of this act shall be by it set aside as a special fund, and may be appropriated and disbursed in the same manner that other funds belonging to such city are appropriated or disbursed, but only for the following purposes, viz:

First—For the relief of sick, injured and disabled members of any fire department in such city, and their widows and orphans.

Second—For the payment of pensions pursuant to the provisions of sections 1 [1655—1] and 2 [1655—2] of this act.

Provided, that in case there exists, or shall exist a fire department relief association, duly organized or incorporated in any such city, as aforesaid, shall be paid to the treasurer of such relief association, instead of to the treasurer of such city. But the secretary and treasurer of every such relief association shall prepare annually a report of all receipts and expenditures of such association for the previous year, showing for what purpose the money was paid and expended, and to whom, which report shall be filed in the office of the city clerk of the city, in which such association is situated, and a duplicate of such report shall also be filed with the state auditor before any money shall be paid to any such relief association. The money paid to such relief association shall be expended only, for the pensioning and relief of sick, injured, disabled and retired members of any fire department in such city, and their widows and orphans as authorized and permitted by this act. For the purpose of this act no substitute fireman, or any one serving on probation, or any fireman in a city having a relief association in its fire department who is not a member of such association, shall be deemed to be a fireman within the meaning of this act. The treasurer of every such relief association, before entering upon the duties of his office, shall give a good and suffi-

cient bond to said relief association conditioned for the faithful discharge of the duties of his office, and for the safe-keeping and paying over, according to law, of all moneys which come into his hands as such treasurer. Provided further, that no such moneys shall be paid to any such relief association hereafter organized, unless such organization is made with the consent of the council of the city to which such organization belongs. ('07 c. 24 § 8).

[1655]—9. Same—Pension not subject to garnishment, assignment, etc.—No payments made or to be made, by said association to any member on the pension roll, shall be subject to judgment, garnishment, or execution, or other legal process, and no person entitled to such payment shall have the right to assign the same, nor shall the association have the authority to recognize any assignment, or pay over any sum which has been assigned. ('07 c. 24 § 9).

[1655]—10. Same—Duties and powers of association—Funds—Tax levy—Disposition of taxes.—Said association, through its board of trustees and officers, shall have full charge, management, and control, of said funds herein provided for; which said funds shall be derived from the following sources:

First—From interest, rents, gifts or money from other sources;

Second—From funds received from the State of Minnesota;

Third—All money raised by taxation as follows: The city council or other governing body of every city of said class in which a fireman's relief association exists as aforesaid, shall, each year at the time the tax levies for the support of the city are made, and in addition thereto, levy a tax of one-tenth of a mill on all the taxable property of the city. The tax so levied shall be transmitted to the auditor of the county in which the city levying the tax is situated, at the time all other tax levies are transmitted, and shall be collected and payment thereof be enforced with and like manner as state and county taxes are paid and the payment thereof enforced. The county treasurer of each county in which such tax is levied and collected, or the city treasurer, in case such tax is collected by him, in any city of the class covered by this act, shall pay over the same, together with all interest and penalties collected on account of the same when collected, and all interest paid thereon between the time of collection and the time the same is paid over to the treasurer of the fireman's relief association. ('07 c. 24 § 10)

[1655]—11. Same—Duties of public examiner and governor.—It shall be the duty of the public examiner to annually examine the books and accounts of the secretary and treasurer of each relief association receiving funds under the provisions of this act, and if he finds that the money or any part of it has been or is being expended for an unauthorized purpose, he shall report the same to the governor. The governor shall thereupon direct the state auditor not to issue any warrant for the benefit of such city, or to such relief association, until it shall be made to appear to the public examiner, who shall report the fact to the governor, that all money wrongfully expended has been replaced. And the governor may take such further action as the emergency may demand. ('07 c. 24 § 11)

TOWN AND FARMERS' MUTUAL COMPANIES.

1657-1665. [Superseded. Laws 1909, c. 411.]

Section 1665 was amended by Laws 1907, c. 209. See, also, Laws 1905, c. 284, "An act to amend section 2 of chapter 83, of the General Laws of 1875, as amended by section 2 of chapter 164 of the General Laws for the year 1897, as amended by section 1 of chapter 172, of the General Laws of Minnesota for the year 1901, relating to the election of directors and officers of town insurance companies." Approved April 19, 1905.

[1666—]1. Township mutual fire insurance companies.—It shall be lawful for any number of persons, not less than twenty-five, residing in adjoining towns in this state, who shall collectively own property worth at least fifty thousand dollars, to form themselves into a company or corporation for mutual insurance against loss or damage by fire or lightning. No such company shall operate in more than fifty towns in the aggregate at the same time. ('09 c. 411 § 1)

Historical.—"An act to provide for the organization and regulation of township mutual fire insurance companies transacting the business of insurance and repealing all Laws in conflict with the provisions of this act." Approved April 22, 1909.

Section 28 repeals inconsistent acts.

[1666—]2. Certificate of incorporation.—The persons who desire to form a township mutual fire insurance company as defined by this act shall make, sign and acknowledge before some officer, competent to take acknowledgment of deeds, a certificate of incorporation which shall specify:

1. The name.
2. The location of the principal office.
3. The general nature of the business.
4. The territory in which it desires to transact business.
5. Who may become members.
6. Source from which the corporate funds shall be derived.
7. The class of property it desires to insure.
8. In what board its management shall be vested.
9. The date of its annual meeting.
10. The corporate existence.

It may also contain any other lawful provision defining and regulating the powers or business of the corporation, its officers, directors and members. ('09 c. 411 § 2)

[1666—]3. When incorporation complete.—The certificate of every such corporation shall be presented to the commissioner of insurance for his approval and if he approve of the same he shall endorse thereon such approval and the certificate shall then be filed in his office and shall be recorded in a book kept therein for that purpose. Upon the approval of said certificate and the filing of the same with the commissioner the corporate organization of such incorporation shall be complete. ('09 c. 411 § 3)

[1666—]4. Powers of corporation.—Every corporation formed under the provisions of this chapter shall have power:

1. To have succession by its corporate name for the time stated in its certificate of incorporation.
2. To sue and be sued in any court.
3. To have and use a common seal and alter the same at pleasure.
4. To acquire by purchase or otherwise, and to hold, enjoy, improve, lease, encumber and convey all real and personal property necessary for the purposes of its organization, subject to such limitations as may be imposed by law or by its articles of incorporation.
5. To elect or appoint in such manner as it may determine all necessary or proper officers, agents, boards and committees, to fix their compensation and define their powers and duties.
6. To make and amend, consistently with law, by-laws providing for the management of its property and the regulation and government of its affairs.
7. To wind up and liquidate its business in the manner provided by law. ('09 c. 411 § 4)

[1666—]5. Adoption of by-laws.—The first board of directors shall adopt by-laws which shall remain effective until and except

as amended by the members at any regular or special meeting called therefor. ('09 c. 411 § 5)

[1666—]6. **By-laws to be filed—Existing companies.**—A copy of the by-laws of every such corporation, certified to by the president and secretary of the corporation, shall be filed with the commissioner of insurance, and any amendment to the by-laws shall within a reasonable time after such amendment shall have been adopted by the members of the corporation, certified to by its president and secretary, be filed with the commissioner. Within ninety days after the passage of this act every township mutual insurance company doing business within this state shall cause a copy of its by-laws to be certified to by its president and secretary and shall file the same with the commissioner of insurance, and thereafter every amendment to the by-laws of any township mutual insurance company heretofore organized, duly certified to by its president and secretary, shall, within a reasonable time after its adoption, be filed in the office of the commissioner of insurance. ('09 c. 411 § 6)

[1666—]7. **Corporate existence—Renewal.**—Every corporation organized pursuant to this act shall be for a period not exceeding thirty years in the first instance, and may be renewed from time to time for a further term not exceeding thirty years, by adopting a resolution expressing such proposed renewal by a two-third vote of all its members present and voting at any regular meeting of such corporation, or at any special meeting called for that purpose, the notice for which shall clearly specify the object of the meeting. When any such resolution for renewal shall be adopted the same shall not take effect until a copy thereof, duly certified to by the president and secretary of such corporation, under its corporate seal, if it have one, shall have been approved, filed and recorded in the same manner as is provided herein in case of the original certificate of incorporation. ('09 c. 411 § 7)

See sections [1666—] 28 to [1666—] 30.

[1666—]8. **Amendment of certificate—Existing companies.**—The certificate of incorporation may be amended in respect to any matter which the original certificate of incorporation might lawfully have contained by the adoption of a resolution specifying the proposed amendment at the regular meeting or a special meeting called for that expressly stated purpose, by a majority vote of its members present and voting; or by a majority vote of its entire board of directors, within one year after having been thereby duly authorized by a specific resolution duly adopted at such meeting of the members, and by causing such resolution to be embraced in a certificate duly executed by its president and secretary under the corporate seal of the company, if it have one, and approved, filed and recorded in the manner prescribed for the approval, filing and recording of the original certificate. Within ninety days after the passage of this act every township mutual fire insurance company heretofore organized shall cause to be made and filed with the commissioner of insurance a certified copy of its articles of incorporation and all amendments thereto, which copy shall be certified to by the officer with whom the same has been filed and the said certified copy shall be filed with the commissioner of insurance and recorded in a book kept for that purpose, and thereafter all amendments to any certificate of incorporation, or articles of incorporation, of any township mutual fire insurance company, organized under the law of this state, either before or after the passage of this act, shall be presented to the commissioner of insurance for his approval and, if the same be approved, it shall be filed in his office and recorded in a book kept for that purpose, and

all said amendments shall be effective from and after the date of their approval and filing. ('09 c. 411 § 8)

[1666—]9. Change of business office.—Any township mutual fire insurance company heretofore or hereafter organized under the laws of this state may at any regular annual meeting of its members, or at any special meeting called for that purpose, by a majority vote of those present, amend its certificate or articles of incorporation so that the business office of said company may be located in any town, or any city or village in any town in which said company is authorized to do business. ('09 c. 411 § 9)

[1666—]10. Directors and officers—Proxies.—Every company shall choose of their members no less than five and not more than nine directors, to manage the affairs of the company, who shall hold their office for such period as may be fixed by the by-laws of the company, not exceeding three years, and until their successors are elected and qualified, such directors shall choose one of their number as president, one as vice-president, and one as secretary; they shall also choose a treasurer who may or may not be a member of said board, but must be a member of the company. The certificate or articles of incorporation of such company may provide that the president, vice-president, secretary and treasurer may be chosen by the direct vote of the members of the company at the annual meeting. In such case the election of such persons as president, vice-president and secretary shall constitute them members of said board of directors, and the remaining members of said board shall be elected as above provided. Every woman being a member of any such insurance company may be represented at any regular or special meeting of the members thereof by any person duly appointed in writing as her proxy, and such proxy so appointed shall have full power to represent such member as fully as if she were personally present at such meeting. ('09 c. 411 § 10)

[1666—]11. Treasurer to give bonds.—The treasurer of such company shall give such bonds to the company in such sum as the directors shall determine, to be approved by the president and secretary. ('09 c. 411 § 11)

[1666—]12. Loans, etc.—The directors may authorize said treasurer to loan on first real estate securities such sums of money in his hands as they may determine, or authorize him to deposit any and all sums of money in his hands in such bank or banks as they may designate. ('09 c. 411 § 12)

[1666—]13. Property insurable.—No township mutual fire insurance company heretofore organized and no company organized pursuant to this act shall insure any property outside of the limits of the town or towns in which such company is authorized by its certificate or articles of incorporation to transact business, except as hereinafter provided; nor shall any township mutual fire insurance company insure any property other than dwellings and their contents, farm buildings and their contents, live stock, farm machinery, hay, grain in the bin or stack, churches, schoolhouses, society and town halls, country blacksmith shops and their contents, parsonages and their contents, and the barns and contents used in connection therewith, buttermakers' dwelling houses and contents, and barns and contents used in connection therewith. No such company shall insure any property within the limits of any city or village, except that located upon lands actually used for farming or gardening purposes, but whenever the dwelling house of any person insured is within the limits of a town where the company is authorized to do business, and the farm on which such dwelling is

situated is partly within and partly without such town, it may include in such insurance any out buildings, hay, grain, stock or other farm property on such farm outside of such limits. ('09 c. 411 § 13)

[1666—]14. Termination of membership—Nonresidents—Annulment of policy.—Any member may terminate his membership in the company by giving written notice to the secretary and paying the withdrawing member's share of all existing claims. Nonresidents owning property in any town where any such company is authorized to do business may become a member with all rights thereof except eligibility to office. The board of directors may, by a majority vote thereof, annul and cancel any policy by giving written notice of the cancellation to the member holding such policy. In case of annulment of any policy the action of the board of directors shall be recorded in the minutes of the meeting of the directors. ('09 c. 411 § 14)

[1666—]15. Risks insured against, etc.—A township mutual fire insurance company shall insure only against loss or damage by fire or lightning and it shall not issue any policy for a term of more than five years. ('09 c. 411 § 15)

[1666—]16. Advance assessments—Emergency fund.—The directors of any such company may collect by advance assessment and maintain in its treasury an emergency fund not exceeding two mills on a dollar of the total amount of insurance in force, to be used in payment of losses and for other purposes for which assessments may be used. ('09 c. 411 § 16)

[1666—]17. Joint or partial risks.—Such town insurance companies may issue joint or partial risks in conjunction with adjoining companies of the same class, and in such case they are not confined to the towns in which they are otherwise authorized to do business; but no such insurance of a joint or partial risk shall be valid or binding upon the company insuring the same until approved by all such companies holding prior risks on property so insured, and the total amount of such joint insurance on any one piece of property shall in no case exceed the total percentage of its value for which such property is insurable by such company. ('09 c. 411 § 17)

[1666—]18. Authority to accept applications and issue policies.—The president and secretary of such company may accept all applications and sign and issue policies, agreeing in the name of the company to pay all losses and damages, not exceeding the sums named in the policies, sustained by reason of fire or lightning, for the term therein specified, and every application for insurance made to any authorized officer or agent, until refused by the proper officer, shall be of the same force and effect as a regularly issued policy and contract of insurance, and from the time of its receipt by an officer or agent, the property specified in such application shall be deemed insured in the same manner and to the same extent as if covered by a regular policy issued according to law and the regulations of the company; provided, that there shall be no liability on such application against any company that has not at any annual or special meeting, by proper resolution, adopted the plan of making such applications of equal force and effect with regularly issued policies. Before the delivery of any policy the company shall collect regular cash premium and policy fee and take the written agreement of the insured of even date therewith, which shall be embodied in his application, to pay a pro rata share of losses or damages sustained by any member. The same shall be kept on file with the secretary. ('09 c. 411 § 18)

[1666—]19. **Classification of property — Assessments.**—Every such company may classify property insured under different rates, corresponding as nearly as possible to the greater or less risk from fire by reason of location or construction, and issue its policies in accordance with such differences. Whenever any loss shall be ascertained which exceeds in amount the cash funds of the company, the secretary, or in his absence, the president, shall convene the directors, who shall levy an assessment upon each policy-holder for the proportionate amount which he should pay to cover such excess; or the company may borrow not to exceed two mills on each dollar of insurance written by it and then in force, and from such fund pay such losses, and afterwards levy assessments to pay such loans. If the fund for the payment of expenses is insufficient the amount of the deficiency may be added to any assessment. Suits at law may be brought against any member of such company who shall refuse or neglect to pay any assessment made upon them by the provisions of this act, and the directors of any company so formed who shall willfully neglect or refuse to perform the duties imposed upon them by law shall be liable in their individual capacity to the person sustaining such loss. It shall be the duty of the secretary whenever such assessment shall have been completed, to immediately notify every person composing such company, by letter sent to his usual postoffice address, of the amount of such loss, and the sum due from him as his share thereof, and of the time when and to whom such payment is to be made, but such time shall not be less than sixty nor more than ninety days from the date of such notice, and every person designated to receive such money may demand and receive two per cent. in addition to the amount due on such assessment as aforesaid, for his fees in receiving and paying over the same. ('09 c. 411 § 19)

[1666—]20. **Losses, how adjusted.**—Every member sustaining loss or damage by fire or lightning shall immediately notify the secretary, who, if the claim exceeds three hundred dollars, may forthwith convene the directors. The directors shall appoint a committee of three members of whom the secretary shall be one, to ascertain the amount of such loss, with authority to examine witnesses, to whom the secretary is hereby authorized to administer oaths. Whenever the by-laws so provide, he may act in place of and with all the authority of such committee; and when the claim does not exceed three hundred dollars, the loss may be ascertained by the president and secretary, or either, with like authority. In case of failure of the parties to agree as to the amount of loss it is mutually agreed that the amount of such loss shall be referred to three disinterested men, the company and the insured each choosing one, the third to be selected by the two so chosen. The award, in writing, by a majority of the referees shall be conclusive and final upon the parties as to the amount of loss or damage, and such reference, unless waived by the parties, shall be a condition precedent to any right of action, in law or equity, to recover for such loss; but no person shall be chosen to act as referee against the objection of either party who has acted in like capacity within four months. The referees shall have full authority to examine witnesses and determine all matters of dispute and shall make their award in writing to the president or secretary of such company. The said referees shall each be allowed the sum of \$2.00 per day for each day's service so rendered, and the sum of five cents per mile for every mile necessarily traveled in discharge of such duties which shall be paid by the claimant, together with the fees of any witnesses that may have been called by the company, unless the award of such referees shall exceed the sum offered in liquidation

of such loss or damage, in which case said expenses shall be paid by the company. ('09 c. 411 § 20)

[1666—]21. Annual meeting.—The annual meeting of every such company shall be held before July 1st in each year and the fiscal year of the company shall be from the first day of January to the thirty-first day of the following December, both dates inclusive. The secretary shall prepare and read at the annual meeting a full report of the business of the company transacted during the previous fiscal year, and on or before February 1st, following the end of each fiscal year the president and secretary shall file with the commissioner of insurance a verified statement of the entire business and condition of the company, and which statement shall contain such data and information in reference to the business of the preceding fiscal year as shall be required by the commissioner of insurance. The commissioner of insurance may at other times require any further statement he may deem necessary to be made relating to the business of the company. ('09 c. 411 § 21)

[1666—]22. Fees of commissioner.—There shall be paid to the commissioner of insurance and by him accounted for and paid to the state of Minnesota the following fees:

1. For filing certificate of incorporation, \$2.00.
2. For filing annual statement, \$1.00.
3. For certificate of authority, annually, \$1.00. ('09 c. 411 § 22)

[1666—]23. Existing companies.—Any township mutual fire insurance company heretofore organized may exercise after the passage of this act all of the rights conferred thereby that are within the powers and privileges of its certificate or articles of incorporation, or it may be re-incorporated hereunder. But no such company already organized shall be required to re-incorporate hereunder in order to avail itself of the privileges of this act. Every township mutual fire insurance company now doing business in this state shall have the right to continue transacting such business until the first day of March succeeding the passage of this act, and if the commissioner of insurance is satisfied that the company is transacting its business in accordance with this act he shall, on the first day of each succeeding March issue a license to each company authorizing it to transact business until the first day of March following the date of such license. ('09 c. 411 § 23)

[1666—]24. All companies governed by act.—Except as herein provided all township mutual fire insurance companies heretofore or hereafter organized in this state shall be governed by this act and shall be exempt from all provisions of the insurance laws of this state not only in governmental relations with the state, but for every other purpose, and no law hereafter passed shall apply to such company unless it shall be expressly designated in such law that it is applicable to township mutual fire insurance companies. ('09 c. 411 § 24)

[1666—]25. Consolidation.—That two or more township mutual fire insurance companies of the same county, which have been or may hereafter be authorized to transact the business of fire insurance exclusively upon farm property, within the same townships, or where one of said companies is authorized to and actually has transacted such insurance business in every town in which such other company is authorized to transact such business, may consolidate as a corporation in the manner provided in this act. To effect such consolidation it shall be necessary:

First. That the board of directors or managing body of each of said corporations pass a resolution to the effect that such consolidation is advisable and containing the proposed name of the cor-

poration, as consolidated, its principal office; and the names of its first board of directors and officers.

