

## Insurance

## CHAPTER 60

## INSURANCE DIVISION

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**60.01 COMMISSIONER; APPOINTMENT, TERM, VACANCY, BOND.** The commissioner of insurance shall be appointed by the governor, by and with the advice and consent of the senate, for the term of six years, who shall hold office until his duly appointed successor shall have qualified. In case of a vacancy, it shall be filled for the unexpired portion of the term. Before entering upon the discharge of his duties, he shall take, subscribe, and file with the secretary of state the oath of office prescribed by the constitution, and give bond to the state, with sureties to be approved by the state treasurer, in the amount of \$25,000, conditioned for the faithful dis-

charge of his duties during his continuance in office and for the payment without delay to the officer or person entitled by law thereto of all moneys which shall come into his hands by virtue thereof; and devote his entire time to the duties of his office.

[1911 c 386 s 1; 1921 c 346 s 1; 1923 c 399 s 1; 1925 c 426 art 8 s 2; 1949 c 739 s 12; 1951 c 713 s 8] (53-29, 3287)

**60.02 DEFINITIONS.** Subdivision 1. **Terms.** Unless the language or context clearly indicates that a different meaning is intended, the following terms shall, for the purposes of chapters 60 to 73, have the meanings ascribed to them.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of insurance.

Subd. 3. **Insurance.** "Insurance" is any agreement whereby one party, for a consideration, undertakes to indemnify another to a specified amount against loss or damage from specified causes, or to do some act of value to the assured in case of such loss or damage.

Subd. 4. **Company or insurance company.** "Company" or "insurance company" includes every corporation or association engaged in insurance as principal.

Subd. 5. **Domestic.** "Domestic" shall designate those companies incorporated in this state.

Subd. 6. **Foreign.** "Foreign," when used without limitations, shall designate those companies incorporated in any other state or country.

Subd. 7. **Beneficiary association.** "Beneficiary association" means 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.

Subd. 8. **Fraternal beneficiary association.** "Fraternal beneficiary association" means 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.

Subd. 9. **Insurance agent.** An "insurance agent" is a person acting under express authority from an insurer and on its behalf to solicit insurance, or to appoint other agents to solicit insurance, or to write and countersign policies of insurance, or to collect premiums therefor within this state, or to exercise any or all these powers when so authorized by the insurer.

Subd. 10. **Insurance solicitor.** An "insurance solicitor" is a person acting under express authority from an insurance agent to solicit insurance for such agent, but without the power or authority to issue or countersign policies for the insurer of which such agent is the duly authorized representative.

Subd. 11. **Net assets.** "Net assets" means 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 the case of a mutual marine or fire and marine company, its subscription funds and premium notes not more than 30 days past due and uncollected. In the 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 30 days overdue. 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 of its other obligations and liabilities are paid shall not be included as a liability.

Subd. 12. **Earned premiums.** "Earned premiums" includes gross premiums charged on all policies written, including all determined excess and additional premiums, less return premiums, other than premiums returned to policyholders as dividends, and less reinsurance premiums and premiums on policies canceled, and less unearned premiums on policies in force. Any participating company which has charged in its premiums a loading solely for dividends shall not be required to include such loading in its earned premiums; provided, a statement of the amount of such loading has been filed and approved by the commissioner.

Subd. 13. **Unearned premiums, insurance reserve, net value policies, and premium reserve.** "Unearned premiums," "insurance reserve," "net value policies," and "premium reserve" severally refer to the liability of an insurance company upon its insurance contracts other than accrued claims computed by rules on valuation herein established.

Subd. 14. **Profits.** "Profits" of a mutual insurance company means that portion of its net earnings not required for payment of losses and expenses, nor set apart for any lawful purposes.

Subd. 15. **Loss payments and loss expense payments.** The terms "loss payments" and "loss expense payments" include all payments to claimants, including payments for medical and surgical attendance, legal expense, salaries and expenses of investigators, adjusters, and field men, rents, stationery, telegraph and telephone charges, postage, salaries and expenses of office employees, home office expenses, and all other payments made on account of claims, whether such payments shall be allocated to specific claims or unallocated.

Subd. 16. **Compensation.** The term "compensation" relates to all insurance effected by virtue of statutes providing compensation to employees for personal injuries irrespective of fault of the employer.

Subd. 17. **Liability.** The term "liability" relates to all insurance, except compensation insurance, against loss or damage from accident to or injuries suffered by an employee or other person and for which the insured is liable.

[*R L s 1594, 1596; 1907 c 321 s 1; 1915 c 195 s 1; 1917 c 308 s 1; 1921 c 380 s 1; 1921 c 406 s 1*] (*3304, 3312, 3314, 3348*)

**60.03 RIGHTS, POWERS, AND DUTIES.** The commissioner shall have and possess all the rights and powers and perform all the duties heretofore vested by law in the commissioner of insurance, except that applications for registrations of securities and brokers' licenses under sections 80.05 to 80.27, and all matters pertaining to such registrations and licenses, application for the organization and establishment of new financial institutions under sections 45.04, 45.06, and 45.07, applications by insuring companies for licenses to carry on business within the state, and all matters pertaining to such licenses, and applications for the consolidation of insuring companies transacting business within the state, shall be determined by the commissioner in the manner provided by the laws defining the powers and duties of the commissioner of banks, the commissioner of insurance, and the state securities commission, respectively, or, in the absence of any law prescribing the procedure, by such reasonable procedure as the commission may prescribe.

[*1925 c. 426 art. 8 s. 3*] (*53-30*)

**60.04 OFFICIAL STAFF, SALARIES, DUTIES.** The commissioner may appoint a deputy commissioner of insurance to assist him in his duties, an actuary, a chief examiner, a statistician, and such assistants to these employees and such stenographic and clerical help as may be required for the proper conduct of the department of insurance, at such salaries as he may determine. No person, except the actuary and rate supervisor, shall be paid a salary in excess of \$3,000 per annum; no examiner shall be paid more than \$2,400 per annum, and no clerk or stenographer shall be paid more than \$1,200 per annum. The salary of the actuary shall not exceed \$4,500 per annum, and the salary of the rate supervisor shall not exceed \$3,300 per annum.

All these salaries shall be payable in semimonthly instalments and shall be in full compensation for all services rendered in discharge of their respective duties. The actual and necessary expenses incurred by the commissioner, or any salaried employee of the department of insurance, in connection with any examination of an insurance company shall be repaid by the state treasurer upon proper vouchers on condition that the same shall have previously been charged to such insurance company so examined and by such company paid into the state treasury.

The commissioner may appoint, and at his pleasure remove, such deputy fire marshals as he may deem advisable. These deputies shall perform the duties and have and enjoy the rights, privileges, and immunities now imposed on and granted to the deputy fire marshals. These deputies shall receive such compensation for their services, not to exceed \$2,400 per annum, as shall be fixed by the commissioner in the certificate of appointment which shall be filed with the state auditor. The commissioner may, from time to time, by an instrument in writing, likewise to be filed with the state auditor, change or alter the compensation payable to any deputy

so appointed by him. The commissioner may also employ such clerical assistance and office employees as he may deem advisable and necessary to carry on the work of the fire marshal's office.

The chief assistant fire marshal shall receive an annual salary of \$2,500.

All officers who shall perform any service at the request of the commissioner, the chief assistant fire marshal, or the deputy fire marshal, shall receive the same fees as officers in justice court, and such fees shall be paid out of the fire marshal fund in the same manner as other witnesses testifying.

[1911 c. 386 s. 3; 1913 c. 564 s. 21; 1919 c. 102 s. 3; 1919 c. 336 s. 1; 1921 c. 346 s. 2; 1923 c. 399 s. 2] (3289, 5952, 5971)

**60.05 CONTINGENT FUND.** The contingent fund appropriated for the use of the department of insurance may be expended by the commissioner as he may deem for the best interest of the department.

[1911 c. 386 s. 4; 1915 c. 208 s. 1] (3290)

**60.06 CLERKS AND ASSISTANTS.** The commissioner shall employ clerks and assistants, and incur such other expense as may be necessary in the performance of his duties as fire marshal, including necessary traveling expenses, not to exceed, including salaries, such sum as may be paid into the state treasury in the manner herein provided. No clerks or assistants shall be appointed, except as expressly provided for in this chapter, until the necessity of such appointment shall first be passed upon by the governor and approved by him.

[1913 c. 564 s. 22] (5972)

**60.07 DUTIES OF DEPARTMENTAL OFFICIALS.** In the absence or disability of the commissioner his duties shall be performed by the deputy commissioner of insurance. The actuary of the department shall, under the direction of the commissioner, make such valuation of life insurance policies as shall be necessary, from time to time, to the proper supervision of life insurance companies transacting business in this state, and shall perform such other actuarial duties, including the visitation and examination of insurance companies, as the commissioner may prescribe. The chief and assistant examiners shall, under the direction of the commissioner, devote their principal time to necessary or required examinations of insurance companies, and perform such other duties as the commissioner may prescribe. Other salaried employees of the department of insurance shall be under the direction of the commissioner and perform such duties, in connection with the department of insurance, as the commissioner may prescribe.

[1911 c. 386 s. 5] (3291)

**60.08 EXAMINATIONS.** At least once in every three years, the commissioner shall, personally or by his deputy, actuary, examiners, or other salaried employees, visit each domestic insurance company, other than township mutual fire insurance companies, and carefully examine its affairs for the purpose of ascertaining its financial condition and ability to fulfill its obligations, and if it be complying with all the provisions of law. He may also make such examination at any other time as he shall have reason to believe such company is in an unsound condition, or that it is not conducting its business according to the provisions of law. He may also, personally or by his deputy, actuary, examiners, or other salaried employees, when he shall deem it necessary, make an appraisal of any or all of the company's assets. The commissioner, or person making the examination by his direction, shall have free access to all books and papers of any company, and of the books and papers of any of its agents, that may relate to its business, and may summon and examine under oath of its directors, officers, agents, trustees, or other persons, in relation to its affairs and condition. The commissioner may, in like manner, when he deems it necessary, make an examination of the affairs or an appraisal of any or all of the assets of any insurance company admitted, or applying for admission, to do business under the laws of this state.

In case of foreign insurance companies admitted, or applying for admission, to do business in this state, the commissioner may, in his discretion, accept the report of examination made by the commissioner of insurance, or corresponding officer, of the state in which the company has its home office, in lieu of making the examination of the company authorized by the laws of this state.