Second. That a special meeting of the policy holders of each of said corporations shall be held, a notice of which meeting shall be mailed to each of the policy holders thereof at least thirty days prior to the holding thereof, and which notice shall embody the resolution adopted by said board of directors, as provided for in subdivision one.

Third. That a majority of the policy holders of each of said corporations present or represented at said special meetings shall by resolution approve and ratify the action of said directors, as provided for in subdivision one hereof.

Fourth. That said proceedings and resolutions be filed with the commissioner of insurance of this state and approved of by him.

Fifth. Complete copies of said proceedings, certified to by the president and secretary of said respective corporations, shall be filed with the town clerk in each of the towns in which said company proposes to transact business.

When full copies of said proceedings have been filed with the commissioner of insurance, which copies shall be certified by the president and secretary of said respective corporations and duly verified by said officers, and approved of by him, the consolidation of said corporations shall be deemed to be complete, and the company so continuing said business shall be deemed to have fully assumed all of the obligations, liabilities and risks, and to be the owners of all the assets of the companies so consolidating. If such consolidation is made under any new name, the filing of said proceedings and the approval of same by the commissioner of insurance shall be sufficient to constitute said consolidated company a corporation, with all the powers, privileges, and subject to all the limitations of a township mutual fire insurance company under the laws of this state. ('09 c. 411 § 25)

Historical.—This section appears to supersede Laws 1905, c. 312, "An act to provide for the consolidation of township mutual insurance companies in certain cases." Approved April 19, 1905.

[1666—]26. **Examination by commissioner—Winding up.**—The commissioner of insurance whenever requested by five or more members shall make an examination of the affairs of any township mutual insurance company doing business within this state, and any such company so examined shall pay the actual expenses of the person making such examination. Whenever, after examination, the commissioner of insurance is satisfied that any such company has failed to comply with any provisions of this law, or is exceeding its powers, or is not carrying out its contracts in good faith; or is transacting business fraudulently, or is in such condition as to render further proceedings hazardous to the public or its policy holders, he may present the facts relating thereto to the attorney general who shall, if he deems the circumstances warrant, commence an action in quo warranto in a court of competent jurisdiction and such court shall thereupon notify the officers of such company of a hearing, and, unless it shall then appear that some special and good reason exists why such company should not be closed, said company shall be enjoined from carrying on any further business, and some person shall be appointed receiver of such company and shall proceed at once to take possession of the books, papers, moneys, and other assets of the company and shall forthwith, under the direction of the court, proceed to close the affairs of the company and to distribute its funds to those entitled thereto. ('09 c. 411 § 26)

[1666—]27. **False statements—Violation of act—Penalties.**—Any person, officer or member who shall knowingly or wilfully

make any false or fraudulent statement or representation in reference to any application for membership under this act, or any false or fraudulent statement as to the transaction or condition of the company of which he is a member or officer shall be guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not more than \$100.00, or by imprisonment in the county jail for not more than ninety days, in the discretion of the court. Any officer of any such company, or employé thereof, who shall neglect or refuse to comply with, or who shall violate any of the provisions of this act, shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not more than \$100.00, or by imprisonment in the county jail for not more than ninety days in the discretion of the court. ('09 c. 411 § 27)

[1666—]28. Renewal of corporate existence.—That in all cases where any township mutual fire insurance association organized under Chapter eighty-three of the General Laws of the state of Minnesota for the year 1875, being an act authorizing the formation of town insurance companies, and acts amendatory thereof, whose period of existence has heretofore expired without renewal of the same, and which company or association is still doing business as such, may renew the period of its corporate existence not exceeding the term originally limited therefor at any time within ninety days after the passage of this act by adopting a resolution expressing such proposed renewal by a two-thirds vote of all of its members present and voting at any regular meeting of such corporation or association or at any special meeting called for that purpose and clearly specifying such purpose. ('09 c. 3 § 1)

Historical.—"An act to provide for renewal of incorporation of township mutual insurance companies in certain cases." Approved January 28, 1909.

See section [1666—]7.

[1666—]29. Same—Meetings, how called.—Such special meeting may be called by written notice specifying the time, place and purpose of the meeting, signed by the secretary and mailed to the members at least ten days before the meeting, according to the postoffice address as it appears upon the books of the company. ('09 c. 3 § 2)

[1666—]30. Same—Duties of officers.—When any such resolution for a renewal shall be so adopted pursuant hereto, the same shall not take effect until a copy of such resolution duly certified by the president and secretary of such corporation, under its corporate seal, if it has one, shall have been filed, published and recorded in the same manner as is provided for the filing, publication and recording of original articles of incorporation. ('09 c. 3 § 3)

MUTUAL HAIL, TORNADO, ETC., COMPANIES.

1668. Limit of premiums and assessments.

Assessment.—A policy in a mutual hail association, organized under G. S. 1894, §§ 3333-3360, and acts amendatory thereto, which was issued in 1901, was subject to an annual assessment of 5 per cent. of its face at a date subsequent to the amendment made by Laws 1903, c. 271, § 9. The holder is not entitled to set off against an assessment of a particular year, in an action brought to enforce it, a balance of a loss in a prior year remaining unpaid after the insured had received on that loss a proper proportion of funds available for that purpose under his agreement with the association. *Farmers' United Tp. Mut. Hail Ass'n v. Dally*, 98 Minn. 13, 107 N. W. 555.

1669. Notice and payment of assessments.—Whenever any assessment has been completed the secretary shall immediately notify each member by mail, directed to his last known address, of the

purpose and amount of such assessment and of his share thereof, and the person to whom and the time when such payment must be made, which shall not be less than thirty nor more than ninety days thereafter; and such person, if the by-laws so provide, may collect a commission of not more than two per cent of each amount in addition thereto. (R. L. § 1669, as amended by Laws 1907, c. 471, § 1.)

1672. What property insured—Limit of expenses.—No such company shall insure any other property than country churches and school houses, farm dwellings, barns, and other buildings, and hay, grain, and other farm products therein, or stored or growing on the premises, or live stock thereon or running at large. No company, in its hail department, shall insure more than thirty-two hundred acres in any one township; there shall be at least one-half mile between each risk assumed by such company, except that risks may be assumed which cover the growing crops upon not more than three hundred and twenty acres of contiguous or immediately adjacent lands. No such company shall incur, lay out or expend, in any one calendar year, as and for the expenses of conducting such business more than its application or survey fees and forty per cent of its total premiums or assessments actually collected. But no company shall be required to limit its annual expenses to less than one thousand dollars. (R. L. § 1672, as amended by Laws 1907, c. 471, § 2.)

1673. Report of company—Power of commissioner.—The commissioner shall demand a report of any such company whenever in his judgment the interests of the public or policyholders so require, and the proper officers of the company shall make prompt reply to such demand, and answer fully all interrogations regarding its business methods, financial condition, and other matters pertaining to its business. If any officer having charge of the books and papers of such company shall fail to make such report promptly, or if the company carries on its business in a fraudulent, extravagant, or unsafe manner, so as not to afford its policyholders protection against loss or damage, or if it violates any provisions of this subdivision; or if its expenses, other than the absolute payment of its losses, shall in any one year exceed the limit prescribed in section 1672 as amended, being section 2 of this act, the commissioner shall revoke its license to do business in this state. And whenever the commissioner shall have reason to doubt the solvency of any such company, or to believe that it is doing fraudulent, extravagant, or unsafe business, he may, at its expense, cause an examination of its books, records, papers and securities, and if upon such examination he shall find that it is not paying its legal obligations, or is conducting its business in a fraudulent, extravagant, or unsafe manner, or is violating any provisions of law, he may bring an action in the district court of the county where the principal office of the company is located for the appointment of a receiver of such company and for the winding up of its affairs, and for such other order and relief as shall be equitable and proper under the circumstances. (R. L. § 1673, as amended by Laws 1907, c. 471, § 3.)

1674. Guaranty surplus fund—Dividends.—Every such company shall create and maintain a guaranty surplus fund and shall annually set aside and credit thereto, on the day its annual assessment falls due, all the income of the preceding year in excess of the amount required for the payment of its losses and its legal expenses. Whenever such fund has to its credit one hundred twen-

ty thousand dollars, the directors shall by resolution declare a dividend to its members of twenty thousand dollars thereof. The remaining one hundred thousand dollars shall be invested according to law. (R. L. § 1674, as amended by Laws 1907, c. 471, § 4.)

Laws 1903, c. 271, § 16, cited in *Farmers' United Tp. Mut. Hail Ass'n v. Dally*, 98 Minn. 13, 107 N. W. 555.

MARINE INSURANCE COMPANIES.

1679. Subscription liability fund.

In general.—In an action by receivers of an insolvent mutual insurance company to recover of the directors the amount of their subscriptions to a fund which the company, with their knowledge, actual or imputed, represented to be paid-up capital, the directors were estopped from denying their liability to the extent of their subscriptions for the claims of creditors, whose policies were issued to and accepted by them in reliance upon such representations. Creditors whose claims are based on policies which were stock or cash policies containing no express reference to any mutual liability are presumed to have relied on such representations, but such presumption does not extend to creditors who have accepted policies which by their terms expressly provide for a mutual liability.—*Dwinnell v. Minneapolis Fire & Marine Mut. Ins. Co.*, 97 Minn. 340, 106 N. W. 312.

LIFE INSURANCE COMPANIES.

1687. Defined.

Cited in *National Protective Legion v. O'Brien*, 102 Minn. 15, 112 N. W. 1050.

[1689—]1. **Discrimination prohibited.**—No life insurance company doing business in this state shall make or permit any distinction or discrimination in favor of individuals between the insureds (the insured) of the same class and equal expectation of life in the amount of payment of premiums or rates charged for policies of life or endowment insurance, or in the dividends or other benefits payable thereon, or in any other of the terms and conditions of the contracts it makes; nor shall any such company or agent thereof make any contract of insurance or agreement as to such contract other than as plainly expressed in the policy issued thereof; nor shall any such company or any officer, agent, solicitor or representative thereof pay, allow or give or offer to pay, allow or give, directly or indirectly, as inducement to insurance, any rebate of premium payable on the policy, or any special feature or advantage in the dividends or other benefits to accrue thereon or any paid employment or contract for services of any kind or any valuable consideration or inducement whatever not specified in the policy contract of insurance. ('07 c. 277 § 1)

Historical.—"An act to prohibit discrimination by life insurance companies and providing penalties for violation thereof." Approved April 22, 1907.

[1689—]2. **Same—Violation a misdemeanor.**—Any violations of the provisions of section 1 [1689—1] of this act shall be a misdemeanor and punishable as such. ('07 c. 277 § 2)

1691. Who entitled to proceeds of life policy.

Application in general.—Sections 1691 and 1692, exempting from claims of creditors policies effected by the insured in favor of another, or made payable to his wife, or for her benefit, apply only to policies which on their face are so payable. *Remley v. Travelers' Ins. Co. of Hartford, Conn.*, 121 N. W. 230.

1692. Exemption in favor of family—Change of beneficiary.

See *Remley v. Travelers' Ins. Co. of Hartford, Conn.*, 121 N. W. 230, cited in note under section 1691.

1695. [Repealed.]

See section [1702—]11.

§ [1695—]1

INSURANCE.

(Ch. 19

[1695—]1. **Policy to contain entire contract.**—Every policy of insurance issued or delivered within this state on or after the first day of January, nineteen hundred and eight, by any life insurance corporation doing business within the state shall contain the entire contract between the parties. ('07 c. 44 § 1)

Historical.—"An act relating to the provisions of life insurance policies." Approved March 14, 1907.

Section 2 repeals inconsistent acts.

[1695—]2. **Policies issued in state**—Policies of domestic companies.—No policy of life insurance shall be issued or delivered in this state and no policy of life insurance of a life insurance company organized under the laws of this state shall be issued unless authorized by the provisions of this act. ('07 c. 220 § 1)

Historical.—"An act establishing standard forms in which policies of life insurance may be issued in this state and in which policies of life insurance companies organized under the laws of this state may be issued; and regulating the conditions and provisions to be contained in policies of life insurance companies that do not adopt such standard forms." Approved April 17, 1907.

By section 12 the act took effect January 1, 1908.

[1695—]3. **Standard forms—Ordinary or limited payment—Endowment—Ordinary or limited payment life fixed survivorship annuity—Endowment fixed survivorship annuity—Term—Term with right to renew and change.**—The following are established as standard forms in which policies of life insurance may be issued and delivered in this state, and in which policies of life insurance of life insurance companies organized under the laws of this state may be issued:

(Name of State).

.....Standard Life Insurance Policy (Insert "Ordinary" or "Limited Payment").....Life

Age.....

Amount \$..... Premiums \$.....

.....

.....

Of (Name of State)

In consideration of.....Dollars, receipt of which is hereby acknowledged, and of the payment of (insert amounts and times of payments of premiums) until (insert "the death of the insured" in ordinary life, and ".....full years' premiums shall have been paid or until the prior death of the insured" in limited payment life),

Promises to pay upon receipt at the home office of the company in of due proof of the death of

of..... County of..... State of

....., herein called the insured, to.....

beneficiarywith (insert "out" if so desired) right of revocation.....dollars, less any indebtedness hereon to the company and any unpaid portion of the premium for the then current policy year.

CHANGE OF BENEFICIARY—When the right of revocation has been reserved, or in case of the death of any beneficiary under either a revocable or irrevocable designation, the insured, subject to any existing assignment of the policy, may designate a new beneficiary with or without reserving right of revocation by filing written notice thereof at the home office of the company, accompanied by the policy for suitable endorsement thereon. If any beneficiary shall die before the insured and the insured shall not have designated a new beneficiary the interest of such beneficiary shall be payable to the insured, (insert "his" or "her") executors, administrators or assigns.

PAYMENT OF PREMIUMS—The company will accept payment of premiums at other times than as stated above, as follows:

.....
Except as herein provided, the payment of a premium or installment thereof shall not maintain the policy in force beyond the date when the next premium or installment thereof is payable.

All premiums are payable in advance at said home office, or to an agent of the company upon delivery of a receipt signed by one or more of the following officers of the company (insert titles of officers who may sign receipts), and countersigned by said agent.

A grace of one month, subject to an interest charge at the rate of.....per centum per annum shall be granted for the payment of every premium after the first, during which month the insurance shall continue in force. If the insured shall die during the month of grace the overdue premium will be deducted from any amount payable hereon in any settlement hereunder.

CONDITIONS—(The policy may here provide for restrictions of liability by reason of travel, occupation, change of residence and suicide. These restrictions, except such as refer to military and naval service in time of war, must be applicable only to cases where the act of the insured provided against occurs within two years after the issuance of the policy.)

INCONTESTABILITY—This policy constitutes the entire contract between the parties and shall be incontestable from its date except for nonpayment of premiums and except as otherwise provided in this policy. All statements made by the insured shall in the absence of fraud be deemed representations and not warranties and no such statement shall avoid this policy unless it is contained in a written application and a copy of such application shall be endorsed upon or attached to this policy when issued.

If the age of the insured has been understated, the amount payable hereunder shall be such as the premium paid would have purchased at the correct age.

PARTICIPATION—This policy shall participate in the surplus of the company, and beginning not later than the end of the (insert first, second or third) policy year the company will annually determine and account for the portion of the divisible surplus accruing hereon.

DIVIDENDS—Dividends at the option of the owner of this policy shall, on the.....day of.....of each year (here may be inserted "after the first policy year" or "after the second policy year") be either—

- (1) Paid in cash, or
- (2) Applied toward the payment of any premium or premiums, or
- (3) Applied to the purchase of paid-up additions to the policy, or
- (4) Left to accumulate to the credit of the policy with interest at (here insert a rate not exceeding that used by the company for calculating its reserves) per centum per annum and payable at the maturity of the policy, but withdrawable on any anniversary of the policy.

Unless the owner of this policy shall elect otherwise within three months after the mailing by the company by a written notice requiring such election, the dividends shall be paid in cash.

LOANS—After three full years' premiums have been paid, the company at any time, while this policy is in force, will advance, on proper assignment of this policy and on the sole security thereof, at a rate of interest not greater than.....per centum per annum, which interest if not paid annually shall be added to the principal and bear the same rate of interest, a sum equal to, or, at the option of the owner of the policy, less than the reserve at the end of the current policy year on this policy and on any dividend additions thereto, computed according to the (designate mortality table

adopted by the company for computing reserves) mortality table, and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum, less (here may be inserted not more than two and one-half) per centum of the amount insured by this policy and of any dividend additions thereto.

The company, however, will deduct from such loan value any existing indebtedness to the company on the policy and any unpaid balance of the premium for the current policy year, and may collect interest in advance on the loan to the end of the current policy year. Such loan may be deferred by the company for not exceeding six months after the application therefor is made. Failure to repay any such advance or to pay interest shall not avoid this policy unless the total indebtedness hereon to the company shall equal or exceed such loan value at the time of such failure and until one month after notice shall have been mailed by the company to the last known address of the insured and of the assignee, if any. No condition other than as herein provided shall be exacted as a prerequisite to any such advance.

ASSIGNMENT—No assignment of this policy shall be binding upon the company until it be filed with the company at its said home office. The company assumes no responsibility as to the validity of any assignment.

OPTION ON SURRENDER OR LAPSE—After this policy shall have been in force three full years the owner, within one month after any default, may elect (a) to accept the value of this policy in cash, or (b) to have the insurance continued in force from date of default, without further participation and without the right to loans, for its face amount, including any outstanding dividend additions, less any indebtedness to the company hereon, or (c) to purchase non-participating paid-up insurance, payable at the same time and on the same conditions as this policy. The cash value will be the reserve at the date of default on this policy and on any dividend additions thereto, computed according to the (designate mortality table adopted by the company for computing reserves) mortality table and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum, less (here may be inserted not more than two and one-half) per centum of the amount insured by this policy and of any dividend additions thereto, and less any existing indebtedness to the company on this policy. Payment of such cash value may be deferred by the company for not exceeding six months after the application therefor is made. The term for which the insurance will be continued or the amount of the paid-up policy will be such as the cash value will purchase as a net single premium at the attained age of the insured according to the (designate the mortality table adopted by the company for computing reserves) mortality table and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum. If the owner shall not, within one month from default, surrender this policy to the company at its home office for a cash surrender value or for paid-up insurance as provided in options (a) and (c) the insurance will be continued as provided in option (b).

The figures in the following table are computed in accordance with the above provisions and upon the assumption that there is no indebtedness on the policy, and that there are no outstanding dividend additions.

(At the option of the company the following may be here inserted: "The figures apply to a policy for \$1,000. As this contract is for \$.....the loan, cash, or paid-up insurance available in

Ch. 19)

INSURANCE.

§ [1695—]3

any year will be.....the amount stated in the table for that year.”)

At end of year.	Cash or loan value.	Paid-up life insurance.	—Continued Insurance—		
			Years.	Months.	Days.
3	\$.....	\$.....
4	\$.....	\$.....
5	\$.....	\$.....
6	\$.....	\$.....
7	\$.....	\$.....
8	\$.....	\$.....
9	\$.....	\$.....
10	\$.....	\$.....
11	\$.....	\$.....
12	\$.....	\$.....
13	\$.....	\$.....
14	\$.....	\$.....
15	\$.....	\$.....
16	\$.....	\$.....
17	\$.....	\$.....
18	\$.....	\$.....
19	\$.....	\$.....
20	\$.....	\$.....

Figures for later years will be furnished upon request.

REINSTATEMENT—In case of continued temporary insurance under the above provisions this policy upon evidence of insurability satisfactory to the company may be reinstated within the first three years of the term for which the insurance is continued by payment of arrears of premiums with interest at (here insert not more than six) per centum per annum.

OPTIONS AT MATURITY—The insured, by written notice to the company at its home office, and with the written consent of the assignee and irrevocable beneficiary, if any, may elect to have the net sum payable under this policy paid either in cash or as follows:

(1) By the payment of interest thereon at.....per centum per annum, payable annually, to the payee under this policy at the end of each year during the life of the payee and by the payment upon the death of the payee of the said net sum and accrued interest to the executors, administrators, or assigns of the payee, unless otherwise directed in said notice.