[1911 c. 386 s. 6; 1915 c. 208 s. 2; 1925 c. 27 s. 1] (3292)

**60.09 FEES.** When any visitation, examination, or appraisal is made by the commissioner, his deputy, actuary, or chief examiner, the company so examined, including fraternal, township mutuals and reciprocal exchanges, shall pay a fee to

the department of insurance of \$35 per day for each and every day necessarily occupied by such a person, and each one thereof, in making the examination, or in making an appraisal of any of the assets of the company. When the visitation, examination, or appraisal is made, or engaged in, by any other person regularly employed in the department of insurance and receiving a salary from the state, the company so examined, including fraternal, township mutuals and reciprocal exchanges, shall pay as fees to the department of insurance the sum of \$25 per day for each and every day necessarily occupied by such other person, and each one thereof, in making or assisting to make the examination, or in making an appraisal of any of the assets of the company. In addition to the fees mentioned herein, the company so examined shall also pay to the department of insurance the necessary expenses of any such person so engaged in connection with any such examination or appraisal. All of these fees and expenses shall be accounted for and turned into the state treasury. The necessary expenses of any such person or persons so engaged in connection with any such examination or appraisal shall be repaid by the state treasurer to any such person so engaged in connection with the examination or appraisal, upon vouchers of the same, on condition that such expenses shall have been previously charged to such company so examined and the full amount thereof by it paid into the state treasury.

[1911 c 386 s 7; 1915 c 208 s 3; 1955 c 695 s 1] (3293)

**60.10 EXAMINER, APPOINTMENT.** The commissioner may, when he shall deem it necessary, appoint any experienced and competent professional insurance actuary to personally make or conduct, or assist in making or conducting, an examination of any insurance company admitted, or applying for admission, to do business in this state, on condition that the commissioner shall have previously filed with the secretary of state a written declaration designating such person, by name and address, as a consulting actuary of the department of insurance. In this case, the commissioner shall fix a reasonable compensation for the actuary on a per diem basis for the actual time employed in making or conducting, or assisting to make or conduct, the examination, which compensation, together with the amount of the necessary expenses actually incurred by the actuary, including expenses of any necessary appraisal or clerical assistance, shall be charged to the company and paid by it to the actuary.

The commissioner, when he shall deem it necessary, may appoint any qualified person to make an appraisal of any or all of the assets of any such company. Such person shall be paid for his services such reasonable fees as may be approved by the commissioner and he shall also be paid his necessary expenses actually incurred in connection with his services. Such compensation and expenses shall be paid by the company.

[1911 c 386 s 8; 1915 c 208 s 4; 1949 c 289 s 1] (3294)

**60.103 INSURANCE POLICIES ON WHICH PREMIUMS ARE DETERMINED BY AUDITS.** Any insurance company licensed to do business in this state which issues policies of insurance in this state upon which the premium is determined by means of an audit shall within 60 days from the date of the expiration of any insurance policy so issued request from the insured a statement of the facts and figures necessary to determine the premium thereon. The insured shall furnish such statement of facts and figures within 60 days of the date of the request. Upon failure of the insured to comply within the time specified, then the provisions of this section shall not apply as to such insured. Within 12 months from the date of the expiration of the policy, or within such longer time as the commissioner of insurance may for cause shown direct, the insurer unless it elects to accept the insured's statement shall make a final audit. Failure to make such final audit within the time herein provided shall constitute a waiver of the insurer's right to make such audit and an election to accept the statement furnished by the insured as a basis for determining the premium on such policy. In the event an audit discloses that the insured submitted to the insurer a fraudulent statement of facts and figures, then the insured shall be liable for three times the normal premium. This section shall not apply to policies issued covering workmen's compensation.

[1943 c. 393 s. 1]

**60.105 CERTAIN INSURANCE COMPANIES EXAMINED.** Subdivision 1. **Revolving Fund.** There is hereby created the insurance department examination revolving fund for the purpose of carrying on the examination of foreign and domestic insurance companies.

Subd. 2. **Moneys in revolving fund.** Such fund shall consist of the \$7,500 appropriated therefor and the moneys transferred to it as herein provided, which are reappropriated to the commissioner of insurance for the purpose of this subdivision.

Subd. 3. **Fund to be kept in state treasury.** Such fund shall be kept in the state treasury and shall be paid out in the manner prescribed by law for moneys therein.

Subd. 4. **Purposes for which fund may be expended.** Such fund shall be used for the payment of per diem salaries and expenses of special examiners and appraisers, and the expenses of the commissioner of insurance, deputy commissioner of insurance, chief examiner, actuary, regular salaried examiners and other employees of the insurance department when participating in examinations. Expenses include meals, lodging, laundry, transportation, and mileage. The salary of regular employees of the department of insurance shall not be paid out of this fund.

Subd. 5. **Collections to be deposited in fund.** All moneys collected from insurance companies under the provisions of sections 60.09, 60.10, and 64.35 shall be deposited in the insurance department examination revolving fund.

Subd. 6. **Payments from such fund.** Upon authorization by the commissioner of insurance, the moneys due each examiner or employee engaged in an examination under the provisions of sections 60.09, 60.10, 60.105 and 64.35 shall be paid to him from the insurance department examination revolving fund in the manner prescribed by law.

Subd. 7. **Excess of \$7,500 canceled into general revenue fund.** The balance in such fund on June 30 of each year in excess of \$7,500 shall be forthwith canceled into the general revenue fund.