(2) By the payment of equal annual installments for a specified number of years, the first installment being payable immediately, in accordance with the following table for each \$1,000 of said net sum.

(3) By the payment of equal annual installments payable at the beginning of each year for a fixed period of twenty years and for so many years longer as the payee shall survive in accordance with the following table for each \$1,000 of said net sum.

Installments payable under options (2) or (3) which shall not have been paid prior to the death of the payee shall be paid, unless otherwise directed in said notice, to the executors, administrators or assigns of the payee.

If the insured shall not have directed otherwise the beneficiary may, after the death of the insured, by like-written notice, and with the written consent of the assignee, if any, select either of the above options.

Home Office of due proof of the prior death of the insured, to.....
beneficiary.....with (insert
 "out," if so desired), right of revocation.....Dol-
 lars, less any indebtedness hereon to the Company and any unpaid
 portion of the premium for the then current policy year.

CHANGE OF BENEFICIARY—When the right of revocation has been reserved, or in case of the death of any beneficiary under either a revocable or irrevocable designation, the insured, subject to any existing assignment of the policy, may designate a new beneficiary with or without reserving right of revocation by filing written notice thereof at the home office of the company, accompanied by the policy for suitable endorsement thereon. If any beneficiary shall die before the insured, and the insured shall not have designated a new beneficiary, the interest of such beneficiary shall be payable to the insured (insert "his" or "her"), executors, administrators or assigns.

PAYMENT OF PREMIUMS—The company will accept payment of premiums at other times than as stated above, as follows:

.....
 Except as herein provided, the payment of a premium or installment thereof, shall not maintain the policy in force beyond the date when the next premium or installment thereof is payable.

All premiums are payable in advance at said home office, or to an agent of the company, upon delivery of a receipt signed by one or more of the following officers of the company (insert titles of officers who may sign receipts), and countersigned by said agent.

A grace of one month, subject to an interest charge at the rate of.....per centum per annum shall be granted for the payment of every premium after the first, during which month the insurance shall continue in force. If the insured shall die during the month of grace the overdue premium will be deducted from any amount payable hereon in any settlement hereunder.

CONDITIONS—(The policy may here provide for restrictions of liability by reason of travel, occupation, change of residence and suicide. These restrictions, except such as refer to military and naval service in time of war, must be applicable only to cases where the act of the insured provided against occurs within two years after the issuance of the policy.)

INCONTESTABILITY—This policy constitutes the entire contract between the parties, and shall be incontestable, from its date, except for non-payment of premiums and except as otherwise provided in this policy. All statements made by the insured shall in the absence of fraud be deemed representations and not warranties, and no such statement shall avoid this policy unless it is contained in a written application and a copy of such application shall be endorsed upon or attached to this policy when issued.

If the age of the insured has been understated, the amount payable hereunder shall be such as the premium paid would have purchased at the correct age.

PARTICIPATION—This policy shall not participate in the surplus of the company and beginning not later than the end of the (insert first, second or third) policy year the company will annually determine and account for the portion of the divisible surplus accruing hereon.

DIVIDENDS—Dividends at the option of the owner of this policy shall on the.....day of.....of each year (here may be inserted "After the first policy year" or "after second policy year"), be either—

- (1) Paid in cash, or
- (2) Applied toward the payment of any premium or premiums, or
- (3) Applied to the purchase of paid up additions to the policy, or
- (4) Left to accumulate to the credit of the policy with interest

at (here insert a rate not exceeding that used by the company in calculating its reserves) per centum per annum and payable at the maturity of the policy, but withdrawable on any anniversary of the policy.

Unless the owner of this policy shall elect otherwise within three months after mailing by the company of a written notice requiring such election, the dividends shall be paid in cash.

LOANS—After three full years' premiums have been paid the company, at any time while this policy is in force, will advance, on proper assignment of the policy and on the sole security thereof, at a rate of interest not greater than.....per centum per annum, which interest, if not paid annually, shall be added to the principal and bear the same rate of interest, a sum equal to, or, at the option of the owner of the policy, less than, the reserve at the end of the current policy year on this policy and on any dividend additions thereto, computed according to the (designate mortality table adopted by the company for computing reserves) mortality table, and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum, less (here may be inserted not more than two and one-half) per centum of the amount insured by this policy and of any dividend additions thereto. The company, however, will deduct from such loan value any existing indebtedness to the company on this policy and any unpaid balance of the premium for the current policy year, and may collect interest in advance on the loan to the end of the current policy year. Such loan may be deferred by the company for not exceeding six months after the application therefor is made. Failure to repay any such advance or to pay interest shall not avoid this policy unless the total indebtedness hereon to the company shall equal or exceed such loan value at time of such failure and until one month after notice shall have been mailed by the company to the last known address of the insured and of the assignee, if any.

No condition other than as herein provided shall be exacted as a prerequisite to any such advance.

ASSIGNMENT—No assignment of this policy shall be binding upon the company until it be filed with the company at its said home office. The company assumes no responsibility as to the validity of any assignment.

OPTIONS ON SURRENDER OR LAPSE—After this policy shall have been in force three full years, the owner, within one month after any default, may elect (a), to accept the value of this policy in cash, or (b) to have the insurance continued in force from date of default, without future participation and without the right to loans, for its face amount including any outstanding dividend additions, less any indebtedness to the company hereon, or (c) to purchase non participating paid-up insurance, payable at the same time and on the same conditions as this policy. The cash value will be the reserve at the date of default on this policy and on any dividend additions thereto, computed according to the (designate mortality table adopted by the company for computing reserves) mortality table and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum less (here may be inserted not more than two and one-half) per centum of the amount insured by this policy and of any dividend additions thereto, and less any existing indebtedness to the company on this policy. Payment of such cash value may be deferred by the company for not exceeding six months after the application therefor is made.

The term for which the insurance will be continued or the amount of paid-up policy will be such as the cash value will purchase as a

net single premium at the attained age of the insured, according to the (designate the mortality table adopted by the company for computing reserves) mortality table and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum. If the sum applicable to the purchase of temporary insurance shall be more than sufficient to continue the insurance to the end of the endowment term named in this policy, the excess shall be used to purchase in the same manner non-participating paid up pure endowment, payable at the end of the endowment term and on the same conditions. If the owner shall not, within one month from default, surrender this policy to the company at its home office for a cash surrender value or for paid up insurance, as provided in option (a) and (c), the insurance will be continued as provided in option (b).

The figures in the following table are computed in accordance with the above provisions and upon the assumption that there is no indebtedness on the policy, and that there are no outstanding dividend additions.

(At the option of the company the following may be here inserted: "The figures apply to a policy for \$1,000. As this contract is for \$. the loan, cash, paid-up insurance or pure endowment available in any year will be the amount stated in the table for that year.")

At end of Year.	Cash or Loan Value.	Endow- Insur- Paid-up ment ance.	Continued Insurance.			Endow- Pure ment.
			Years.	Months.	Days.	
3	\$	\$	\$
4	\$	\$	\$
5	\$	\$	\$
6	\$	\$	\$
7	\$	\$	\$
8	\$	\$	\$
9	\$	\$	\$
10	\$	\$	\$
11	\$	\$	\$
12	\$	\$	\$
13	\$	\$	\$
14	\$	\$	\$
15	\$	\$	\$
16	\$	\$	\$
17	\$	\$	\$
18	\$	\$	\$
19	\$	\$	\$
20	\$	\$	\$

Figures for later years will be furnished upon request.

REINSTATEMENT—In case of continued temporary insurance under the above provision this policy, upon evidence of insurability satisfactory to the company, may be reinstated within the first three years of the term for which the insurance is continued by payment of arrears of premiums with interest at (here insert not greater than six) per centum per annum.

OPTIONS AT MATURITY—The insured, by written notice to the company at its home office, and with written consent of the assignee and irrevocable beneficiary, if any, may elect to have the net sum payable under this policy paid either in cash or as follows:

- (1) By the payment of interest thereon at per centum

MINNESOTA REVISED LAWS SUPPLEMENT 1909

§ [1695—]3

INSURANCE.

(Ch. 19

per annum payable annually, to the payee under this policy at the end of each year during the life of the payee and by the payment upon the death of the payee of the said net sum and accrued interest to the executors, administrators or assigns of the payee, unless otherwise directed in said notice.

(2) By the payment of equal annual installments for a specified number of years, the first installment being payable immediately, in accordance with the following table for each \$1,000 of said net sum.

(3) By the payment of equal annual installments payable at the beginning of each year for a fixed period of twenty years and for so many years longer as the payee shall survive, in accordance with the following table for each \$1,000 of said net sum.

Installments payable under option (2) or (3) which shall not have been paid prior to the death of the payee shall be paid, unless otherwise directed in said notice, to the executors, administrators or assigns of the payee.

If the insured shall not have directed otherwise the beneficiary may, after the death of the insured, by like written notice and with the written consent of the assignee, if any, select either of the above options.

Unless otherwise specified by the insured, the payee may, on any interest date, receive the amount yet due under option (1), and may at any time receive the commuted value of payments yet to be made, computed upon the same basis as option (2), in the following table, provided that no such commutation will be made under (3), except after the death of the payee occurring within the aforesaid twenty years.

TABLE OF INSTALLMENTS FOR EACH \$1,000.

Option (2).		Option (3).	
Number of Annual Installments.	Amount of Each Installment.	Number of Annual Installments.	Amount of Each Installment.
1		1	
2		2	
3		3	
4		4	
5		5	
6		6	
7		7	
8		8	
9		9	
10		10	
11		11	
12		12	
13		13	
14		14	
15		15	
16		16	
17		17	
18		18	
19		19	
20		20	
21		21	
22		22	
23		23	
24		24	
25		25	
26		26	
27		27	
28		28	
29		29	
30		30	
31		31	
32		32	
33		33	
34		34	
35		35	
36		36	
37		37	
38		38	
39		39	
40		40	
41		41	
42		42	
43		43	
44		44	
45		45	
46		46	
47		47	
48		48	
49		49	
50		50	
51		51	
52		52	
53		53	
54		54	
55		55	
56		56	
57		57	
58		58	
59		59	
60		60	
61		61	
62		62	
63		63	
64		64	
65		65	
66		66	
67		67	
68		68	
69		69	
70		70	
71		71	
72		72	
73		73	
74		74	
75		75	
76		76	
77		77	
78		78	
79		79	
80		80	
81		81	
82		82	
83		83	
84		84	
85		85	
86		86	
87		87	
88		88	
89		89	
90		90	
91		91	
92		92	
93		93	
94		94	
95		95	
96		96	
97		97	
98		98	
99		99	
100		100	

Agents are not authorized to modify this policy or to extend the time for paying a premium.

In witness whereof, the company has caused this policy to be executed this.....day of.....(name of state).....
.....Standard Life Insurance policy,
(Insert "ordinary" or "limited payment") life fixed survivor-
ship annuity.

Age.....

Amount \$.....
Premiums \$.....
.....of (name of state).....

In consideration of.....dollars, receipt of which is hereby ac-
knowledged, and of the payment of (here insert amounts and times
of payments of premiums) until (insert "the death of the insured"
in ordinary life, and "..... full years' premiums shall have been
paid or until the prior death of the insured" in limited payment life.)

Promises to pay at its home office in.....,
..... dollars,
in twenty equal annual installments of \$..... to.....
(herein called the beneficiary), (insert "his" or "her") executor, ad-
ministrators or assigns, with (insert "out" if so desired), right of
revocation, if (insert "he" or "she") survives the insured, other-
wise to the executors, administrators or assigns of the insured, the
first installment being payable immediately upon receipt of due
proof of the death of the insured, and indebtedness to the company
on this policy, together with the balance, if any, of the then cur-
rent year's premium being deducted from the amounts first payable
under this contract.

Should the beneficiary live to receive the twenty installments
payable to (insert "him" or "her") as above provided, the company
will pay (insert "him" or "her") annually during the remainder of
(insert "his" or "her") life the sum of \$..... beginning one year
after the date when the twentieth installment payable hereunder
shall fall due.

CHANGE OF BENEFICIARY—When the right of revocation has been
reserved or, in case of the death of any beneficiary under either a
revocable or irrevocable designation, the insured, subject to any
existing assignment of the policy, may designate a new beneficiary
with or without reserving the right of revocation by filing written
notice thereof at the home office of the company, accompanied by
the policy for suitable endorsement thereon. If any beneficiary
shall die before the insured and the insured shall not have designat-
ed a new beneficiary, the interest of such beneficiary shall be pay-
able to the insured (insert "his" or "her") executors, administrators
or assigns. If a new beneficiary shall be designated only twenty
annual installments will be payable under this policy, and further
(if necessary, insert "semi" or "quarter") annual premiums will be
reduced to dollars each.

PAYMENT OF PREMIUMS—The company will accept payment of pre-
miums at other times than stated above, as follows:

.....
Upon return of this policy to the company, accompanied by evi-
dence satisfactory to the company of the death of the beneficiary,
the company will reduce the future (here insert "annual," "semi-
annual" or "quarterly") premiums to \$.... each.

Except as herein provided the payment of a premium or install-
ment thereof shall not maintain the policy in force beyond the date
when the next premium or installment thereof is payable.

All premiums are payable in advance at said home office, or to an
agent of the company upon delivery of a receipt signed by one or
more of the following officers of the company (insert titles of offi-
cers who may sign receipts) and countersigned by said agent.

A grace of one month subject to an interest charge at the rate of per centum per annum shall be granted for the payment of every premium after the first, during which month the insurance shall continue in force. If the insured shall die during the month of grace the overdue premium will be deducted from any amount payable hereon in any settlement hereunder.

CONDITIONS—(The policy may here provide for restrictions of liability by reason of travel, occupation, change of residence and suicide. These restrictions, except such as refer to military and naval service in time of war, must be applicable only to cases where the act of the insured provided against occurs within two years after the issuance of the policy.)

INCONTESTABILITY—This policy constitutes the entire contract between the parties and shall be incontestable from its date, except for nonpayment of premiums and except as otherwise provided in this policy. All statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties and no such statement shall avoid this policy unless it is contained in a written application and a copy of such application shall be endorsed upon or attached to this policy when issued.

If the age of the insured has been understated, or if the age of the beneficiary has been overstated, the amount payable hereunder shall be such as the premium paid would have purchased at the correct age.

PARTICIPATION—This policy shall participate in the surplus of the company and beginning not later than the end of the (insert first, second or third) policy year the company will annually determine and account for the portion of divisible surplus accruing hereon.

DIVIDENDS—Dividends at the option of the owner of this policy shall on the day of of each year (here may be inserted "after the first policy year" or "after the second policy year") be either—

- (1) Paid in cash, or
- (2) Applied toward the payment of any premium or premiums, or
- (3) Applied to the purchase of paid-up additions to the policy, payable in twenty annual installments at the same times as the original amount insured under this policy is payable. The payment of such twenty installments shall discharge the company from all liability on account of such dividend additions, or
- (4) Left to accumulate to the credit of the policy with interest at (here insert a rate not exceeding that used by the company in calculating its reserves) per centum per annum and payable at the maturity of the policy, but withdrawable on any anniversary of the policy.

Unless the owner of this policy shall elect otherwise within three months after mailing by the company of a written notice requiring such election, the dividends shall be paid in cash.

LOANS—After three full years' premiums have been paid, the company at any time, while this policy is in force, will advance, on the proper assignment of this policy and on the sole security thereof, at a rate of interest not greater than per centum per annum, which interest, if not paid annually, shall be added to the principal and bear the same rate of interest, a sum equal to, or, at the option of the owner of the policy, less than, the reserve at the end of the current policy year required to provide for the twenty installments payable under this policy and for any dividend additions thereto and no more, computed according to the (designate mortality table adopted by the company for computing reserves) mortality table and interest at the rate of (designate rate of interest adopted by the

company for computing reserves) per centum per annum, less (here may be inserted not more than two and one-half) per centum of the amount insured by this policy, and of any dividend additions thereto. The company, however, will deduct from such loan value any existing indebtedness to the company on the policy and any unpaid balance of the premium for the current policy year, and may collect interest in advance on the loan to the end of the current policy year. Such loan may be deferred by the company for not exceeding six months after the application therefor is made. Failure to repay any such advance or to pay interest shall not avoid this policy unless the total indebtedness hereon to the company shall equal or exceed such loan value at the time of such failure, and until one month after notice shall have been mailed by the company to the last known address of the insured and of the assignee, if any. No condition other than as herein provided shall be exacted as a prerequisite to any such advance.

ASSIGNMENT—No assignment of this policy shall be binding upon the company until it be filed with the company at its said home office. The company assumes no responsibility as to the validity of any assignment.

OPTIONS ON SURRENDER OR LAPSE—After this policy shall have been in force three years the owner, within one month after any default, may elect:

- (a) To accept the value of this policy in cash, or
- (b) To have the insurance continued in force from date of default, without future participation and without the right to loans, for its face amount, including any outstanding dividend additions, less any indebtedness to the company hereon, or
- (c) To purchase non-participating paid-up insurance, payable, except as hereinafter provided, at the same time and on the same conditions as this policy. The cash value will be the reserve at the date of default required to provide for the twenty installments payable under this policy and for any dividend additions thereto, computed according to the (designate mortality table adopted by the company for computing reserves), mortality table and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum, less (here may be inserted not more than two and one-half) per centum of the amount insured by this policy and of any dividend additions thereto, and less any existing indebtedness to the company on this policy. Payment of such cash value may be deferred by the company for not exceeding six months after the application therefor is made. The term for which the insurance will be continued or the amount of the paid-up policy will be such as the cash value will purchase as a net single premium at the attained age of the insured according to the (designate the mortality table adopted by the company for computing reserves), mortality table and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum. If the owner shall not, within one month from default, surrender this policy to the company at its home office for a cash surrender value or paid-up insurance, as provided in options (a) and (c), the insurance will be continued as provided in option (b). The paid-up or continued temporary insurance will be payable in twenty equal installments and the payment of twenty installments under either option shall discharge the company from all liability under this policy.

The figures in the following table are computed in accordance with the above provisions and upon the assumption that there is no indebtedness on the policy, and that there are no outstanding dividend additions.

(At the option of the company the following may be here inserted:

"The figures apply to a policy for \$1,000. As this contract is for \$. the loan, cash, or paid-up insurance available in any year will be the amount stated in the table for that year.")

At end of year.	Cash or loan value.	Paid-up life insurance.	—Continued Insurance—		
			Years.	Months.	Days.
3	\$	\$
4	\$	\$
5	\$	\$
6	\$	\$
7	\$	\$
8	\$	\$
9	\$	\$
10	\$	\$
11	\$	\$
12	\$	\$
13	\$	\$
14	\$	\$
15	\$	\$
16	\$	\$
17	\$	\$
18	\$	\$
19	\$	\$
20	\$	\$

Figures for later years will be furnished upon request.

REINSTATEMENT—In case of continued temporary insurance under the above provisions this policy, upon evidence of insurability satisfactory to the company may be reinstated within the first three years of the term for which the insurance is continued by payment of arrears of premium, with interest at (here insert not greater than six) per centum per annum.

AGENTS ARE NOT AUTHORIZED to modify this policy or to extend the time for paying a premium.

IN WITNESS WHEREOF, The Company has caused this Policy to be executed this day of

(Name of State) STANDARD LIFE INSURANCE POLICY.

Endowment Fixed Survivorship Annuity.

Age

Amount \$ Premium

\$

.

Of (Name of State.)

IN CONSIDERATION OF Dollars, receipt of which is hereby acknowledged, and of the payment of (here insert amounts and times of payments of premiums) until full years' premiums shall have been paid or until the prior death of the insured.