[1943 c. 409]

**60.11 FEES.** In addition to the fees and charges hereinbefore provided for, there shall be paid to the commissioner, and by him accounted for and paid into the state treasury, the following fees:

- (1) By township mutual fire insurance companies;
  - (a) For filing certificate of incorporation or amendments thereto, \$5;
  - (b) For filing annual statements, \$7.50;
  - (c) For each annual certificate of authority, \$7.50;
  - (d) For filing bylaws and amendments thereto, \$5;
- (2) By other domestic companies;
  - (a) For filing certified copy of certificates of incorporation and accompanying documents, for obtaining license, \$30;
  - (b) Each company's certificate of authority, \$10 annually;
- (3) By foreign companies;
  - (a) For filing certified copy of charter or certificate of incorporation and bylaws, \$30;
  - (b) For filing statement of financial condition, \$30;
  - (c) Each company's certificate of authority, \$10;
  - (4) By all companies, including fraternal and reciprocal exchanges, but excepting township mutuals;
    - (a) For filing certified copy of amendment to articles of incorporation, \$20;
    - (b) For filing annual statement, \$30;
    - (c) For abstract or summary of annual statement for publication, when prepared by commissioner, \$20;
    - (d) For filing bylaws and amendments thereto, \$5;
- (5) General fees:
  - (a) For each certificate, including certified copy of certificate of authority, renewal, valuation of life policies, corporate condition or qualification, \$2.50;
  - (b) For each copy of paper on file in his office 25 cents per folio, and \$2.50 for certifying same;
  - (c) For license to procure fire insurance in unadmitted foreign companies, \$10;
  - (d) For receiving and forwarding copy of summons or process served upon commissioner of insurance, as attorney for any insurance company, including

reciprocal exchanges, \$3 (which amount shall be paid by the party serving same and may be taxed as other costs in the action);

(e) For valuing the policies of life insurance companies, one cent per one thousand of insurance so valued;

(The commissioner may, in lieu of a valuation of the policies of any foreign life insurance company admitted, or applying for admission, to do business in this state, accept a certificate of valuation from such company's own actuary or from the commissioner of insurance of the state or territory in which such company shall be domiciled);

(f) For receiving and filing certificates of valuation of policies by the company's actuary, or by the commissioner of insurance of any other state or territory, \$50.

All fees received by the commissioner pursuant to the provisions of sections 60.04, 60.05, 60.07 to 60.11 shall be paid by him into the state treasury.

When, by the laws of any other state or nation, any fines, penalties, licenses, or fees additional to, or in excess of, those imposed by this 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 that state and their agents doing business in this state, so long as such laws of such other state remain in force.

[1911 c 386 s 9; 1955 c 820 s 13] (3295)

**60.12 SUSPENSION OF AUTHORITY; AGENT.** If the commissioner is of the opinion, upon examination or other evidence, that a foreign insurance company is in an unsound condition or, if a life insurance company, that its actual funds are less than its liabilities, or that it is insolvent; or if a foreign insurance company has failed to comply with the law, or if it, its officers, or agents, refuse to submit to examination, or to perform any legal obligation in relation thereto, he shall revoke or suspend all certificates of authority granted to it or its agents, and shall cause notification thereof to be published in a newspaper authorized to publish annual statements of insurance companies, and no new business shall thereafter be done by it, or its agents, in this state while such default or disability continues, nor until its authority to do business is restored by the commissioner. Unless the ground for revocation or suspension relates only to the financial condition or soundness of the company or to a deficiency in its assets, the commissioner shall notify the company, not less than ten days before revoking its authority to do business in this state; and he shall specify in the notice the particulars of the supposed violation. The district court of any county, upon petition of the company, brought within the ten-day period, shall summarily hear and determine the question whether such violation has been committed, and shall make any proper order or decree therein, and enforce the same by any appropriate process. If the order or decree is adverse to the petitioning company, an appeal therefrom may be taken to the supreme court; and, in the case of such appeal, the commissioner may issue his order revoking the right of the petitioning company to do business in this state until the final determination of the question by the supreme court. Neither this chapter nor any proceedings thereunder shall affect any criminal prosecutions or proceeding for the enforcement of any fine, penalty, or forfeiture. If, upon examination, the commissioner is of the opinion that any domestic insurance company is insolvent, or has exceeded its powers or has failed to comply with any provisions of law, or that its condition is such as to render its further proceedings hazardous to the public or to its policyholders, he shall apply to the judge of any district court to issue an injunction restraining it, in whole or in part, from further proceeding with its business. The judge may, in his discretion, issue the injunction forthwith or upon notice and hearing thereon; and, after a full hearing of the matter, may dissolve or modify such injunction or make it perpetual, and make all orders and decrees needful in the premises, and may appoint agents or receivers to take possession of the property and effects of the company, and to settle its affairs, subject to such rules and orders as the court may, from time to time, prescribe, according to the course of proceedings in equity. Service of process in these proceedings shall be sufficient if made upon any person authorized by the company to write policies or accept premiums. In case any agent shall, directly or indirectly, make any contract of or for insurance, for or in behalf of any company not authorized to do business in this state, save as herein otherwise expressly provided, this agent shall be personally liable thereon.

[R. L. s. 1599] (3297)

**60.13 CAPITAL IMPAIRED.** When it appears that the capital of any company is impaired to the extent of one-fourth or more, on the basis in this chapter provided, the commissioner shall notify it to repair the same by assessment, and if, within three months after the notice, it shall not satisfy him that it has done so, or reduced it as herein provided, he shall proceed against it as required in section 60.12.

[R. L. s. 1600] (3298)

**60.14 NOTICE TO CEASE BUSINESS.** If the actual funds of a domestic life company are not of a net cash value equal to its liabilities, including the net value of its policies computed by the rule of valuation herein established, the commissioner shall notify it thereof, and thereafter neither the company nor any of its agents shall issue any new policies until the commissioner is satisfied that its funds equal its liabilities, and shall have so notified it.

[R. L. s. 1601] (3299)

**60.15 VIOLATIONS REPORTED.** When, upon examination or other evidence or information, it appears to the commissioner that any company, or any officer or agent thereof, has violated any provision of chapters 60 to 72, he shall report the facts to the governor, who shall cause proper proceedings to be taken in the premises.

[R. L. s. 1602] (3300)

**60.16 UNSATISFIED JUDGMENT.** When a judgment has been rendered by any court in this state against any company holding the commissioner's certificate, and an execution issued thereon has been returned unsatisfied, in whole or in part, and a certified transcript of the docket entry and the clerk's certificate of those facts is filed with the commissioner, he shall forthwith revoke its certificate and give one week's published notice thereof. No new certificate shall issue until such judgment has been fully satisfied and proof thereof filed with him, and the expenses and fees incurred are paid. During this revocation neither the company, nor any of its officers or agents, shall issue any new policy, take any risk, or transact any business, except such as is absolutely necessary in closing up its affairs in this state.

[R. L. s. 1603] (3301)

**60.17 COMPUTATION OF NET VALUE.** The commissioner shall compute, yearly, the net value on the last day of the preceding year of all outstanding policies in every company authorized to insure lives in this state, calculated upon the basis of the American experience table of mortality, with interest at not exceeding four per cent per annum. This net value shall be deemed its liability on account of its unaccrued policy obligations, to provide for which it shall hold funds in authorized investments, approved by the commissioner, to an amount equal to the net value above and free from all other liabilities. In computing this net value, assessment policies, or certificates of any assessment company reincorporated to transact life insurance business, shall be valued as one-year term policies. In every case in which the actual premium charged is less than the net premium computed, as aforesaid, the company shall also be charged with the value of an annuity, the amount of which shall equal the difference and the term of which in years shall equal the number of future annual payments due on the insurance at the date of the valuation.

[R. L. s. 1604] (3302)

**60.18 VALUATION IN OTHER STATES.** The commissioner may accept the valuation made by the insurance commissioner of the state under whose authority a life company was organized, when that valuation has been made on sound and recognized principles and on the legal basis provided in section 60.17, or its equivalent, when furnished with a certificate of that commissioner setting forth that value on the last day of the preceding year. Every such life company which fails to promptly furnish this certificate shall, on demand, furnish the commissioner detailed lists of all its policies and securities, and shall be liable for all charges and expenses resulting therefrom.

[R. L. s. 1605] (3303)

**60.19 RESERVES.** To determine the policy liability of any company other than life or title insurance, and the amount the company shall hold as reserve, the commissioner shall take 50 percent of the aggregate premiums, on policies running one year or less from date of policy, and a pro rata rate 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 percent 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 policyholders' contingent liability fixed by its bylaws and in its policies as provided by law, to determine the amount of this reinsurance reserve, the commissioner shall take 25 percent of the aggregate premiums running one year or less from date of policy, and 50 percent 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.

In case of a casualty insurance company writing insurance against loss or damage resulting from accident to or injuries suffered by an employee or other person and for which the insured is liable, and under insurance against loss from liability on account of the death of or injury to an employee not caused by the negligence of an employer, he shall charge as a liability, in addition to the capital stock and all other outstanding indebtedness of the corporation:

(1) The premium reserve on policies in force, equal to 50 percent of the gross premiums charged for covering the risks; provided, that the commissioner may, in his discretion, charge a premium reserve equal to the unearned portions of the gross premiums charged, computed on each respective risk from the date of the issuance of the policy;

(2) The reserve for outstanding losses, other than compensation and liability, at least equal to the aggregate estimated amounts due or to become due on account of all losses and claims of which the corporation has received notice; provided, that such loss reserve shall also include the estimated liability on any notices received by the corporation of the occurrence of any event which may result in a loss, and the estimated liability for all losses which have occurred but on which no notice has been received; (for the purpose of such reserves, the corporation shall keep a complete and itemized record showing all losses and claims on which it has received notice, including all notices received by it of the occurrence of any event which may result in a loss);

(When, in the judgment of the commissioner, the loss reserves, calculated in accordance with the foregoing provisions, are inadequate, he may, in his discretion, require the corporation to maintain additional reserves);

(3) The reserve for outstanding losses under insurance against loss or damage from accident to or injuries suffered by the employee or other person and for which the insured is liable, computed as follows:

(a) For all liability suits being defended under policies written more than

(1) ten years prior to the date as of which the statement is made, \$1,500 for each suit;

(2) five, and less than ten, years prior to the date as of which the statement is made, \$1,000 for each suit;

(3) three, and less than five, years prior to the date as of which the statement is made, \$850 for each suit;

(b) For all liability policies written during the three years immediately preceding the date as of which the statement is made, such reserve shall be 60 percent of the earned liability premium of each of such three years, less all loss and loss expense payments made under liability policies written in the corresponding years; but, in any event, such reserve shall, for the first of such three years, be not less than \$750 for each outstanding liability suit on that year's policies;

(c) For all compensation claims under policies written more than three years prior to the date as of which the statement is made, the present values, at four percent interest, of the determined and the estimated future payments;

(d) For all compensation claims under policies written in the three years immediately preceding the date as of which the statement is made, such reserve shall be 65 percent of the earned compensation premiums of each of such three years, less all loss and loss expense payments made in connection with such claims under policies written in the corresponding years; but in any event, in the case of the first year of any such three-year period, such reserve shall be not less than the present value, at four per cent interest, of the determined and the estimated unpaid compensation claims under policies written during such year.