PROMISES to pay at its home office in

. Dollars

in twenty equal installments of \$ to

the insured, the first installment to be payable on the..... day of.....190..... If the insured shall die before receiving all the twenty installments herein provided for, the remainder of such twenty installments shall be payable as they fall due to.....(herein called the Beneficiary), (insert "his" or "her") executors, administrators or assigns, with.....(insert "out" if so desired) right of revocation, if (insert "he" or "she") survives the insured, otherwise to the executors, administrators or assigns of the insured.

Should the insured die before (insert date of maturity), this policy shall be payable to the beneficiary (insert "his" or "her") executors, administrators or assigns, if (insert "he" or "she") survives the insured, otherwise to the executors, administrators or assigns of the insured (the first installment being payable immediately upon receipt of due proof of the death of the insured). Any indebtedness to the company on this policy, together with the balance, if any, of the then current year's premium, will be deducted from the amounts first payable under this contract.

Should the insured or beneficiary live to receive the twenty installments payable as above provided, the company, beginning one year after the date when the twentieth installment payable hereunder shall fall due, will pay the sum of \$...... annually to the insured, or, in the event of the death of the insured, to the beneficiary, the said annual payment to be due and payable so long as either the insured or beneficiary is living.

CHANGE OF BENEFICIARY—When the right of revocation has been reserved, or in case of the death of any beneficiary under either a revocable or irrevocable designation, the insured, subject to any existing assignment of the policy, may designate a new beneficiary, with or without reserving right of revocation, by filing written notice thereof at the home office of the company, accompanied by the policy for suitable endorsement thereon. If any beneficiary shall die before the insured and the insured shall not have designated a new beneficiary, the interest of such beneficiary shall be payable to the insured (insert "his" or "her") executors, administrators or assigns. If a new beneficiary shall be designated, only twenty annual installments will be payable under this policy, and future (if necessary insert "semi" or "quarter") annual premiums will be reduced to.....dollars each.

PAYMENT OF PREMIUMS—The company will accept payment of premiums at other times than as stated above, as follows:

.....

Upon return of this policy to the company, accompanied by evidence satisfactory to the company of the death of the beneficiary, the company will reduce the future (here insert "annual," "semi-annual" or "quarterly") premiums to \$...... each.

Except as herein provided the payment of a premium or installment thereof shall not maintain the policy in force beyond the date when the next premium or installment thereof is payable.

All premiums are payable in advance at said home office, or to an agent of the company upon delivery of a receipt signed by one or more of the following officers of the company (insert titles of officers who may sign receipts), and countersigned by said agent.

A grace of one month, subject to an interest charge at the rate of.....per centum, shall be granted for the payment of every premium after the first, during which month the insurance shall continue in force. If the insured shall die during the month of grace the overdue premium will be deducted from any amount payable hereon in any settlement hereunder.

CONDITIONS—(The policy may here provide for restrictions of liability by reason of travel, occupation, change of residence and suicide. These restrictions, except such as refer to military and naval service in time of war, must be applicable only to cases where the act of the insured provided against occurs within two years after the issuance of the policy.)

INCONTESTABILITY—This policy constitutes the entire contract between the parties and shall be incontestable, from its date, except for non-payment of premiums and except as otherwise provided in this policy. All statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties, and no such statement shall avoid this policy unless it is contained in a written application, and a copy of such application shall be endorsed upon or attached to this policy when issued.

If the age of the insured has been understated, or if the age of the beneficiary has been overstated, the amount payable hereunder shall be such as the premium paid would have purchased at the correct age.

PARTICIPATION—This policy shall participate in the surplus of the company, and beginning not later than the end of the (insert first, second or third) policy year the company will annually determine and account for the portion of the divisible surplus accruing hereon.

DIVIDENDS—Dividends at the option of the owner of this policy shall on the.....day of.....of each year (here may be inserted "after the first policy year" or "after the second policy year") be either—

(1) Paid in cash, or
(2) Applied toward the payment of any premium or premiums, or

(3) Applied to the purchase of paid-up additions to the policy, payable in twenty annual installments at the same times as the original amount insured under this policy is payable. The payment of such twenty installments shall discharge the company from all liability on account of such dividend additions; or

(4) Left to accumulate to the credit of the policy with interest at (here insert a rate not exceeding that used by the company in calculating its reserves) per centum per annum and payable at the maturity of the policy, but withdrawable on any anniversary of the policy.

Unless the owner of this policy shall elect otherwise, within three months after the mailing by the company of a written notice requiring such election, the dividends shall be paid in cash.

LOANS—After three full years' premiums have been paid the company at any time, while this policy is in force, will advance, on proper assignment of this policy and on the sole security thereof, at a rate of interest not greater than.....per centum per annum which interest, if not paid annually, shall be added to the principal and bear the same rate of interest, a sum equal to, or, at the option of the owner of the policy less than the reserve at the end of the current policy year required to provide for the twenty installments payable under this policy and for any dividend additions thereto and no more, computed according to the (designate mortality table adopted by the company for computing reserves) mortality table, and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum less (here may be inserted not more than two and one-half) per centum of the amount insured by this policy and of any dividend addition thereto. The company, however, will deduct from such loan value any existing indebtedness to the company on the policy, and any unpaid balance of the premium for the current policy year, and may collect

interest in advance on the loan to the end of the current policy year. Such loan may be deferred by the company for not exceeding six months after the application therefor is made. Failure to repay any such advance or to pay interest shall not avoid this policy unless the total indebtedness hereon to the company shall equal or exceed such loan value at the time of such failure, and until one month after notice shall have been mailed by the company to the last known address of the insured and of the assignee, if any. No condition other than as herein provided shall be exacted as a prerequisite to any such advance.

ASSIGNMENT—No assignment of this policy shall be binding upon the company until it be filed with the company at its said home office. The company assumes no responsibility as to the validity of any assignment.

OPTIONS ON SURRENDER OR LAPSE—After this policy shall have been in force three full years the owner, within one month after any default, may elect

- (a) To accept the value of this policy in cash, or
- (b) To have the insurance continued in force from date of default, without future participation and without the right to loans, for its face amount including any outstanding dividend additions, less any indebtedness to the company hereon, or
- (c) To purchase non-participating paid-up insurance payable, except as hereinafter provided, at the same times and on the same conditions as this policy. The cash value will be the reserve at the date of default required to provide for the twenty installments payable under this policy and for any dividend additions thereto, computed according to the (designate mortality table adopted by the company for computing reserves) mortality table and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum, less (here may be inserted not more than two and one-half) per centum of the amount insured by this policy and of any dividend additions thereto, and less any existing indebtedness to the company on this policy. Payment of such cash value may be deferred by the company for not exceeding six months after the application therefor is made. The term for which the insurance will be continued or the amount of the paid-up policy will be such as the cash value will purchase as a net single premium at the attained age of the insured according to the (designate the mortality table adopted by the company for computing reserves) mortality table and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum. If the sum applicable to the purchase of temporary insurance shall be more than sufficient to continue the insurance to the end of the endowment term named in this policy, the excess shall be used to purchase in the same manner non-participating, paid-up pure endowment, payable at the end of the endowment term and on the same conditions. If the owner shall not within one month from default surrender this policy to the company at its home office for a cash surrender value or for paid-up insurance, as provided in options (a) and (c), the insurance will be continued as provided in option (b). The paid-up or continued temporary and pure endowment insurance will be payable in twenty equal annual installments and the payment of twenty installments under either option shall discharge the company from all liability under this policy.

The figures in the following table are computed in accordance with the above provisions and upon the assumption that there is no indebtedness on the policy, and that there are no outstanding dividend additions.

(At the option of the company the following may be here insert-

§ [1695—]3

INSURANCE.

(Ch. 19

ed: "The figures apply to a policy for \$1,000. As this contract is for \$. the loan, cash, paid-up insurance or pure endowment available in any year will be. the amount stated in the table for that year.")

At end of Year.	Loan Cash or Value.	Endow- Insur- ment ance.	Continued Insurance.			Endow- Pure ment.
			Years.	Months.	Days.	
3	\$.	\$.				\$.
4	\$.	\$.				\$.
5	\$.	\$.				\$.
6	\$.	\$.				\$.
7	\$.	\$.				\$.
8	\$.	\$.				\$.
9	\$.	\$.				\$.
10	\$.	\$.				\$.
11	\$.	\$.				\$.
12	\$.	\$.				\$.
13	\$.	\$.				\$.
14	\$.	\$.				\$.
15	\$.	\$.				\$.
16	\$.	\$.				\$.
17	\$.	\$.				\$.
18	\$.	\$.				\$.
19	\$.	\$.				\$.
20	\$.	\$.				\$.

Figures for later years will be furnished upon request.

REINSTATEMENT—In case of continued temporary insurance under the above provisions, this policy, upon evidence of insurability satisfactory to the company, may be reinstated within the first three years of the term for which the insurance is continued by payment of arrears of premiums with interest at (here insert not greater than six) per centum per annum.

Agents are not authorized to modify this policy or to extend the time for paying a premium.

In witness whereof, the company has caused this policy to be executed this. day of.

(Name of State.)

. Standard Life Insurance Policy.

Term

Age.

Amount \$. Premium \$.

Of (Name of State.)

In consideration of. Dollars, receipt of which is hereby acknowledged, and of the payment of (here insert amounts and times of payments of premiums) until. full years' premiums shall have been paid, or until the prior death of the insured.

Promises to pay upon receipt at the home office of the company in. of due proof of the death of. of. of. County of. State of. herein called the insured, within. years from the date hereof. Dollars, less any indebtedness hereon to the

company, and any unpaid portion of the premium for the then current policy year, at said home office, to.....beneficiary.....with (insert "out" if so desired) right of revocation.

CHANGE OF BENEFICIARY—When the right of revocation has been reserved, or in case of the death of any beneficiary under either a revocable or irrevocable designation, the insured, subject to any existing assignment of the policy, may designate a new beneficiary, with or without reserving right of revocation, by filing written notice thereof at the home office of the company, accompanied by the policy for suitable endorsement thereon. If any beneficiary shall die before the insured, and the insured shall not have designated a new beneficiary, the interest of such beneficiary shall be payable to the insured (insert "his" or "her"), executors, administrators or assigns.

PAYMENT OF PREMIUMS—The company will accept payment of premiums at other times than that as stated above, as follows:

.....
Except as herein provided the payment of a premium or installment thereof shall not maintain the policy in force beyond the date when the next premium or installment thereof is payable.

All premiums are payable in advance at said home office, or to an agent of the company upon delivery of a receipt signed by one or more of the following officers of the company (insert titles of officers who may sign receipts), and countersigned by such agents.

A grace of one month, subject to an interest charge at the rate of.....per centum per annum, shall be granted for the payment of every premium after the first, during which month the insurance shall continue in force. If the insured shall die during the month of grace the overdue premium will be deducted from any amount payable hereon in any settlement hereunder.

CONDITIONS—(The policy may here provide for restrictions of liability by reason of travel, occupation, change of residence and suicide. These restrictions, except such as refer to military and naval service in time of war, must be applicable only to such cases where the act of the insured provided against occurs within two years after the issuance of the policy.)

INCONTESTABILITY—This policy constitutes the entire contract between the parties and shall be incontestable from its date, except for non-payment of premiums and except as otherwise provided in this policy. All statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties and no such statement shall avoid this policy unless it is contained in a written application and a copy of such application shall be endorsed upon or attached to this policy when issued.

If the age of the insured has been understated, the amount payable hereunder shall be such as the premium paid would have purchased at the correct age.

PARTICIPATION—This policy shall participate in the surplus of the company and beginning not later than the end of the (insert first, second or third) policy year the company will annually determine and account for the portion of the divisible surplus accruing hereon.

DIVIDENDS—Dividends at the option of the owner of this policy shall, on the.....day of.....of each year (here may be inserted "after the first policy year" or "after the second policy year"), be either—

- (1) Paid in cash, or
- (2) Applied toward the payment of any premium or premiums, or

(The policy, at the option of the company, may here provide for a further option as follows:)

(3) Left to accumulate to the credit of the policy, with interest at (here insert a rate not exceeding that used by the company in calculating its reserves) per centum per annum and payable at the maturity of the policy, or at the expiration of the term, but withdrawable on any anniversary of the policy.

Unless the owner of this policy shall elect otherwise within three months after the mailing by the company of a written notice requiring such election, the dividends shall be paid in cash.

ASSIGNMENT—No assignment of this policy shall be binding upon the company, until it be filed with the company at its home office. The company assumes no responsibility as to the validity of any assignment.

(If the term of the policy is for more than twenty years, the company shall provide for continuance of insurance on surrender or lapse in the following form:)

CONTINUANCE OF INSURANCE ON LAPSE—In event of default in premium payments after this policy shall have been in force three full years, the reserve hereon, according to the (designate mortality table adopted by the company for computing reserves) mortality table, and interest at the rate of (designate rate of interest adopted by the company for computing reserves) per centum per annum, less (here may be inserted not more than two and one-half) per centum of the amount insured by the policy, will be applied to the purchase of non-participating continued temporary insurance for the face amount of this policy at net single premium rates at the attained age of the insured, according to the same table of mortality and rate of interest.

TABLE OF CONTINUED INSURANCE.

At End Of Years	—Continued Insurance—		
	Years.	Months.	Days.
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

Figures for later years will be furnished upon request. (If the term policy is for more than twenty years, the company shall provide for reinstatement in the following form:)

REINSTATEMENT—Upon evidence of insurability satisfactory to the company, this policy may be reinstated within the first three years of the term for which the insurance is continued by payment of arrears of premiums, with interest at (here insert not greater than six) per centum per annum.

OPTIONS AT MATURITY—The insured, by written notice to the company at its home office and with written consent of the assignee and

irrevocable beneficiary, if any, may elect to have the net sum payable under this policy paid either in cash or as follows:

(1) By the payment of interest thereon at.....per centum per annum, payable annually, to the payee under this policy at the end of each year during the life of the payee, and by the payment upon the death of the payee of the said net sum and accrued interest to the executors, administrators or assigns of the payee, unless otherwise directed in said notice.

(2) By the payment of equal annual installments for a specified number of years, the first installment being payable immediately, in accordance with the following table for each \$1,000 of said net sum.

(3) By the payment of equal annual installments, payable at the beginning of each year, for a fixed period of twenty years, and for so many years longer as the payee shall survive, in accordance with the following table for each \$1,000 of said net sum.

Installments payable under options (2) or (3), which shall not have been paid prior to the death of the payee shall be paid, unless otherwise directed, in said notice, to the executors, administrators or assigns of the payee.

If the insured shall not have directed otherwise the beneficiary may, after the death of the insured, by like written notice, and with written consent of the assignee, if any, select either of the above options.

Unless otherwise specified by the insured the payee may on any interest date receive the amount yet due under option (1), and may at any time receive the commuted value of payments yet to be made, computed upon the same basis as option (2) in the following table, provided, that no such commutation will be made under (3), except after the death of the payee occurring within the aforesaid twenty years.

TABLE OF INSTALLMENTS FOR EACH \$1,000.

Option (2).		Option (3).	
Number of Annual Installments.	Amount of Each Installment.	Age of Payee when Policy becomes payable.	Amount of Each Installment.

Agents are not authorized to modify this policy or to extend the time for paying a premium.

In witness whereof, the company has caused this policy to be executed this.....day of.....

(Name of State.)

.....
Standard Life Insurance Policy.
Term with right to renew and change.
Age.....
Amount \$..... Premium \$.....
.....
.....

Of (Name of State.)

In consideration of.....dollars, receipt of which is hereby acknowledged, and of the payment of (here insert amounts and

times of payments of premiums) until..... full years' premiums shall have been paid or until the prior death of the insured.

Promises to pay upon receipt at the home office of the company in.....of due proof of the death of.....of..... County of..... State of.....herein called the insured, within.....years from the date hereof.....dollars, less any indebtedness hereon to the company and any unpaid portion of the premium for the then current policy year, at said home office, to.....beneficiary.....with (insert "out") right of revocation.

CHANGE OF BENEFICIARY—When the right of revocation has been reserved, or in case of the death of any beneficiary under either a revocable or irrevocable designation, the insured, subject to any existing assignment of the policy, may designate a new beneficiary, with or without reserving right of revocation by filing written notice thereof at the home office of the company, accompanied by the policy for suitable endorsement thereon. If any beneficiary shall die before the insured and the insured shall not have designated a new beneficiary the interest of such beneficiary shall be payable to the insured (insert "his" or "her") executors, administrators or assigns.

PAYMENT OF PREMIUMS—The company will accept payment of premiums at other times than as stated above, as follows:

.....
Except as herein provided the payment of a premium or installment thereof shall not maintain the policy in force beyond the date when the next premium or installment thereof is payable.

All premiums are payable in advance at said home office, or to an agent of the company upon delivery of a receipt signed by one or more of the following officers of the company (insert titles of officers who may sign receipts), and countersigned by said agent.

A grace of one month, subject to an interest charge at the rate of.....per centum per annum, shall be granted for the payment of every premium after the first, during which month the insurance shall continue in force. If the insured shall die during the month of grace, the overdue premium will be deducted from any amount payable hereon in any settlement hereunder.

CONDITIONS—(The policy may here provide for restriction of liability by reason of travel, occupation, change of residence and suicide. These restrictions, except such as refer to military and naval service in time of war, must be applicable only to cases where the act of the insured provided against occurs within two years after the issuance of the policy.)

INCONTESTABILITY—This policy constitutes the entire contract between the parties and shall be incontestable, from its date, except for non-payment of premiums and except as otherwise provided in this policy. All statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties, and no such statement shall avoid this policy, unless it is contained in a written application, and a copy of such application shall be endorsed upon or attached to this policy when issued.

If the age of the insured has been understated, the amount payable hereunder shall be such as the premium paid would have purchased at the correct age.

PARTICIPATION—This policy shall participate in the surplus of the company, and beginning not later than the end of the (insert first, second or third) policy year the company will annually determine and account for the portion of the divisible surplus accruing hereon.

DIVIDENDS—Dividends at the option of the owner of this policy shall, on the.....day of.....of each year (here

may be inserted "after the first policy year" or "after second policy year") be either—

- (1) Paid in cash, or
 - (2) Applied toward the payment of any premium or premiums.
- (This policy, at the option of the company, may here provide for a further option as follows:)
- (3) Left to accumulate to the credit of the policy with interest at (here insert a rate not exceeding that used by the company in calculating its reserves) per centum per annum and payable at the maturity of the policy, or at the expiration of the term, but withdrawable on any anniversary of the policy.

Unless the owner of this policy shall elect otherwise within three months after the mailing by the company of a written notice, requiring such election, the dividends shall be paid in cash.

PRIVILEGE OF RENEWAL—The owner of this policy, if the insured be not over the age of sixty-five years, may renew this policy for further terms of.....years each by written notice to the company at its said home office, accompanied by this policy for suitable endorsement on or before the expiration of the insurance hereunder, and by paying the premiums to be fixed by the age on the birthday nearest to the date of such renewal in accordance with the following table for each one thousand dollars of insurance; if the insured shall be over the age of sixty-five years, this policy may, upon similar notice, be surrendered for an ordinary life policy, which shall require premiums during life in accordance with the following table for each one thousand dollars of insurance.

TABLE OF PREMIUMS FOR RENEWALS.

Attained Age.	Years' term Pre- mium Payable in Advance for each \$1,000.	Attained Age.	Ordinary Life Premium Pay- able in Advance for each \$1,000.

PRIVILEGE TO CHANGE TO OTHER FORMS OF POLICIES—The owner of this policy may at any time within the first.....years exchange this policy for a participating policy for the same amount or any less amount upon the ordinary life, limited payment life or endowment plan upon any anniversary of the policy or within the month of grace by surrendering the policy to the company at said home office with written notice of the election, and by paying the premium, to be fixed by the age on the birthday nearest to the date of such exchange, according to the rates of the company then in force.

ASSIGNMENT—No assignment of this policy shall be binding upon the company, until it be filed with the company at its said home office. The company assumes no responsibility as to the validity of any assignment.