All unallocated liability loss expense payments made in a given calendar year subsequent to the first four years in which an insurer has been issuing liability policies shall be distributed as follows: 35 percent shall be charged to the policies written in that year, 40 percent to the policies written in the preceding year, ten percent to the policies written in the second year preceding, ten percent to the policies written in the third year preceding, and five percent to the policies written in the fourth year preceding; and such payments made in each of the first four calendar years in which an insurer issues liability policies shall be distributed as follows: in the first calendar year 100 percent shall be charged to the policies written in that year, in the second calendar year 50 percent shall be charged to the policies written in that year and 50 percent to the policies written in the preceding year, in the third calendar year 40 percent shall be charged to the policies written in that year, 40 percent to the policies written in the preceding year, and 20 percent to the policies written in the second year preceding, and in the fourth calendar year 35 percent shall be charged to the policies written in that year, 40 percent to the policies written in the preceding year, 15 percent of the policies written in the second year preceding, and ten percent to the policies written in the third year preceding, and a schedule showing such distribution shall be included in the annual statement.

All unallocated compensation loss expense payments made in a given calendar year subsequent to the first three years in which an insurer has been issuing compensation policies shall be distributed as follows: 40 percent shall be charged to the policies written in that year, 45 percent to the policies written in the preceding year, ten percent to the policies written in the second year preceding, and five percent to the policies written in the third year preceding; and such payments made in each of the first three calendar years in which an insurer issues compensation policies shall be distributed as follows: in the first calendar year 100 percent shall be charged to the policies written in that year, in the second calendar year 50 percent shall be charged to the policies written in that year, and 50 percent to the policies written in the preceding year, in the third calendar year 45 percent shall be charged to the policies written in the preceding year and ten percent to the policies written in the second year preceding, and a schedule showing such distribution shall be included in the annual statement.

When, in the judgment of the commissioner, the liability or compensation loss reserves of any insurer under his supervision, calculated in accordance with the foregoing provisions, are inadequate, he may, in his discretion, require such insurer to maintain additional reserves based upon estimated individual claims or otherwise.

Each insurer that writes liability or compensation policies shall include in the annual statement required by law a schedule of its experience thereunder in such form as the commissioner may prescribe. This section shall not apply to farmers' mutual insurance companies.

[1921 c. 406 s. 1] (3304)

**60.20 ASSETS, VALUATION.** In valuing the assets which compose the legal reserve of a life company, its real estate, stocks, and bonds shall be so rated that the average annual income thereof shall not be less than three percent, and if any asset produces less it shall be rated at its value upon a three percent basis. Loans and credits shall not be allowed for more than their face value, nor shall any asset be appraised for more than its market value. Only such assets shall be allowed as are available for payment of losses in this state; but any deposit or fund set apart as security for a particular liability may be set off to an amount not exceeding such liability. The amount of any interest-bearing lien against any policy or loan thereon, not exceeding the net value or premium reserve of such policy, computed under the provisions of this chapter, may likewise be allowed against liability thereunder. Stockholders' obligations of any description shall not be rated as part of the assets of any company, unless secured by sufficient approved collateral.

[R. L. s. 1608] (3305)

**60.21 EVIDENCES OF DEBT, VALUATION.** All bonds or other evidences of debt, having a fixed term and rate, held by an insurance company or fraternal beneficiary association authorized to do business in this state may, if amply secured and not in default as to principal and interest, be valued as follows: If purchased at par, at the par value; if purchased above or below par, on the basis of the purchase price adjusted so as to bring the value to par at maturity

and so as to yield, in the meantime, the effective rate of interest at which the purchase was made; provided, that the purchase price shall in no case be taken at a higher figure than the actual market value at the time of purchase; and, provided, that the commissioner shall have full discretion in determining the method of calculating values according to the foregoing rule. If the notes or bonds secured by mortgage or trust deed in the nature thereof which the federal housing administrator has insured, or made a commitment to insure, are purchased above par, they may, if not in default as to principal and interest, be valued during the first five years after purchase on the basis of the purchase price adjusted in equal annual instalments to bring the value to par at the end of five years.

[1919 c. 54; 1941 c. 141] (3306)

**60.22 NEW CERTIFICATE OF AUTHORITY.** Upon application, the commissioner shall examine the proceedings of any domestic company to increase or reduce its capital stock and, when found conformable to law, shall revoke the old and issue a new certificate of authority to the company to transact business upon the increased or reduced capital.

[R. L. s. 1609] (3307)

**60.23 ACCOUNTS OF ASSIGNEES AND RECEIVERS.** The commissioner, or his deputy, annually, or oftener when deemed necessary, shall examine the transactions and accounts of all assignees and receivers of insolvent companies, and also the accounts of such assignees or receivers referred to him under the provisions of chapters 60 to 72, and, in each case, shall make report thereof to the court. For this purpose, he or his deputy, shall have free access to the official papers of such assignees or receivers relative to their transactions, and may examine them under oath as to all matters connected therewith. When, in his opinion, any assignee or receiver has violated his official duty, or further proceedings to collect an assessment will not afford substantial relief to creditors, he shall report the facts to the court.

[R. L. s. 1610] (3308)

**60.24 BIENNIAL REPORTS.** The biennial report of the commissioner shall include a statement of the receipts and expenditures of his department, a statement of the financial condition and business transactions of the several insurance companies doing business in the state, as disclosed by official examinations and by their annual statements, the condition of the receiverships of insolvent companies, and such other information as he thinks proper. The report shall be made to the governor on or before October 1 in each even numbered year for the preceding two fiscal years. The governor shall transmit the report to the legislature as soon as practicable.

[R. L. s. 1612; 1915 c. 81 s. 1; 1955 c. 847 s. 7] (3309)

**60.25 DEPOSITS OF SECURITIES.** The commissioner shall receive and hold in official trust deposits made by any domestic company in compliance with the laws of any other state, to enable it to do business in that state, and in like manner hold deposits made by a foreign company under any law of this state. The company making the deposit shall be entitled to the income thereof and, from time to time, with his consent, when not inconsistent with the law under which it was made, may exchange, in whole or in part, the securities composing the deposit for other approved securities of equal value. Upon application by a domestic company, he may return the whole or any portion of the securities so deposited by it, if satisfied that they are subject to no liability. Upon like application, he may return to a foreign company any deposit made by it when it appears that the company has ceased to do business in this state or the United States, and he is satisfied that it is not subject to any liability in this state, or upon the order of any court of competent jurisdiction. A foreign company which has made a deposit, its trustees, receiver, resident manager, or any creditor or policyholder thereof, may, at any time, institute in the district court of Ramsey county an action against the state and other proper parties to enforce and terminate the trust created by the deposit. The commissioner shall immediately notify the governor of the action, and furnish the necessary information to answer in behalf of the state, and shall carry out such order and decree as the court shall make therein.

[R. L. s. 1613] (3310)

**60.26 SAFEKEEPING OF SECURITIES.** The divisions of banking and insurance shall use, for the safe-keeping of securities, except such securities as may, for the convenience of the division of banking, be kept in places designated by the

commissioner of banks, such space in the safety deposit vault in the office of the state treasurer as may be agreed upon and assigned to such divisions, respectively, by the state treasurer.

[1921 c 466 s 1] (3311)

**60.27 ACCEPTANCE OF LAWS.** Every company, domestic or foreign, shall file with the commissioner its acceptance of the provisions of the insurance laws of the state of Minnesota, and its charter and any amendments thereto, and each such company shall be governed thereby and by those laws relative to corporations in general, so far as applicable and not otherwise specifically provided. No foreign company shall be denied a license in this state because its corporate powers exceed those which it is permitted to exercise under the laws of this state, but no foreign company, which does outside of this state any kind or combination of kinds of insurance not permitted to be done in this state by similar domestic companies, now or hereafter organized, shall be or continue to be authorized to do an insurance business in this state if the commissioner of insurance finds, after ten days notice sent by registered mail to the home office of the company involved, and an opportunity to be heard, that the doing of such kind or combination of kinds of insurance business impairs the financial solvency of the company or its financial ability to meet its obligations incurred in this state, or finds that the doing of such kinds or combination of kinds of insurance business is prejudicial to the interests of policyholders, creditors or the people of this state.

[R. L. s. 1595; 1943 c. 574 s. 1] (3313)

**60.273 COMPLIANCE WITH LAWS OF OTHER STATES.** Each domestic insurance company, and its officers, directors, and trustees, may comply with any law of any state, territory, or political subdivision of either, which imposes any license, or tax, and pay same, unless, prior to such payment, such law is expressly held invalid by the United States Supreme Court. No such company, officer, director, or trustee shall be subject to liability by reason of any such compliance or payment either heretofore or hereafter made.

[1945 c. 343 s. 1]

**60.274** [Repealed, 1949 c 156 s 4]

**60.28 SOLICITATION OF CERTAIN CONTRACTS FORBIDDEN.** It shall be unlawful for any person, firm, or corporation to solicit or make, or aid in soliciting or making, any contract of insurance not authorized by the laws of this state. All contracts of insurance on property, lives, or interests in this state, shall be deemed to be made in this state.