(If the term of the policy is for more than twenty years, the company shall provide for continuance of insurance on surrender or lapse in the following form:)

CONTINUANCE OF INSURANCE ON LAPSE.—In event of default in premium payments after this policy shall have been in force three full years, the reserve hereon according to the (designate mortality table adopted by the company for computing reserves) per centum per annum, less the rate of (designate rate of interest adopted by the company for computing reserves per centum per annum,

less (here may be inserted not more than two and one-half) per centum of the amount insured by this policy will be applied to the purchase of non-participating continued temporary insurance for the face amount of this policy at net single premium rates at the attained age of the insured, according to the same table of mortality and rate of interest.

TABLE OF CONTINUED INSURANCE.

At End Of Years	—Continued Insurance—		
	Years.	Months.	Days.
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

Figures for later years will be furnished upon request.

(If the term of the policy is for more than twenty years, the company shall provide for reinstatement in the following form:)

REINSTATEMENT—Upon evidence of insurability satisfactory to the company this policy may be reinstated within the first three years of the term for which the insurance is continued by payment of arrears of premiums with interest at (here insert not greater than six) per centum per annum.

OPTIONS AT MATURITY—The insured, by written notice to the company at its home office and with the written consent of the assignee and irrevocable beneficiary, if any, may elect to have the net sum payable under this policy paid either in cash or as follows:

(1) By the payment of interest thereon at.....per centum per annum, payable annually, to the payee under this policy at the end of each year during the life of the payee, and by the payment upon the death of the payee of the said net sum and accrued interest to the executors, administrators or assigns of the payee, unless otherwise directed in said notice.

(2) By the payment of equal annual installments for a specified number of years, the first installment being payable immediately, in accordance with the following table for each \$1,000 of said net sum.

(3) By the payment of equal annual installments, payable at the beginning of each year for a fixed period of twenty years and for so many years longer as the payee shall survive, in accordance with the following table, for each \$1,000 of said net sum.

Installments payable under options (2) or (3) which shall not have been paid prior to the death of the payee shall be paid, unless otherwise directed in said notice, to the executors, administrators or assigns of the payee.

If the insured shall not have directed otherwise the beneficiary may after the death of the insured by like written notice and with

the written consent of the assignee, if any, select either of the above options.

Unless otherwise specified by the insured the payee may, on any interest date, receive the amount yet due under option (1) and may at any time receive the commuted value of payments yet to be made, computed upon the same basis as option (2) in the following table, provided that no such commutation will be made under (3), except after the death of the payee occurring within the aforesaid twenty years.

TABLE OF INSTALLMENTS FOR EACH \$1,000.

Option (2)		Option (3)	
Number of Annual Installments.	Amount of Each Installment.	Age of Payee When Policy Becomes Payable.	Amount of Each Installment.

AGENTS ARE NOT AUTHORIZED to modify this policy or to extend the time for paying a premium.

IN WITNESS WHEREOF, the company has caused this policy to be executed this.....day of.....

('07 c. 220 § 2)

[1695—]4. **Single premium policies—Non-participating policies.**—Single premium policies may be issued in any form prescribed in section 2[1695—3], omitting therefrom provisions or portions thereof applicable only to other than single premium policies. Non-participating policies may be issued in any form prescribed in section 2[1695—3] if they shall contain a provision that the policy shall be non-participating, and such policies shall omit therefrom clauses for participation in the surplus of the company. ('07 c. 220 § 3)

Laws 1907, c. 161, "An act to prohibit the issuance of non-participating policies by certain life insurance companies," approved April 12, 1907, was repealed by Laws 1909, c. 262.

[1695—]5. **Preliminary term insurance.**—Policies issued pursuant to the provisions of this act may provide for not more than one year preliminary term insurance, and shall be valued accordingly by incorporating therein the following clause immediately preceding the "Change of Beneficiary Clause": "The first year's insurance under this policy is term insurance." ('07 c. 220 § 4)

[1695—]6. **Policies in form other than as provided in section 1695—3—Provisions required.**—No policy of life insurance in form other than as provided in section 2[1695—3] shall be issued in this state or be issued by a life insurance company organized under the laws of this state unless the same shall contain the following provisions:

(1) A provision that all premiums shall be payable in advance either at the home office of the company, or to an agent of the company, upon delivery of a receipt signed by one or more of the officers who shall be named in the policy and countersigned by the agent, but any policy may contain a provision that the policy itself shall be a receipt for the first premium.

(2) A provision for a grace of one month for the payment of every premium after the first, which may be subject to an interest charge, during which month the insurance shall continue in force,

which provision may contain a stipulation that if the insured shall die during the month of grace the over-due premium will be deducted in any settlement under the policy.

(3) A provision that the policy shall constitute the entire contract between the parties and shall be incontestable after two years from its date, except for non-payment of premiums and except for violations of the conditions of the policy relating to naval and military services in time of war. A special form of policy, however, may be issued on the life of a person employed in an occupation classed by the company as extra hazardous or as leading to hazardous employment, which shall provide that service in certain designated occupations may reduce the company's liability under the policy to a certain designated amount not less than the full policy reserve.

(4) A provision that all statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties, and that no such statement shall avoid the policy unless it is contained in a written application and a copy of such application shall be endorsed upon or attached to the policy when issued.

(5) A provision that if the age of the insured has been understated, the amount payable under the policy shall be such as the premium would have purchased at the correct age.

(6) A provision that the policy shall participate in the surplus of the company and that, beginning not later than the end of the third policy year, the company will annually determine and account for the portion of the divisible surplus accruing on the policy, and that the owner of the policy shall have the right each year after the fifth to have the current dividend arising from such participation paid in cash, and if the policy shall provide other dividend options, it shall further provide that if the owner of the policy shall not elect any such other options the dividends shall be paid in cash. Which provision may stipulate that any dividends payable during the first five years of such policy shall be conditioned upon the payment of the next ensuing annual premium. This provision shall not be required in non-participating policies, nor in policies issued on under-average lives, nor in insurance in exchange for lapsed or surrendered policies.

(7) A provision that after three full years' premiums have been paid, the company at any time, while the policy is in force, will advance, on proper assignment of the policy, and on the sole security thereof, at a specified rate of interest, a sum equal to, or, at the option of the owner of the policy, less than the reserve at the end of the current policy year on the policy, and on any dividend additions thereto, specifying the mortality table and rate of interest adopted for computing such reserves, less a sum not more than two and one-half per centum of the amount insured by the policy, and of any dividend additions thereto; and that the company will deduct from such loan value any existing indebtedness on the policy and any unpaid balance of the premium for the current policy year, and may collect interest in advance on the loan to the end of the current policy year; which provision may further provide that such loan may be deferred for not exceeding six months after the application therefor is made. It shall be further stipulated in the policy that failure to repay any such advance or to pay interest shall not avoid the policy unless the total indebtedness thereon to the company shall equal or exceed such loan value at the time of such failure, nor until one month after notice shall have been mailed by the company to the last known address of the insured and of the assignee of record at the home office of the company, if any. No condition other than as herein provided shall be ex-

acted as a prerequisite to any such advance. This provision shall not be required in term insurance.

(8) A provision which, in event of default in premium payments, after premiums shall have been paid for three years, shall secure to the owner of the policy a stipulated form of insurance, the net value of which shall be at least equal to the reserve at the date of default on the policy and on any dividend additions thereto, specifying the mortality table and rate of interest adopted for computing such reserves, less a sum not more than two and one-half per centum of the amount insured by the policy, and of any existing dividend additions thereto, and less any existing indebtedness to the company on the policy. Such provision shall stipulate that the policy may be surrendered to the company at its home office within one month from date of default for a specified cash value at least equal to the sum which would otherwise be available for the purchase of insurance as aforesaid and may stipulate that the company may defer payment for not more than six months after the application therefor is made. This provision shall not be required in term insurance of twenty years or less.

(9) A table showing in figures the loan values, and the options available under the policies each year upon default in premium payments, during at least the first twenty years of the policy, beginning with the year in which such values and options become available.

(10) A provision that if, in event of default in premium payments, the value of the policy shall be applied to the purchase of other insurance, and if such insurance shall be in force and the original policy shall not have been surrendered to the company and canceled, the policy may be reinstated within three years from such default, upon evidence of insurability satisfactory to the company, and payment of arrears of premiums with interest.

(11) A provision that when a policy shall become a claim by the death of the insured, settlement shall be made upon receipt of due proof of death, or not later than two months after receipt of such proof.

(12) A table showing the amount of installments in which the policy may provide its proceeds may be payable.

(13) A title on the face and on the back of the policy correctly describing the same.

Any of the foregoing provisions or portions thereof relating to premiums, not applicable to single premium policies, shall to that extent not be incorporated therein. ('07 c. 220 § 5)

[1695—]7. Same—Provisions prohibited.—No policy of life insurance in form other than as prescribed in section 2[1695—3] shall be issued or delivered in this state or be issued by a life insurance company organized under the laws of this state, if it contain any of the following provisions:

(1) A provision for forfeiture of the policy for failure to repay any loan on the policy or to pay interest on such loan while the total indebtedness on the policy is less than the loan value thereof; or any provision for forfeiture for failure to repay any such loan or to pay interest thereon, unless such provision contain a stipulation that no such forfeiture shall occur until at least one month after notice shall have been mailed by the company to the last known address of the insured and of the assignee, if any. Notice of whose address and contract of the assignment has been filed with the company at its home office.

(2) A provision limiting the time within which any action at law or in equity may be commenced to less than five years after the cause of action shall accrue.

(3) A provision by which the policy shall purport to be issued or to take effect before the original application for the insurance was made, if thereby the assured would rate at any age younger than his age at date when the application was made, according to his age at nearest birthday.

(4) A provision for any mode of settlement at maturity of less value than the amount insured on the face of the policy plus dividend additions, if any, less any indebtedness to the company on the policy and less any premium that may by the terms of the policy be deducted. ('07 c. 220 § 6)

[1695—]8. Same—Preliminary term policies.—Preliminary term policies not issued on the standard forms shall be subject to the provisions of section 4 [1695—5]. ('07 c. 220 § 7)

[1695—]9. Form to be filed with commissioner—Disapproval—Review.—No policy of life insurance shall be issued or delivered in this state, or be issued by a life insurance company organized under the laws of this state, until the form of the same has been filed with the insurance commissioner; and after the insurance commissioner shall have notified any company of his disapproval of any form, it shall be unlawful for such company to issue any policy in the form so disapproved. The commissioner's action shall be subject to review by any court of competent jurisdiction. ('07 c. 220 § 8)

[1695—]10. Policies of foreign companies—Of domestic companies issued without state.—The policies of a life insurance company, not organized under the laws of this state, may contain any provision which the law of the state, territory, district or country under which the company is organized, prescribes shall be in such policies, and the policies of a life insurance company organized under the laws of this state may, when issued or delivered in any other state, territory, district or country, contain any provision required by the laws of the state, territory, district or country in which the same are issued, anything in this act to the contrary notwithstanding. ('07 c. 220 § 9)

[1695—]11. To what companies applicable—Deferred annuities.—This act shall not apply to annuities, industrial policies or to corporations or associations operating on the assessment or fraternal plan and in every case where a contract provides for both insurance and annuities this act shall apply only to that part of the contract which provides for insurance, but every contract containing a provision for a deferred annuity on the life of the insured only (unless paid for by a single premium) shall provide that in event of the non-payment of any premium after three full years' premiums shall have been paid, the annuity shall automatically become converted into a paid up annuity for such proportion of the original annuity as the number of completed years' premiums paid bears to the total number of premiums required under the contract. (Laws 1907, c. 220, § 10, as amended by Laws 1909, c. 295, § 1.)

[1695—]12. "Company" defined.—Wherever the word company is used in this act it shall be held to include corporations and associations. ('07 c. 220 § 11)

[1695—]13. Person soliciting—Agent.—Any person who shall solicit an application for insurance upon the life of another shall, in any controversy between the assured or his beneficiary and the company issuing any policy upon such application, be regarded as the agent of the company and not the agent of the assured. ('07 c. 41 § 1)

Historical.—"An act defining the status of persons soliciting life insurance." Approved March 14, 1907.

Section 2 repeals inconsistent acts.

[1697—]1. **False representations as to policy, etc.**—No life insurance company doing business in this state, and no officer, director or agent thereof shall issue or circulate, or cause or permit to be issued or circulated, any estimate, illustration, circular or statement of any sort misrepresenting the terms of any policy issued by it or the benefits or advantages promised thereby, or the dividends or shares of surplus to be received thereon, or shall use any name or title of any policy or class of policies misrepresenting the true nature thereof. ('07 c. 43 § 1)

Historical.—"An act to prohibit misrepresentations by life insurance companies." Approved March 14, 1907.

Section 3 repeals inconsistent acts.

[1697—]2. **Same—Penalties.**—Any person violating the provisions of this act shall be guilty of a misdemeanor and the license of any company which shall authorize or permit a violation of this act shall be revoked. ('07 c. 43 § 2)

[1697—]3. **Investments of domestic companies.**—No domestic life insurance company, whether incorporated by special act or under a general law shall, after the first day of January, 1908, invest in or loan upon any shares of stock of any corporation, other than a municipal corporation; nor, excepting government, state or municipal securities, shall it invest in, or loan upon, any bonds or obligations not secured by adequate collateral security and when more than one-third of the total value of the collateral security shall consist of shares of stock, it shall be deemed inadequate. Every such company possessed of stocks or securities prohibited by this act shall dispose of the same within five years, unless such time is extended by the commissioner of insurance. No investment or loan, except policy loans, shall be made by any such life insurance company, unless the same shall first have been authorized by the board of directors, or by a committee thereof charged with the duty of supervising such investment or loan. No such company shall subscribe to or participate in any underwriting of the purchase or sale of securities of property, or enter into any transaction for such purchase or sale on account of said 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. Any such company, in addition to other investments allowed by law, may invest any of its funds and accumulations in the bonds of the United States, or of this state, or of any county, city, town or village, or duly organized school district therein, or of any municipality or civil division of any state, and may loan upon improved unincumbered real property in any state 50 per centum of the value of such property, or invest in the mortgage bonds of any dividend paying railway or street railway company duly incorporated and organized under the authority of this state, or any other state, and it may also make loans on the security of promissory notes amply secured by pledge of any bonds in which such insurance companies are hereby authorized to invest their funds, and may also make loans upon the security of its own policies, but no loan on any policy shall exceed the reserve value thereof. ('07 c. 163 § 1)

Historical.—"An act to regulate the investment of the funds and the real estate holdings of life insurance companies." Approved April 12, 1907.

Section 3 repeals inconsistent acts.

[1697—]4. **Same—Real property—Power to hold, etc.**—Every such life insurance company may acquire, hold and convey real property only for the following purposes and in the following manner:

First—Such as shall be requisite for convenient accommodation in the transaction of its business.

Second—Such as shall have been mortgaged to it in good faith by way of security for loans previously contracted, or for moneys due.

Third—Such as shall have been conveyed to it in satisfaction of debts previously contracted in the course of its dealings.

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

All such real property specified in sub-division 2, 3 and 4 of this section, 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 such property for a longer period unless it shall procure a certificate from the commissioner of insurance that its interests 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 such certificate. ('07 c. 163 § 2)

[1697—]5. Annual apportionment of surplus of certain companies.—Every life insurance company doing business in this state conducted on the mutual plan or in which policy holders are entitled to share in the profits or surplus, shall make an annual apportionment and accounting of divisible surplus to each policy holder beginning not later than the end of the third policy year on all participating policies hereafter issued; and each such policy holder shall be entitled to and be credited with or paid, in the manner hereinafter provided, such a portion of the entire divisible surplus as has been contributed thereto by his policy. ('07 c. 198 § 1)

Historical.—"An act to require an annual apportionment and accounting of surplus of life insurance companies." Approved April 16, 1907.

Section 6 repeals conflicting acts. By section 7 the act took effect January 1, 1908.

[1697—]6. Contingency reserve of companies doing business in state.—Any life insurance company doing business in this state may accumulate and maintain, in addition to the capital and surplus contributed by its stockholders, and in addition to an amount equal to the net values of its policies, computed according to the laws of the jurisdiction under which it is organized, a contingency reserve not exceeding the following respective percentages of said net values, to-wit: When said net values are less than one hundred thousand dollars, twenty per centum thereof or the sum of ten thousand dollars, whichever is the greater; when said net values are greater than one hundred thousand dollars, the percentage thereof measuring the contingency reserve shall decrease one-half on one per centum for each one hundred thousand dollars of said net values up to one million dollars; when said net values are greater than one million dollars but do not exceed twenty-five million dollars, the contingency reserve shall not exceed fifteen per centum thereof; when said net values are greater than twenty-five million dollars but do not exceed fifty million dollars, the contingency reserve shall not exceed twelve and one-half per centum thereof; when said net values are greater than fifty million dollars but do not exceed one hundred million dollars, the contingency reserve shall not exceed ten per centum thereof; when said net values are greater than one hundred million dollars but do not exceed one hundred and fifty million dollars, the contingency reserve shall not exceed seven and one-half per centum thereof; when said net values are greater than one hundred and fifty million dollars the contingency reserve shall not exceed five per centum thereof; pro-

vided that as the net values of said policies increase and the maximum percentage measuring the contingency reserve decreases such corporation may maintain the contingency reserve already accumulated hereunder, although for the time being it may exceed the maximum percentage herein prescribed, but may not add to the contingency reserve when the addition will bring it beyond the maximum percentage. Provided further, that for cause shown the commissioner of insurance may at any time and from time to time permit any corporation to accumulate and maintain a contingency reserve in excess of the limit above mentioned for a prescribed period, not exceeding one year under any one permission, by filing in his office a decision stating his reasons therefor and causing the same to be published in his next annual report. This section shall not apply to any company doing exclusively a non-participating business. ('07 c. 198 § 2)

[1697—]7. Application of surplus—Designation by policy holder, etc.—Every policy holder shall on all participating policies hereafter issued, be permitted after his policy has been in force five years annually to select the manner and method of the application of the surplus to be annually apportioned to his policy from among those set forth in the policy. All apportioned surplus not actually paid over to the insured, or applied in the reduction of current or future premiums or in the purchase of paid-up insurance of pure endowment additions, shall be credited to the insured and carried as an actual liability and be paid at the maturity of the policy. ('07 c. 198 § 3)

[1697—]8. Default in payment of premium—Rights of insured.—In event of default in payment of any premium due on any policy, provided not less than three full years' premiums shall have been paid, and provided further, such policy shall not be continued in force by virtue of an automatic loan provision therein, there shall be secured to the insured without action on his part, either paid or extended insurance as specified in the policy, the net values of which shall be at least equal to the entire net reserve held by the company on such policy, less two and one-half per centum of the amount insured by the policy and dividend additions, if any, and less any outstanding indebtedness to the company on the policy at time of default. There shall be secured to the insured the right to surrender the policy to the company at its home office within one month after date of default for the cash value otherwise available for the purchase of the paid-up or extended insurance as aforesaid. Such cash payment to be made within six months after demand therefor. ('07 c. 198 § 4)

[1697—]9. Provisions not waived.—No agreement between the company and the policy holder or applicant for insurance shall be held to waive any of the provisions of this act. ('07 c. 198 § 5)

[1697—]10. Annual apportionment of surplus of certain companies on policies heretofore issued.—Every life insurance company doing business in this state conducted on the mutual plan or in which policy holders are entitled to share in the profits or surplus shall, on all policies of life insurance heretofore issued, under the conditions of which the distribution of surplus is deferred to a fixed or specified time, and contingent upon the policy being in force and the insured living at that time, annually ascertain the amount of surplus to which all such policies as a separate class are entitled, and shall annually apportion to such policies as a class the amount of surplus so ascertained, and carry the amount of such apportioned surplus, plus the actual interest earnings and accretions of such fund, as a distinct and separate liability to such class of policies on

and for which the same was accumulated, and no company or any of its officers shall be permitted to use any part of such apportioned surplus fund for any purpose whatsoever other than for the express purpose for which the same was accumulated. ('07 c. 201 § 1)

Historical.—"An act to require an annual apportionment and account of surplus of life insurance companies as to policies heretofore issued." Approved April 16, 1907.

Section 3 repeals inconsistent acts. By section 4 the act took effect January 1, 1908.

[1697—]11. **Same—Application of act.**—This act shall not apply to industrial policies, or to any policy until the same has been in force three years. ('07 c. 201 § 2)

[1697—]12. **Temporary capital of mutual companies—Retirement of stock.**—A mutual life insurance company may be organized with, and an existing mutual life insurance company may establish a temporary capital of not less than \$100,000, which shall be invested in the same manner as is provided for the investment of its other funds. Out of the net surplus of the company the holders of the temporary capital stock may receive a dividend of not more than 8 per cent per annum which may be cumulative. Such capital stock shall not be a liability of the company except that it shall be retired as soon as, but not before, the surplus of the company remaining after its retirement shall be not less than the temporary capital so established. At the time for the retirement of such capital stock the holders shall be entitled to receive from the company the par value thereof and any dividends thereon due and unpaid, and thereupon the stock shall be surrendered and canceled, and the right to vote thereon shall cease. ('07 c. 162 § 1)

Historical.—"An act regulating the retirement of capital stock of life insurance companies in certain cases." Approved April 12, 1907.

Section 2 repeals inconsistent acts.

[1697—]13. **Disbursements of domestic companies, how made—Vouchers.**—No domestic life insurance company shall make any disbursement of one hundred dollars or more unless the same be evidenced by a voucher signed by or on behalf of the person, firm, or corporation receiving the money and correctly describing the consideration for the payment. If the expenditure be for both services and disbursements the voucher shall set forth the services rendered and an itemized statement of the disbursements made. If the expenditures be in connection with any matter pending before any legislature or public body, or before any department or officer of any state or government, the voucher shall correctly describe, in addition, the nature of the matter and of the interest of such company therein. When such voucher cannot be obtained the expenditure shall be evidenced by an affidavit describing the character and object of the expenditure and stating the reason for not obtaining such voucher. ('07 c. 40 § 1)

Historical.—"An act regulating disbursements by life insurance companies." Approved March 14, 1907.

Section 2 repeals inconsistent acts.

[1697—]14. **Use of funds for political purposes—Penalty—Witnesses.**—No insurance company or association, including fraternal beneficiary associations, doing business in this state, shall, directly or indirectly, pay or use or offer, consent or agree to pay or use any money or property for or in aid of any political party, committee or organization, or for or in aid of any corporation, joint stock or other association organized or maintained for political purposes, or for or in aid of any candidate for political office, or for nomination for such office, or for any political purpose whatsoever, or for reimbursement or indemnification of any person for money or property so used. Any officer, director, stockholder, attorney or agent of

any corporation or association which violates any of the provisions of this act, who participates in, aids, abets, or advises or consents to any such violation, and any person who solicits or knowingly receives any money or property in violation of this act, shall be guilty of a gross misdemeanor and any officer aiding or abetting in any contribution made in violation of this act, shall be liable to the company or association for the amount so contributed. No person shall be excused from attending and testifying, or producing any books, papers or other documents before any court or magistrate, upon any investigation, proceeding or trial, for a violation of any of the provisions of this act, upon the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him, may tend to incriminate or degrade him; but no person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter or thing, concerning which he may so testify or produce evidence, documentary or otherwise, and no testimony so given or produced shall be used against him upon any criminal investigation or proceeding. ('07 c. 42 § 1)

Historical.—"An act regulating life insurance companies and prohibiting the diversion of funds for political purposes." Approved March 14, 1907.
Section 2 repeals inconsistent acts.

CO-OPERATIVE LIFE AND CASUALTY COMPANIES.

1698-1702. [Repealed.]

See section [1702—]11.

Cited in *National Protective Legion v. O'Brien*, 102 Minn. 15, 112 N. W. 1050.

[1702—]1. **Co-operative or assessment plan—Life insurance—Casualty insurance.**—Every corporation, society or association which issues a certificate or policy or makes an agreement with its members by which upon the decease of a member any money is to be paid to, or benefit conferred upon, the legal representatives or designated beneficiaries of such member, or reaching a certain age to pay any money or benefit to him, such money or benefit to be derived from voluntary donations, admission fees, dues or assessments to be collected from its members or any class thereof, and which reserves the right to make any additional assessments, or without the consent of the certificate or policyholder to increase the premium named therein, shall be deemed to be engaged in the business of life insurance upon the co-operative or assessment plan. Every corporation which likewise agrees in case of accident, sickness or other physical disability, or reaching a certain age, to pay money or confer benefits likewise derived and issuing certificates or policies with similar conditions with reference to the payment of dues or assessments, shall be deemed to be engaged in the business of casualty insurance upon the co-operative or assessment plan, and shall, except as herein otherwise specified, be subject to the provisions of this act. ('07 c. 318 § 1)

Historical.—"An act providing for the organization and operation of co-operative and assessment life and casualty insurance companies, and for the repeal of laws inconsistent therewith." Approved April 23, 1907.

[1702—]2. **License to transact business in state.**—No corporation not now authorized to transact business in this state, shall be licensed to transact the business of life or casualty insurance, or both, upon the co-operative or assessment plan until at least two hundred and fifty persons eligible to membership therein have made individual applications in writing therefor; containing warranties of age, health and other required conditions of membership, and that there has been paid into the treasury of such corporation for its use and benefit the sum of at least five thousand dollars, which

amount shall be liable only for death or indemnity claims made under its policy or membership certificate contracts. The license issued to such company shall be recorded in the office of the register of deeds for the county in which its principal office is located before the same becomes effective. ('07 c. 318 § 2)

[1702—]3. Reserve—Deposit with commissioner—Foreign companies—Right of election.—Every such corporation, except fraternal beneficiary associations, shall set aside 10 per cent of its gross premium receipts or assessments each year as a reserve, until the same, together with any reserve already accumulated, shall amount to the sum of twenty-five thousand dollars, which said reserve fund shall be deposited with the insurance commissioner of the State of Minnesota, for the benefit of all its policyholders. Such deposit may consist of securities of the class in which insurance companies are authorized to invest under the laws of this State, and the company depositing the same shall be entitled to the income derived from such securities. No foreign insurance company upon the co-operative or assessment plan, shall hereafter be permitted to transact business in this state unless it makes the deposit hereinbefore required of domestic companies, except that where by the laws of the state under which said foreign company is organized, it is permitted to and actually does maintain for the benefit of all its policyholders a deposit with some proper officer of such state of an amount equal to the deposit required by this act, the deposit with such other state shall be a sufficient compliance with the provisions of this section. No deposit of securities other than that herein provided for shall be required of any such co-operative or assessment company, any company transacting the business of life insurance, upon the co-operative or assessment plan, and creating and maintaining a greater reserve than herein provided for, may elect by written stipulation, filed with the insurance commissioner, to keep on deposit with the commissioner its entire reserve and special benefit funds, other than mortuary funds; and thereafter said entire reserve and special benefit funds shall be deposited with said commissioner in securities of like character and upon the same terms as provided herein for the deposit of the reserve required by this section. ('07 c. 318 § 3)

[1702—]4. Policies authorized—Certain agreements void.—No co-operative or assessment life insurance company shall hereafter issue any policy in this state which does not provide for the payment of a fixed minimum sum, which sum may be increased each year the insurance remains in force in the amounts to be provided in the policy. Any agreement or by-law providing for the placing of a lien upon such policy, except for non-payment of premium or assessment, and any agreement or by-law providing for the payment of a less sum than the minimum sum specified in the contract, because of the failure of the corporation to receive or collect the amount in said contract by assessment upon the surviving members, shall be void. Nothing in this section contained shall be so construed as to render any member liable for more than one assessment for each death occurring during his period of membership, unless otherwise specified in the policy. And all policies issued by said company shall contain a title including the word "assessment" on the face and on the back of the policy correctly describing the same. This section shall not apply to any existing domestic company until it has been in existence for four years. ('07 c. 318 § 4)

[1702—]5. Limit of expenses—Life companies.—No corporation now or hereafter organized in this state, for the purpose of transacting the business of life insurance, or now or hereafter admitted to transact such business, in this state, upon the co-operative

or assessment plan, shall incur, lay out or expend in any one calendar year, as and for the expenses of conducting such business, including solicitation of members, more than a sum equal to the first year's premiums, or assessment income on policies issued during that year and 35 per cent of its premium and assessment income from policies or certificates which have been in force for one year or more. The receipts from post-mortem assessment certificates shall not be included in determining the above amounts, but the dues and expense charges contained in such certificates shall be in addition to such amount herein allowed for expenses. ('07 c. 318 § 5)

[1702—]6. Casualty or health companies—Penalty.—No such company transacting the business of casualty or health insurance in this state shall incur, lay out or expend, in any one calendar year, as and for the expenses of conducting such business more than its application or membership fees and forty per cent of its total premiums or assessments. Any officer of any corporation violating or consenting to the violation of this, or the preceding section, shall be guilty of a gross misdemeanor. ('07 c. 318 § 6)

[1702—]7. Life companies—Net rates.—No corporation hereafter organized to transact the business of life insurance upon the co-operative or assessment plan, and no such corporation not already admitted to transact business in this state shall hereafter be licensed to transact such life insurance business in this state unless it shall by its charter, by-law and policy or certificate contracts, provide for and actually charge and collect from its members, for and on account of the insurance furnished to them, net rates which are at least equal to the rates known as the National Fraternal Congress rates, with 4 per cent interest. ('07 c. 318 § 7)

[1702—]8. Reinsurance of risks of other companies—Conditions.—Any such corporation, association or society organized or authorized to transact business under the provisions of this act, may by contract of reinsurance assume the risks of any other similar corporation, association or society engaged in the business of life or casualty insurance, or both, only on the following conditions:

First—That both the corporations, associations or societies which propose to enter into such reinsurance contract, shall be, upon the date of reinsurance, duly authorized under the provisions of this act, to transact business in this state.

Second—That the contract of reinsurance shall have previously been submitted to the insurance commissioner and the attorney general of this state and shall have received the approval of the insurance commissioner duly endorsed thereon.

Third—That such corporation, association or society, which proposes to reinsure and retire, shall have been thoroughly examined by the insurance commissioner of this state within six months of the date of such proposed consolidation or re-insurance. And further provided, that in the judgment of the insurance commissioner of this state such consolidation or reinsurance can in no way impair the solvency of the corporation, association, or society which proposes to reinsure and assume the business and affairs of the corporation, association or society contemplating reinsurance and retirement.

Fourth—That the contract of reinsurance shall have been approved by a majority vote of all the members of the corporation, association or society, which proposes to reinsure and retire, present in person or by proxy, at any regular meeting thereof, or at any special meeting thereof called to consider the same. And further provided, that a written or printed notice of the purpose of such corpo-

ration, association or society to reinsure shall have been mailed to each of its members at least thirty days prior to the date fixed for such meeting.

When the members of any such corporation, association or society shall have so voted to reinsure and retire, its officers and the officers of the corporation, association or society which proposes to assume the risks and other obligations are hereby authorized to enter into and consummate the contract of reinsurance as submitted and approved, and to do and perform all other acts necessary to the final and complete consolidation or reinsurance. Such retiring corporation, association or society shall turn over all its property, securities, moneys and other assets to the corporation, association or society reinsuring and assuming its obligations, to become the sole and absolute property thereof. The actual and reasonable expenses and costs incident to proceedings under the provisions of this section may be paid by the company or companies so consolidating or reinsuring, and an itemized and verified statement of such expenses, together with proper vouchers for each of the same, shall be filed with the insurance commissioner. No officer of any such company or companies, nor any employé of the state shall receive any compensation, gratuity, employment, or other promise or thing of value, directly or indirectly, for in any manner aiding, promoting or assisting in such consolidation or reinsurance. Any officer or director of any company which is a party to the agreement of reinsurance herein provided for who shall receive any compensation or gratuity for aiding or promoting or consenting to such contract shall be guilty of larceny, and any other person guilty of wilfully violating or consenting to the wilful violation of the provisions of this act, shall be guilty of a gross misdemeanor. ('07 c. 318 § 8)

[1702—]9. Reincorporation into legal reserve or level premium company.—Any such corporation, association or society may with the written consent of the insurance commissioner of this state upon a majority vote of its governing body, amend its articles of incorporation and by-laws in such manner as to transform itself into a legal reserve or level premium insurance company, and upon so doing and upon procuring from the insurance commissioner a certificate of authority, as provided by law, to transact business in this state, as a legal reserve or level premium company, shall incur the obligations and enjoy the benefits thereof, the same as though originally thus incorporated, and such corporation, under its charter as amended, shall be a continuation of such original corporation, and the officers thereof shall serve through their respective terms, as provided in the original charter, but their successors shall be elected and serve as in such amended articles provided; but such amendment or reincorporation shall not affect existing suits, rights or contracts. Any corporation, association or society so reincorporated to transact the business of life insurance, shall, unless a higher method of valuation be provided for in its policy, or certificates of membership previously written, value its assessment policies or certificates of membership previously written as yearly renewable term policies, according to the standard of valuation of life insurance policies prescribed by the laws of this state. ('07 c. 318 § 9)

[1702—]10. Application of section 1625.—Section 1625 of Revised Laws 1905, shall not apply to any corporation, association or society engaged in the business of life insurance upon the co-operative or assessment plan, or to any such corporation, society or association engaged in the business of casualty insurance upon the co-operative or assessment plan, as in this act defined. ('07 c. 318 § 10)

[1702—]11. Sections repealed—Application of other laws.—Sections 1695, 1698, 1699, 1700, 1701, 1702 of Revised Laws 1905, are hereby repealed. Chapter 303 of Laws of Minnesota for 1905 and all other laws and parts of laws, in so far as they may be inconsistent with this act, shall not apply to corporations transacting the business of life or casualty insurance solely upon the co-operative or assessment plan as defined in this act. ('07 c. 318 § 11)

For Laws 1905, c. 303, see sections [1704—]1 to [1704—]6.

[1702—]12. Fraternal beneficiary associations.—The provisions of this act shall not apply to fraternal beneficiary associations, nor shall anything herein be construed as governing or in anywise regulating such associations. ('07 c. 318 § 12)

1703. Beneficial and fraternal associations.—Any beneficiary or fraternal association, as defined in this chapter, may make provisions for the payment of benefits in case of sickness or temporary or permanent physical disability, as a result of disease, accident, or age exceeding seventy years, and may also provide for the payment of funeral expenses of a member not exceeding seventy five dollars; in any case all of said benefits to be paid subject to compliance by it[s] members with its constitution and by-laws, out of funds derived from assessments and dues collected from its members. Payments of death benefits shall be made only to the families, heirs, blood relatives, adopted children, fiancée of the member, or persons dependent upon him, or whenever his certificate of membership may so provide; the executor or administrator of the estate of the member in trust for such person or persons above mentioned as may be designated in such certificate. Any member who by reason of old age or other disability is dependent for his support in whole or in part upon another, whether such other stands in the above relationship to him or not, may, with the consent of and under such regulations as the association may prescribe, designate such person upon whom he is so dependent as a beneficiary under his said certificate, and in such case the death benefits shall be paid according to such designation. Every such association may create and maintain a reserve fund for such purpose and shall be held to be an institution of public charity, and shall be exempt from payment of any taxes for state, county or municipal purposes, except that the real estate of such association shall be taxed as other real estate in the State of Minnesota. (R. L. § 1703, as amended by Laws 1907, c. 382.)

As to fraternal beneficiary associations, see sections [1704—]11 to [1704—]41.

Fraternal beneficiary associations—Endowments.—Under section 1594 and this section the sale of endowments by fraternal beneficiary associations is prohibited. A fraternal beneficiary association, executing a contract the substance of which was its agreement to pay dividends or "maturity benefits" to its living members not under disability, the incidents of which were to pay small disability benefits as a loan and an insignificant death benefit, for a flat premium, held to have been engaged to that extent in the sale of endowments, and in a business prohibited by law. *National Protective Legion v. O'Brien*, 102 Minn. 15, 112 N. W. 1050.

1704. Insolvency.

Cited in *National Protective Legion v. O'Brien*, 102 Minn. 15, 112 N. W. 1050.

LIFE, ACCIDENT AND HEALTH COMPANIES.

[1704—]1. Consolidation or reinsurance.—No company organized under the laws of this state to do the business of life, accident or health insurance, either on the stock, mutual, stipulated premium, assessment, or fraternal plan, shall consolidate with any other company, or reinsure its risks, or any part thereof with any other company, or assume or reinsure the whole of, or any portion of

the risks of any other company, except as hereinafter provided; but nothing herein contained shall prevent any such company, organized on the stock or mutual plan, from reinsuring a fractional part of any single risk. ('05 c. 303 § 1)

Historical.—"An act to regulate the consolidation and reinsurance of domestic insurance companies transacting the business of life, accident or health insurance." Approved April 19, 1905.

As to the application of this act to corporations on the co-operative or assessment plan, see section [1702—] 11.

[1704—]2. How effected—Petition to commissioner.—When any such company shall propose to consolidate with any other company, or to enter into any contract of reinsurance, it shall present its petition to the insurance commissioner of this state, setting forth the terms and conditions of such proposed consolidation or reinsurance, and praying for the approval or of any modification thereof, which the commission hereinafter provided for may approve. ('05 c. 303 § 2)

[1704—]3. Notice.—The insurance commissioner shall thereupon issue an order of notice, requiring notice to be given by mail to each policy holder of such company, of the pending of such petition, and the time and place at which hearing thereon will be held, and shall publish the said order of notice and said petition in five daily newspapers, for at least two weeks before the time appointed for the hearing upon said petition. ('05 c. 303 § 3)

[1704—]4. Hearing and determination.—The governor, or in event of his inability to act, some competent person resident of the state to be appointed by him, the attorney general, and the insurance commissioner of the state, shall constitute a commission to hear and determine upon said petition. At the time and place fixed in said notice, or at such time and place as shall be fixed by adjournment, the commission shall proceed with the hearing, and may make or order such examination into the affairs and condition of said company as it may deem proper. The insurance commissioner shall have the power to summon and compel the attendance and testimony of witnesses and the production of books and papers before said commission. Any policy holder or stockholder of the company or companies so petitioning may appear before said commission and be heard in reference to said consolidation or reinsurance. Said commission, if satisfied that the interests of the policy holders of such company or companies are properly protected, and that no reasonable objection exists thereto, may approve and authorize the proposed consolidation or reinsurance or may modify or change the terms and conditions thereof as may seem best for the interests of the policy holders, and said commission may make such order with reference to the distribution and disposition of the surplus assets of any such company thereafter remaining, as shall be just and equitable to the policy holders. Such consolidation or reinsurance shall only be approved by the consent of all the members of said commission, and it shall be the duty of said commission to guard the interests of the policy holders of any such company or companies proposing to consolidate or reinsure. ('05 c. 303 § 4)

[1704—]5. Costs and expenses, etc.—All actual expenses and costs incident to proceedings under the provisions of this act shall be paid by the company or companies bringing said petition, and an itemized statement of the expenses and costs shall be filed with the insurance commissioner with a certified copy of the decision of the commission. No officer of any such company or companies, nor members of said commission, or employé of the state, shall receive any compensation, gratuity or otherwise, directly or indi-

rectly, for in any manner aiding, promoting or assisting in such consolidation or reinsurance. ('05 c. 303 § 5)

[1704—]6. Violation of act—Penalty.—Any officer, director or stockholder of any such company or companies, or any member of such commission or employé of the state, violating or consenting to the violation of the provisions of this act shall be punished by a fine of not less than ten thousand dollars and by imprisonment for not less than one year. ('05 c. 303 § 6)

[1704—]7. Conditions of policy relative to sickness, injury or death by accident.—No policy of insurance against loss or damage by the sickness, bodily injury or death by accident of the assured shall be issued or delivered in this state unless the same shall be plainly printed, no portion thereof in smaller than long primer type, and every policy so issued and delivered shall contain the following provisions:

1. A provision that notice of accident or disability shall be given within twenty days, unless such notice may be shown not to have been reasonably possible, to some certain office or officer designated therein.

2. A provision that the policy or certificate contains the entire contract.

3. A provision that if a past-due premium is accepted within thirty days from lapse, such acceptance shall reinstate the policy in full as to disability beginning after the payment has actually been made.

4. A provision that if a premium more than thirty days past due is accepted by the company, such acceptance shall reinstate the policy in full, as to disability resulting from accident; but the company shall not be liable for disability resulting from sickness beginning within fifteen days from the date of payment.

5. A provision that if the occupation of the insured be changed to a more hazardous one, or if the insured is injured while doing any act or thing pertaining thereto, except ordinary duties about residence, then the benefit and payment to be such as the premium would pay for in that occupation.

6. All benefits called for by the policy shall be specifically stated in full therein, and all exceptions shall be stated specifically and with the same prominence as the benefits. ('09 c. 167 § 1)

Historical.—"An act regulating the conditions and provisions to be contained in policies of health or accident insurance issued in this state." Approved April 8, 1909.

Section 5 repeals inconsistent acts. By section 6 the act took effect July 1, 1909.

[1704—]8. Certain provisions prohibited.—No policy of insurance against loss or damage by the sickness, bodily injury, or death by accident of the assured shall be issued or delivered in this state if it contain any of the following provisions:

1. A provision limiting the time in which an action at law or in equity may be commenced to less than one year after the date upon which final proof of loss or disability shall have been filed with the company.

2. A provision referring to the constitution, by-laws or rules of the company or association, or attempting to make the same a part of the policy.

3. A provision for the deduction of advance premiums or assessments from benefits payable under the terms of the policy.

4. A provision limiting the amount of indemnity to be paid to a sum less than the indemnity as stated in the policy and for which the premium has been paid; provided, however, if the assured shall carry another policy covering the same hazard, issued by another

company, corporation, or association, without giving notice to the company, corporation, or association issuing the first policy, then, and in that case, the company, corporation or association issuing the first policy shall be liable only for such a proportionate amount of benefit as the indemnity promised in the first policy bears to the total amount of indemnity in all the policies covering the same hazard, and for the return of such part of the premium paid as shall exceed the pro rata of the premium for the benefit paid. ('09 c. 167 § 2)

[1704—]9. **To what companies applicable.**—This act shall apply to all companies, corporations or associations issuing a policy of insurance against loss or damage caused by the sickness, bodily injury, or death by accident of the assured, except fraternal beneficiary associations. ('09 c. 167 § 3)

[1704—]10. **Form to be approved by commissioner.**—No policy of insurance against loss or damage by the sickness, bodily injury, or death by accident of the assured shall be issued or delivered in this state by any company, corporation or association, until the form of the same has been filed with the commissioner of insurance; and after the commissioner of insurance shall have notified any company, corporation, or association of his disapproval of any form, stating his reasons therefor in writing, it shall be unlawful for such company, corporation, or association to issue any policy in the form so disapproved. The commissioner's action shall be subject to review by any court of competent jurisdiction. ('09 c. 167 § 4)

FRATERNAL BENEFICIARY ASSOCIATIONS.

[1704—]11. **Fraternal beneficiary association defined.**—Any corporation, society, order or voluntary association without capital stock, organized and carried on solely for the mutual benefit of its members and their beneficiaries, and not for profit, and having a lodge system with ritualistic form of work and representative form of government and which shall make provision for the payment of death or disability benefits, or both, is hereby declared to be a fraternal beneficiary association. ('07 c. 345 § 1)

Historical.—"An act to provide for the organization, admission and regulation of fraternal beneficiary associations transacting the business of life and disability insurance, and to repeal all laws in conflict with the provisions of this act." Approved April 23, 1907.

Section 32 repeals inconsistent acts.

[1704—]12. **What associations operating under lodge system.**—Any association having a supreme governing or legislative body and subordinate lodges or branches by whatever name known into which members shall be elected, initiated and admitted in accordance with its constitution, laws, rules, regulations, and prescribed ritualistic ceremonies, which subordinate lodges or branches shall be required by such association to hold regular or stated meetings at least once in each month, shall be deemed to be operating under the lodge system. ('07 c. 345 § 2)

[1704—]13. **When association deemed to have representative form of government.**—Any association shall be deemed to have a representative form of government, when it shall provide in its constitution and laws for a supreme legislative or governing body, composed of representatives elected either by the members or by delegates elected by the members through a delegate convention system, together with such other members as may be prescribed by its constitution and laws, provided, that the elective representatives shall constitute a majority in number and have not less than a majority of the votes, nor less than the votes required to amend its

constitution and laws, and provided further, that the meetings of the supreme or governing body and the election of officers, representatives or delegates shall be held as often as once in four years. The members, officers, representatives or delegates of a fraternal beneficiary society shall not vote by proxy. ('07 c. 345 § 3)

[1704—]14. **By what laws governed.**—Except as herein provided, such association shall be governed by this act and shall be exempt from all provisions of the insurance laws of this state not only in governmental relations with the state, but for every other purpose, and no law hereafter passed shall apply to them, unless they be expressly designated therein. ('07 c. 345 § 4)

[1704—]15. **Death or disability benefits.**—Every association transacting business under this act shall provide for the payment of death or disability benefits, or both, and may provide for the payment of benefits in case of temporary or permanent physical disability, either as the result of disease, accident or old age, provided, the period of life at which the payment of benefits for disability on account of old age shall commence shall not be under seventy years. ('07 c. 345 § 5)

[1704—]16. **Who are beneficiaries.**—The payment of death benefits shall be confined to the wife, husband, family, relatives by blood, marriage or legal adoption, affianced husband or affianced wife, or to a person or persons dependent on the member, subject to the limitation and control of the association as to the designation of beneficiaries within said classes. ('07 c. 345 § 6)

[1704—]17. **Qualifications for membership.**—No association shall admit to beneficial membership any person less than sixteen nor more than sixty years of age, nor any person who has not been examined by a legally qualified practicing physician, and whose examination has not been approved by the supervising medical authority of the association as provided by the laws of the association; provided, that such examination shall not be required of associations paying only accident or sick benefits, or funeral benefits not exceeding three hundred dollars. ('07 c. 345 § 7)

[1704—]18. **Certificates shall specify, what—Changes in constitution, etc.**—Every certificate issued by any association shall specify the maximum amount of benefit provided by the contract, and shall provide that the certificate, the constitution and laws of the association and the application for membership and medical examination, signed by the applicant, shall constitute the contract between the association and the member, and copies of the same, certified by the secretary of the association, or corresponding officer, shall be received in evidence of the terms and conditions of the contract; and any changes, additions or amendments to said charter or articles of association, constitution or laws duly made or enacted subsequent to the issuance of the benefit certificate shall bind the member and his beneficiaries and shall govern and control the contract in all respects the same as though such changes, additions or amendments had been made prior to and were in force at the time of the application for membership. Provided, that any association hereafter organized or admitted to do business in this state shall, in its certificates specify a fixed minimum amount of benefit. ('07 c. 345 § 8)

[1704—]19. **Reserve—How disposed of—Payments by members—Assessments.**—Any association may create, maintain, invest, disburse and apply a reserve, emergency, surplus or other fund in accordance with its constitution and laws for the purposes specified in section 5 [1704—15] of this act. Any such association so creat-

ing, maintaining, investing, disbursing, or applying any such reserve, emergency, or surplus fund, shall not be held to be organized or carried on for profit within the intent of the provisions of section 1 [1704—11] of this act. Such funds shall be held, invested and disbursed for the use and benefits of the association, and no member or beneficiary shall have or acquire any individual rights therein, or be entitled to an appropriation or the surrender of any part thereof. The funds from which benefits shall be paid and the funds from which the expenses of the association shall be defrayed, shall be derived from periodical or other payments by the members of the association, and accretions of said funds; and every such association shall provide in its constitution or laws that if such regular payments are insufficient to pay all matured death and disability claims in full and to provide for the creation and maintenance of the funds required by its constitution and laws, extra assessments, or other payments, may be levied upon the members to meet such deficiency. ('07 c. 345 § 9)

[1704—]20. **Investments.**—Any association may invest its funds in and hold real estate for lodge and office purposes, and any real estate acquired by foreclosure or received in satisfaction of loans, and may sell and convey the same. Any such association may also invest its funds in government, state, provincial, county or municipal bonds, or bonds of any township, park or school district having taxing powers, provided, that such bonds shall be a direct obligation on all the taxable property within such municipality or district, and the net indebtedness of such municipality or district shall not exceed five per centum of the value of all taxable property therein, according to the last valuation for taxation preceding the issuance of said bonds; or in first mortgages or first mortgage bonds upon improved real estate for not exceeding fifty per centum of the actual cash value thereof at the time of making the loan; provided, however, that every foreign association shall be empowered to invest its funds in such securities as may be permitted by the laws of the state, province, or country in which it is organized. ('07 c. 345 § 10)

[1704—]21. **Payments by members—Expenses.**—Every association shall make provision in its constitution and laws for payment by members of such an association, which provision shall state the purpose of the same and a proportion thereof which may be used for expenses, and no part of the money collected for mortuary or disability purposes and no part of the reserve, emergency or surplus funds or the net accretions of either or any of said funds shall be used for expenses. ('07 c. 345 § 11)

[1704—]22. **Benefits exempt—Taxation.**—The money or other benefits, charity, relief or aid, to be paid, provided or rendered by any association authorized to do business under this act, shall, neither before nor after being paid, be liable to attachment, garnishment, or other process, and shall not be seized, taken, appropriated or applied by any legal or equitable process or operation of law to pay any debt or liability of a certificate holder or of any beneficiary named in a certificate, or of any person who may have any right thereunder; such associations are hereby declared to be charitable institutions, and the property held and used for lodge purposes, and the funds of such associations shall be exempt from taxation under the general tax or revenue laws of this state. Except that the real estate of such association shall be taxable. ('07 c. 345 § 12)

[1704—]23. **Association, how formed—Articles—Documents to be filed with commissioner—Preliminary certificate—Powers and**

duties of association thereafter—Second certificate.—Seven or more persons, citizens of the United States, and a majority of whom are citizens of this state, who desire to form a fraternal beneficiary association, as defined by this act, may make and sign—giving their addresses—and acknowledge before some officer, competent to take acknowledgment of deeds, articles of association in which shall be stated:

First—The proposed corporate name of the association, which shall not so closely resemble the name of any association or insurance company already transacting business in this state as to mislead the public or lead to confusion.

Second—The purpose for which it is formed,—which shall not include more liberal powers than are granted by this act, provided, that any lawful social, intellectual, educational, moral or religious advantages may be set forth among the purposes of the association—and the mode in which its corporate powers are to be exercised.

Third—The names, residences and official titles of all the officers, trustees, directors, or other persons who are to have and exercise the general control and management of the affairs and funds of the association for the first year or until the ensuing election, at which all such officers shall be elected by the supreme legislative or governing body.

Such articles of association and duly certified copies of the constitution and laws, rules and regulations, and copies of all proposed forms of benefit certificates, applications therefor and literature to be issued by such association, and a bond in the sum of five thousand dollars with sureties approved by the insurance commissioner, conditioned upon the return of the advanced payments, as provided in this section, to applicants, if the organization is not completed within one year, or after such further period, not exceeding one year, as may be authorized by the insurance commissioner, shall be filed with the insurance commissioner, who may require such further information as he deems necessary, and if the purposes of the association conform to the requirements of this act and all provisions of law have been complied with, the insurance commissioner shall so certify and retain and record the articles of association in a book kept for the purpose and furnish the incorporators a preliminary certificate authorizing said association to solicit members as hereinafter provided. Upon receipt of said certificate from the insurance commissioner said association may solicit members for the purpose of completing its organization and shall collect from each applicant the amount of not less than one death benefit assessment or payment, in accordance with its tables of rates, as provided by its constitution and laws, and shall issue to each such applicant a receipt for the amount so collected. But no such association shall incur any liability other than for such advanced payments, nor issue any benefit certificate, nor pay or allow, or offer a promise to pay or allow to any person any death or disability benefit until actual bona fide applications for death benefit certificates have been secured upon at least five hundred lives for at least one thousand dollars each and all such applicants for death benefits shall have been regularly examined by legally qualified practicing physicians and certificates of such examinations have been duly filed and approved by the chief medical examiner of such association, nor until there shall be established ten subordinate lodges or branches into which said five hundred applicants have been initiated, nor until there has been submitted to the insurance commissioner, under oath of the president and secretary or corresponding officers of such association, a list of such applicants, giving their names, addresses, date examined, date approved, date initiated, name and number of the subordinate branch of which

each applicant is a member, amount of benefits to be granted, rate of regular payments or assessments, which shall not be lower for death benefits than those required by the national fraternal congress table of mortality with interest at 4 per cent per annum; nor until it shall be shown to the insurance commissioner by the sworn statement of the treasurer or corresponding officer of such association that at least five hundred applicants have each paid in cash at least one regular monthly payment or assessment as herein provided per one thousand dollars of indemnity to be affected, which payments in the aggregate shall amount to at least twenty five hundred dollars, all of which shall be credited to the mortuary or disability fund on account of such applicants and no part of which may be used for expenses. Said advanced payments shall, during the period of organization, be held in trust for, and, if the organization is not completed within one year as hereinafter provided, returned to said applicants. The insurance commissioner may make such examination and require such further information as he deems advisable and upon presentation of satisfactory evidence that the association has complied with all the provisions of the law, he shall issue to such association a certificate to that effect. Such certificates shall be prima facie evidence of the existence of such association at the date of such certificate. The insurance commissioner shall cause a record of such certificate to be made and a certified copy of such record may be given in evidence with like effect as the original certificate. No preliminary certificate granted under the provisions of this section shall be valid after one year from its date, or after such further period, not exceeding one year, as may be authorized by the insurance commissioner upon cause shown, unless the five hundred applicants herein required, have been secured and the organization has been completed as herein provided, and the articles of association and all proceedings thereunder shall become null and void in one year from the date of said preliminary certificate, or at the expiration of said extended period, unless such association shall have completed its organization and commenced business as herein provided. When any domestic association shall have discontinued business for the period of one year, its charter shall become null and void. ('07 c. 345 § 13)

[1704—]24. Existing domestic associations.—Any domestic association now engaged in transacting business in this state may exercise, after passage of this act, all of the rights conferred thereby, and in addition thereto, may exercise all of the rights, powers and privileges now exercised or possessed by it under its charter or articles of association not inconsistent with this act, or it may be re-incorporated hereunder. But no such association already organized shall be required to re-incorporate hereunder, nor shall it be required to adopt the rates prescribed herein for new associations, in order to avail itself of the privileges of this act, and any such association may amend its articles of association from time to time in the manner provided therein, or in its constitution or laws, and all such amendments shall be filed with the insurance commissioner and shall become operative upon such filing unless a later time be provided in such amendments, or in its articles of association, constitution or laws. Any such society may continue to do business in this state until the first day of March, A. D. 1909. The commissioner of insurance shall then, if he finds that such society is complying with the provisions of this act, issue to it a license authorizing it to continue the transaction of business in this state until the first day of the succeeding March, and such license may be renewed annually, but in all cases to terminate on the first day of the succeeding March. For each such license or renewal the association shall pay

the commissioner of insurance the sum of \$10.00. A duly certified copy of such license shall be prima facie evidence in any court or proceeding in this state that the licensee is a fraternal beneficiary association within the meaning of this act. (Laws 1907, c. 345, § 14, as amended by Laws 1909, c. 329, § 1.)

[1704—]25. Transfer of membership or funds.—No domestic association shall transfer its membership or funds to any association not authorized by the insurance commissioner to transact business in this state; nor shall any such association transfer its membership or funds to any licensed association, unless the said contract to transfer has been approved by a two-thirds vote of the members of the supreme body of the association whose membership is proposed to be transferred; and by a two-thirds vote of the trustees or board having charge of the association, proposing to take such membership. ('07 c. 345 § 15)

[1704—]26. Existing foreign associations.—Foreign associations which are now authorized to transact business in this state may continue such business until the first day of March next, succeeding the passage of this act, and the authority of such associations may thereafter be renewed annually, but in all cases to terminate on the first day of the succeeding March. For each such license or renewal, the association shall pay the insurance commissioner ten dollars. A duly certified copy of such license shall be prima facie evidence that the licensee is a fraternal beneficiary association within the meaning of this act. ('07 c. 345 § 16)

[1704—]27. Same—License, requirements for.—No foreign association which is not now authorized to transact business in this state shall transact any business herein without a license from the insurance commissioner. Before receiving such license, it shall file with the insurance commissioner a duly certified copy of its charter or articles of association; a copy of its constitution and laws, certified by its secretary or corresponding officer; a power of attorney to the insurance commissioner as hereinafter provided; a statement under oath of its president and secretary or corresponding officers in the form required by the insurance commissioner duly verified by an examination made by the supervising insurance official of its home state of the business for the preceding year; a copy of its contract, which must show that benefits are provided for by assessment upon, or other payments by persons holding similar contracts, and shall furnish the insurance commissioner with such other information as he may deem necessary to a proper exhibit of its business and plan of working, and if he finds that it is transacting business in accordance with the provisions of this act; that its assets are invested in accordance with the laws of the state where it is organized; and that it has the membership and qualifications required of domestic associations organized under this act, he may license such association to do business in this state until the first day of the succeeding March, and such license may be renewed annually, but in all cases to terminate on the first day of the succeeding March. ('07 c. 345 § 17)

[1704—]28. Refusal or revocation of license—Appeal.—When the insurance commissioner refuses to license any association, or revokes its authority to do business in this state, he shall reduce his ruling, order or decision to writing, and file the same in his office, and shall furnish a copy thereof, together with a statement of his reasons, to the officers of the association, upon request. Any society affected by any such ruling, order or decision, shall have the right to appeal to the district court of Ramsey county in this state, by filing with said commissioner its notice of such appeal in writing,

and in such case, said commissioner shall forthwith and within ten days thereafter, deliver to such association a full and certified transcript of all proceedings had before him in said matter, including all applications, together with all orders, rulings and decisions had thereon and on such transcript being filed in said court, such court shall be fully possessed of said action and a full trial on the merits de novo, shall be had thereon and upon such hearing, the findings of fact on which such order is based shall be prima facie evidence of the matters therein stated; provided, further, that said appeal shall be filed in such court within forty days after the rendition of the ruling, order or decision appealed from; and provided, further, that nothing herein or in this act contained shall be taken or construed as preventing any such association from continuing in good faith all contracts made in this state during the time such association was legally authorized to transact business therein. ('07 c. 345 § 18)

[1704—]29. Foreign associations—Appointment of attorney—Service of process—Time to answer.—Every foreign association now transacting business in this state, shall, within thirty days after the passage of this act, and every such association hereafter applying for admission shall before being licensed, appoint in writing the insurance commissioner and his successors in office to be its true and lawful attorney, upon whom all legal process in any action or proceeding against it shall be served, and in such writing shall agree that any lawful process against it, which is served upon such attorney, shall be of the same legal force and validity as if served upon the association, and that the authority shall continue in force so long as any liability remains outstanding in this state. Copies of such appointment, certified by said insurance commissioner, shall be deemed sufficient evidence thereof and shall be admitted in evidence with the same force and effect as the original thereof might be admitted. Service may only be made upon such attorney, must be made in duplicate and shall be deemed sufficient service upon such association, provided, however, that no such service shall be valid or binding against any such association when it is required thereunder to file its answer, pleading or defense in less than thirty days after the date of such service. When legal process against any such association is served upon said insurance commissioner, he shall forthwith forward by registered mail one of the duplicate copies, prepaid and directed to its secretary or corresponding officer. The plaintiff in such process so served shall pay to the insurance commissioner for the use of the state at the time of such service a fee of two dollars, which shall be recovered by him as part of the taxable costs, if he prevails in the suit. ('07 c. 345 § 19)

[1704—]30. Domestic associations—Meetings, where held—Office.—Any domestic association may provide that the meetings of its legislative or governing body may be held in any state, district, province or territory wherein such association has subordinate branches, and all business transacted at such meetings shall be as valid in all respects as if such meetings were held in this state. But its principal office shall be located in this state. ('07 c. 345 § 20)

[1704—]31. Power to waive constitutional provisions, etc.—The constitution and laws of the association may provide that no subordinate body, nor any of the officers or members of such subordinate body, shall have the power or authority to waive any of the provisions of the laws and constitution of the association, and the same shall be binding on the association and each and every member thereof. ('07 c. 345 § 21)

[1704—]32. Amendments of constitution to be filed—Copies as evidence.—Every association transacting business under this act shall file with the insurance commissioner a duly certified copy of all amendments of, or additions to, its constitution and laws within ninety days after the enactment of the same. Printed copies of the constitution and laws and of additions or amendments thereto, certified by the secretary or corresponding officer of the association shall be prima facie evidence of the legal adoption thereof. ('07 c. 345 § 22)

[1704—]33. Annual report to commissioner.—Every association transacting business in this state, shall annually on or before the fifteenth day of February file with the insurance commissioner in such form as he may require, a statement under oath of its president and secretary, or corresponding officers of its condition and standing on the thirty-first day of December next preceding, and of its transactions for the year ending on that date, and shall, also, furnish such other information as the insurance commissioner may deem necessary to a proper exhibit of its business and plan of working. The insurance commissioner may at other times require any further statement he may deem necessary to be made relating to such associations. ('07 c. 345 § 23)

[1704—]34. Domestic associations—Powers and duties of commissioner—Quo warranto.—The insurance commissioner, or any person he may appoint, shall have the power of visitation and examination into the affairs of any domestic association. He may employ assistants for the purposes of such examination, and he, or any person he may appoint, shall have free access to any books, papers and documents that relate to the business of the association and may summon and qualify as witnesses, under oath, and examine its officers, agents and employes, or other persons, in relation to the affairs, transactions and condition of the association. Whenever, after examination, the insurance commissioner is satisfied that any domestic association has failed to comply with any provisions of this law, or is exceeding its powers, or is not carrying out its contracts in good faith, or is transacting business fraudulently, or is in such condition as to render further proceedings hazardous to the public or its certificate holders, or whenever any domestic association, after being in existence one year or more, and one year from the passage of this act, shall have a membership of less than three hundred, or votes to discontinue business, the insurance commissioner may present the facts relating thereto to the attorney general, who shall, if he deem the circumstances warrant, commence an action in quo warranto in a court of competent jurisdiction and such court shall thereupon notify the officers of such association of a hearing, and, unless it shall then appear that some special and good reason exists why such association should not be closed, said association shall be enjoined from carrying on any further business, and some person shall be appointed receiver of such association and shall proceed at once to take possession of the books, papers, moneys and other assets of the association and shall forthwith, under the direction of the court, proceed to close the affairs of the association and to distribute its funds to those entitled thereto. No such proceeding shall be commenced by the attorney general against any such association until after notice has been duly served on the chief executive officers of the association and a reasonable opportunity given to it on a date to be named in said notice to show cause why such proceedings should not be commenced. ('07 c. 345 § 24)

[1704—]35. Proceedings on suit of attorney general.—No action or proceedings to discontinue or enjoin, in whole or in part, the

business or methods of any such domestic association, or to appoint a receiver therefor, or to dissolve the same, or in any manner affecting its corporate rights, except for failure to pay final judgment, or to oust any foreign association or enjoin it from transacting business in this state, shall be entertained by any court, except on the suit of the attorney general of this state. ('07 c. 345 § 25)

[1704—]36. Foreign associations—Powers and duties of commissioner—Revocation of license.—The insurance commissioner, or any person whom he may appoint, may examine any foreign association transacting or applying for admission to transact business in this state. The insurance commissioner may employ assistants for the purpose of such examination and he, or any person he may appoint, shall have free access to all the books, papers and documents that relate to the business of the association and may summon and qualify as witnesses under oath and examine its officers, agents, employes and other persons in relation to the affairs, transactions and condition of the association. He may in his discretion accept in lieu of such examination the examination of the insurance department of the state, territory, district, province or count[r]y, where such association is organized. If any such association or its officers refuse to submit to such examination or to comply with the provisions of this section relating thereto, or if upon such examination the insurance commissioner on investigation is satisfied that any foreign association transacting business under this act has exceeded its powers, or has failed to comply with the provisions of the law, or is conducting business fraudulently, or is not carrying out its contracts in good faith, or is in such condition as to render further proceedings hazardous to the public or its certificate holders, he may by a written order or decision, filed in his office, revoke the license of such association to do business in this state, subject to an appeal by such association as provided by and in accordance with the provisions of section 18 [1704—28] of this act, and upon any such appeal all the provisions of said section 18 [1704—28] shall apply thereto. No such license shall be revoked by the insurance commissioner until after notice has been duly served on the chief executive officers of the association and a reasonable opportunity given to it on a date to be named in said notice to show cause why such license should not be revoked. ('07 c. 345 § 26)

[1704—]37. Expenses of examination.—The necessary expenses of any examination made by the insurance commissioner, pursuant to the provisions of this act, of any association herein authorized, shall be paid by such association; but no per diem shall be paid to or on account of any regular salaried member of the insurance department, nor a per diem of more than ten dollars to any other person. ('07 c. 345 § 27)

[1704—]38. Act not applicable to certain lodges, etc.—Nothing contained in this act shall be construed to affect or apply to grand or subordinate lodges of Masons, Odd Fellows, Elks or Knights of Pythias—exclusive of the insurance branch of the supreme lodge Knights of Pythias—or to similar orders which do not issue insurance certificates, nor to local lodges of an association now doing business in this state, that provide death benefits not exceeding three hundred dollars to any one person, or disability benefits not exceeding three hundred dollars in any one year to any one person, or both; nor to any contracts of reinsurance of, or between such local lodges of such association now doing business on such plan in this state, nor to domestic associations which limit their membership to the employes of a particular city or town, designated firm,

business house or corporation; nor to domestic lodges, orders or associations of a purely religious, charitable and benevolent description, which do not operate with a view to profit, and which do not provide for a death benefit of more than one hundred dollars, or for disability benefits of more than one hundred and fifty dollars to any one person in any one year, provided, always, that any such domestic order or association which has more than five hundred members, and provides for death or disability benefits, and any such domestic lodge, order or association which issues to any person a certificate providing for the payment of benefits, shall not be exempt by the provisions of this section, but shall comply with all the requirements of this act. The insurance commissioner may require from any association such information as will enable him to determine whether such association is exempt from the provisions of this act. No association which is exempt by the provisions of this section from the requirements of this act, shall give or allow or promise to give or allow to any person any compensation for procuring new members. ('07 c. 345 § 28)

[1704—]39. **False statements by certain persons—Soliciting membership in certain cases—Violations of act—Penalties.**—Any person, officer, member or examining physician, who shall knowingly or wilfully make any false or fraudulent statement or representation in or with reference to any application for membership or for the purpose of obtaining money from or benefit in any association transacting business under this act, shall be guilty of a misdemeanor and upon conviction thereof, shall be punished by a fine of not more than one hundred dollars, or imprisonment in the county jail for not more than ninety days, in the discretion of the court, and any person who shall wilfully make a false statement of any material fact or thing in a sworn statement as to the death or disability of a certificate holder in any such association, for the purpose of procuring payment of a benefit named in the certificate of such holder, and any person who shall wilfully make any false statement in any verified report or declaration under oath, required or authorized by this act, shall be guilty of perjury, and shall be proceeded against and punished as provided by the statutes of this state in relation to the crime of perjury. Any person who shall solicit membership for, or in any manner assist in procuring membership in, any association not licensed to do business in this state; or who shall solicit membership for, or in any manner assist in procuring membership in, any such association not authorized as herein provided, to do business as herein defined in this state, shall be guilty of a misdemeanor, and upon conviction thereof, shall be punished by a fine of not more than one hundred dollars. Any association, or any officer, agent or employee thereof, neglecting or refusing to comply with, or violating any of the provisions of this act, the penalty for which neglect, refusal or violation is not specified in this section, shall be fined not exceeding one hundred dollars upon conviction thereof. ('07 c. 345 § 29)

[1704—]40. **Definitions—Deputy insurance commissioner.**—The word "association" as used in this act shall be taken and construed as meaning a fraternal beneficiary corporation, society, order or voluntary association as defined in this act. The words "domestic association" shall be taken and construed as meaning an association organized or incorporated under the laws of this state. The words "foreign association" shall be taken and construed as meaning an association organized or incorporated under the laws of another territory, district, state, province, or country. The word "state," as used in this act, shall be taken and construed as meaning "state," "territory," "district," "country," or "province." All provisions of

each section of this act, except as otherwise provided, shall be taken and construed as applying to both domestic and foreign associations. In the event of a vacancy in the office of the insurance commissioner, or in the absence or disability of that officer, the deputy insurance commissioner shall perform all the duties required of the insurance commissioner by this act. ('07 c. 345 § 30)

[1704—]41. Valuation of benefit certificates.—Nothing contained in this act shall be construed to require any society to make or cause to be made any valuation of its benefit certificates for any purpose whatsoever, nor shall the insurance department have the right to require or demand that such valuation be made or embraced in the report of any fraternal beneficiary society to the insurance department; nor shall any valuation of the certificates of any association, if made by the insurance department, be published unless upon request of such association. ('07 c. 345 § 31).

FOREIGN COMPANIES.

[1705—]1. Attorney for service of process—Removal to federal court.—That before any corporation, association or company, issuing policies of insurance of any character, and not organized or existing pursuant to the laws of this state, is admitted to or authorized to transact the business of insurance in this state, it shall, by a duly executed instrument to be filed in the office of the insurance commissioner, constitute and appoint the insurance commissioner and his successor in office its true and lawful attorney upon whom all lawful processes in any action or legal proceeding against it may be served, and that the authority thereof shall continue in force irrevocable so long as any liability of the company remains outstanding in this state. Said instrument shall contain a provision and agreement declaring that such company, association or corporation desires to transact the business of insurance 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 insurance company to comply with any of the provisions of this act, or if it shall violate any of the conditions or agreements contained in the instrument filed as aforesaid, its right to transact the insurance business in this state shall cease, and it shall be the duty of the insurance commissioner to immediately declare its license revoked; and in case of such revocation, said company shall not be again licensed to transact business in this state for the period of one year from date of such revocation. ('07 c. 155 § 1)

Historical.—"An act to provide for the service of process upon foreign insurance companies doing business in this state and to prevent the removal to the federal courts by such companies of any action commenced against them in courts of this state and to provide for the revocation of the licenses of such companies in such cases." Approved April 12, 1907.

Section 3 repeals inconsistent acts.

[1705—]2. Companies now transacting business.—Every foreign insurance company now transacting the business of insurance in this state shall, within sixty days after the passage of this act, file with the insurance commissioner its written instrument, as provided in section one [1705—1], otherwise the commissioner shall immediately revoke its license. ('07 c. 155 § 2)

1706. Deposit.—Such company of any foreign country, except fraternal beneficiary associations, shall not be admitted until, besides complying with the foregoing requirements, it has made a deposit with the commissioner of insurance of this state, or with

the proper officer of some other of the United States, of a sum not less than the capital required of a like company under the provisions of this chapter, and such deposit shall be of the same class of securities and subject to the same limitations as is required for the deposit of domestic companies that must by law maintain a deposit. Such deposit shall be in exclusive trust for all its policy holders and creditors in the United States, and for all purposes of the insurance laws shall be deemed its capital. (R. L. § 1706, as amended by Laws 1909, c. 478, § 1.)

Historical.—"An act to amend section 1706, Revised Laws 1905, relating to the deposit required by an insurance company of a foreign country." Approved April 23, 1909.

Sections 2 and 3 are herein designated as sections [1706—]1 and [1706—]2. Section 4 repeals inconsistent acts.

Cited in *National Protective Legion v. O'Brien*, 102 Minn. 15, 112 N. W. 1050.

[1706—]1. Securities transferred to commissioner.—All securities, moneys, mortgages, certificates, bonds, notes, receipts, statements, records, and all papers relating thereto, which have been heretofore deposited with and received by the state treasurer pursuant to the laws governing deposits of foreign insurance companies, shall, upon the passage and approval of this act, be transferred and delivered to the commissioner of insurance of Minnesota and it shall be his duty to receive and safely keep the same. ('09 c. 478 § 2)

[1706—]2. Authority of state treasurer.—The state treasurer is hereby authorized and directed to make all assignments and conveyances to the commissioner of insurance which may be necessary to complete a transfer of the securities as contemplated by this act. ('09 c. 478 § 3)

1709. Retaliatory provisions.

See section [1709—]1.

[1709—]1. Same.—Whenever, by the laws of any other state or country, any taxes, fines, deposits, penalties, licenses or fees, in addition to or in excess of those imposed by the laws of this state upon foreign insurance companies and their agents doing business in the state, are imposed on insurance companies of this state, and their agents doing business in such state or country, or whenever any condition precedent to the right to do business in such state are imposed by the laws thereof, beyond those imposed upon such foreign companies by the laws of this state, the same taxes, fines, deposits, penalties, licenses, fees and conditions precedent shall be imposed upon every similar insurance company of such state or country and their agents doing, or applying to do business in this state so long as such foreign laws remain in force. ('07 c. 420 § 1)

Historical.—"An act to impose upon insurance companies organized under the laws of any other state or foreign countries doing business in this state, the same conditions, provisions and requirements imposed by the laws of such state or foreign country upon like companies organized under the laws of this state, transacting business in such state or foreign countries." Approved April 25, 1907.

This section is identical with section 1709, except that it adds the word "deposits" after "taxes, fines," where these words last occur.

1710. Agents—Licenses—Certificate.

Cited in *National Protective Legion v. O'Brien*, 102 Minn. 15, 112 N. W. 1050.

Laws 1895, c. 175, § 89, cited in *Kilborn v. Prudential Ins. Co.*, 99 Minn. 176, 108 N. W. 861.

PENALTIES.

1716. When agent of insurer—Procuring premiums by fraud.

Authority of agent.—The agent of a foreign insurance company who was authorized to solicit insurance in this state had authority by force of Laws 1895,

c. 177, § 88, to collect the first premium. Such agent, who was authorized by Laws 1895, c. 175, to solicit insurance and collect the first premium, had apparent authority to take a promissory note for the first premium. *Kilborn v. Prudential Ins. Co.*, 99 Minn. 176, 108 N. W. 861.

An insurance broker, under this section, is the representative of the insured, and not the agent of the company, except for collecting or insuring the premiums. *Fredman v. Consolidated Fire & Marine Ins. Co. of Albert Lea*, 104 Minn. 76, 116 N. W. 221, 124 Am. St. Rep. 608.

See note under section 1642.

[1723—]1. Rebates on insurance contracts prohibited.—No insurance company or association, however constituted or entitled, doing business in this state, nor any officer, agent, sub-agent, broker, solicitor, employé, intermediary, or representative thereof, shall make or permit any advantage or distinction in favor of any insured individual, firm, corporation or association, with respect to the amount of premium named in, or to be paid on, any policy of insurance, or shall offer to pay or allow, directly or indirectly, or by means of any device or artifice, as inducement to insurance, any rebate or premium payable on the policy, or any special favor or advantage in the dividends or other profit to accrue thereon, or any valuable consideration or inducement not specified in the policy contract of insurance; or give, sell or purchase, offer to give, sell or purchase, as inducement to insure or in connection therewith, any stocks, bonds or other securities of any insurance company or other corporation, association, partnership or individual, or any dividends or profits accrued or to accrue thereon, or anything of value whatsoever, not specified in the policy. ('09 c. 427 § 1)

Historical.—"An act to prohibit the payment, allowance, or receiving of rebates in the procuring of certain insurance contracts and prescribing penalties for the violation thereof." Approved April 22, 1909.

[1723—]2. Same—Insured prohibited from receiving rebates.—No person shall receive or accept from any such company or association, or from any of its officers, agents, sub-agents, brokers, solicitors, employés, intermediaries or representatives, or any other person, any such rebate of premium payable on the policy, or any special favor or advantage in the dividends or other financial profits accrued, or to accrue thereon, or any valuable consideration or inducement not specified in the policy of insurance. No person shall be excused from testifying, or from producing any books, papers, contracts, agreements or documents at the trial of any other person, co-partnership, association or company charged with violation of any provision of this section, on the ground that such testimony or evidence may tend to incriminate; but no person shall be prosecuted for any act, concerning which he shall be compelled to so testify or produce evidence, documentary or otherwise, except for perjury committed in so testifying. ('09 c. 427 § 2)

[1723—]3. Same—Application of act.—The provisions of this act shall not apply to any policy or policies procured by officers, agents, sub-agents, brokers, employés, intermediaries or representatives wholly and solely upon property of which they are respectively the owners at the time of procuring such policy or policies, where such officers, agents, sub-agents, brokers, employés, intermediaries or representatives are, and have been for more than six months prior to the issuing of such policy or policies, regularly employed by, or connected with, the company or association issuing said policy or policies; and any life insurance company doing business in this state may issue industrial policies of life or endowment insurance with or without annuities with special rates of premiums less than the usual rates of premiums for such policies to members of labor organizations, lodges, beneficial societies, or similar organizations, or employés of one employer, who through their secretary or employer may take out insurance in an aggregate of not

less than fifty members, and pay their premiums through such secretary or employer. ('09 c. 427 § 3)

[1723—]4. **Same—Penalty for violation.**—Any company, association or individual violating any provision of this act, whether such violation be in the giving or accepting of anything herein prohibited, shall be punished by a fine of not less than \$60 nor more than \$200. ('09 c. 427 § 4)

CHAPTER 20.

INSPECTOR OF OILS.

1724-1733. [Superseded.]

See sections [1733—]1 to [1733—]14.

[1733—]1. **Chief inspector of oils — Appointment — Salary—Bond.**—The governor by and with the consent of the senate, shall appoint a chief state inspector of oils, whose term of office shall extend until the first Monday of January in the odd numbered year next after his appointment, and until his successor qualifies; and the governor may supersede said inspector whenever he shall deem it necessary for the public good. He shall receive an annual salary of twenty-four hundred dollars, payable monthly, and shall give bond to the state in the penal sum of five thousand dollars, conditioned for the faithful discharge of his official duties, to be approved by the secretary of state. ('09 c. 502 § 1)

Historical.—"An act relating to the inspection of petroleum products, the appointment of chief inspector of oils and deputy inspectors, manner of inspection, establishing fees for inspection and salaries of inspectors, prohibiting the sale of adulterated oils, and providing penalties for violation thereof." Approved April 24, 1909.

Section 15 repeals inconsistent acts and provides that the act shall take effect July 2, 1909.

[1733—]2. **Deputies.**—Such inspector may appoint and at pleasure remove two deputy inspectors for Hennepin county at a salary of one hundred dollars per month each; two deputy inspectors for Ramsey county at a salary of one hundred dollars per month; one deputy inspector for St. Louis county at a salary of one hundred dollars per month, and one deputy inspector in and for each additional county, who shall assist under his direction in performing the duties imposed by this act. They shall give bond to the state in the sum of two thousand dollars with like conditions as that of the inspector, to be approved by the judge of the district court of the county in which they severally reside. The deputy inspectors shall receive such compensation, not exceeding one hundred dollars per month, as the state inspector prescribes. Provided, that the pay of any deputy shall not exceed the amount of fees earned by him during the preceding month. ('09 c. 502 § 2)

[1733—]3. **Reports and inspection—Improper traffic.**—The inspector and his deputies shall cause all the conditions of this act to be observed and enforced, prosecuting all persons offending against the same. The inspector shall keep a record of all inspections made, showing the time and place of each, the number of packages inspected, and the number of gallons contained therein, and the amount of fees therefor; and to that end he shall require monthly reports from his deputies. If any oil has been rejected, such reports shall show the date and place thereof and the quantity rejected, and the names of the dealers in whose hands it is found, and from whom it was received. All such records shall be open to the public. If the inspector or any of his deputies shall