[R L s 1596; 1917 c 308 s 1] (3314)

**60.29 CAPITAL STOCK REQUIRED; BUSINESS WHICH MAY BE TRANSACTED.** Subdivision 1. **Scope.** 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, when specified in their charters or certificates of incorporation, either as originally granted or as thereafter amended, any of the following kinds of business, upon the stock plan, or upon the mutual plan when the formation of such mutual companies is otherwise authorized by law:

(1) To insure against loss or damage to property on land and against loss of rents and rental values, leaseholds of buildings, use and occupancy and direct or consequential loss or damage caused by fire, smoke or smudge, water or other fluid or substance, lightning, windstorm, tornado, cyclone, earthquake, collapse and slippage, rain, hail, frost, snow, freeze, change of temperature, weather or climatic conditions, excess or deficiency of moisture, floods, the rising of waters, oceans, lakes, rivers or their tributaries, bombardment, invasion, insurrection, riot, civil war or commotion, military or usurped power, electrical power interruption or electrical breakdown from any cause, railroad equipment, motor vehicles or aircraft, accidental injury to sprinklers, pumps, conduits or containers or other apparatus erected for extinguishing fires, explosion, whether fire ensues or not, except explosions on risks specified in Subdivision 1, clause (3); provided, however, that there may be insured hereunder the following: (a) explosion of any kind originating outside the insured building or outside of the building containing the property insured, (b) explosion of pressure vessels which do not contain steam or which are not operated with steam coils or steam jackets, and (c) risks under home owners multiple peril policies;

(2) (a) To insure vessels, freight, goods, wares, merchandise, specie, bullion, jewels, profits, commissions, bank notes, bills of exchange, and other evidences of

debt, bottomry and respondentia interest, and every insurance appertaining to or connected with risks of transportation and navigation on and under water, on land or in the air;

(b) To insure all personal property floater risks;

(3) To insure against any loss from either direct or indirect damage to any property or interest of the assured or of another, resulting from the explosion of or injury to (a) any boiler, heater or other fired pressure vessel; (b) any unfired pressure vessel; (c) pipes or containers connected with any of said boilers or vessels; (d) any engine, turbine, compressor, pump or wheel; (e) any apparatus generating, transmitting or using electricity; (f) any other machinery or apparatus connected with or operated by any of the previously named boilers, vessels or machines; and including the incidental power to make inspections of and to issue certificates of inspection upon, any such boilers, apparatus, and machinery, whether insured or otherwise;

(4) To make contracts of life and endowment insurance, to grant, purchase, or dispose of annuities or endowments of any kind; and, in such contracts, or in contracts supplemental thereto to provide for additional benefits in event of death of the insured by accidental means, total and permanent disability of the insured, or specific dismemberment or disablement suffered by the insured.

(5) (a) To insure against loss or damage by the sickness, bodily injury or death by accident of the assured or his dependents;

(b) To insure against the legal liability, whether imposed by common law or by statute or assumed by contract, of any employer for the death or disablement of, or injury to, his or its employee;

(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, encumbrances, or otherwise;

(8) To insure against loss or damage by breakage of glass, located or in transit;

(9) (a) To insure against loss by burglary, theft, or forgery;

(b) To insure against loss of or damage to moneys, coins, bullion, securities, notes, drafts, acceptance or any other valuable paper or document, resulting from any cause, except while in the custody or possession of and being transported by any carrier for hire or in the mail;

(c) To insure individuals by means of an all risk type of policy commonly known as the "Personal Property Floater" against any kind and all kinds of loss of or damage to, or loss of use of, any personal property other than merchandise;

(d) To insure against loss or damage by water or other fluid or substance;

(10) To insure against loss from death of domestic animals and to furnish veterinary service;

(11) To guarantee merchants and those engaged in business, and giving credit, from loss by reason of giving credit to those dealing with him; this shall be known as credit insurance;

(12) To insure against loss or damage to automobiles or other vehicles or aircraft and their contents, by collision, fire, burglary, or theft, and other perils of operation, and against liability for damage to persons, or property of others, by collision with such vehicles or aircraft, and to insure against any loss or hazard incident to the ownership, operation, or use of motor or other vehicles or aircraft;

(13) To insure against liability for loss or damage to the property or person of another caused by the insured or by those for whom the insured is responsible, including insurance of medical, hospital, surgical, funeral or other related expense of the insured or other person injured, irrespective of legal liability of the insured, when issued with or supplemental to policies of liability insurance;

(14) To insure against loss of or damage to any property of the insured, resulting from the ownership, maintenance or use of elevators, except loss or damage by fire;

(15) To make contracts providing that upon the death of the assured a funeral benefit will be paid in money, the aggregate amount of which shall not exceed \$150 upon any one life; provided, that any corporation that has been licensed to do business for three successive years may make contracts not to exceed \$300 upon any one life; provided, that any corporation licensed under this chapter, which

now or hereafter has paid-up capital of \$15,000, and maintains with the commissioner a deposit of \$15,000, may make life insurance contracts not to exceed \$600 on any one life and with or without indemnity for total and permanent disability such as are usually contained in life insurance contracts; no such insurance company shall be operated, directly or indirectly, in affiliation or connection with any funeral director or undertaking establishment, or contract, by assignment or otherwise, to pay such insurance or its benefits, or any part of either, to any funeral director or undertaking establishment predetermined or designated by it, so as to deprive the family or representatives of the deceased policyholder from, or in any way to control them in, obtaining for his funeral and burial, funeral services and supplies in the open market; and, nothing herein contained shall apply, nor shall it be construed to apply, in any way to any cooperative burial association.

**Subd. 2. Paid-up capital stock requirements.** The paid-up capital stock of every corporation authorized to transact the kinds of business enumerated in subdivision 1, clauses (1) to (15), shall not be less than specified below:

- Clause (1), \$100,000;
- Clause (2), \$100,000;
- Clause (3), \$100,000;
- Clause (4), \$100,000;
- Clause (5), \$100,000;
- Clause (6), \$250,000, and a surplus constantly maintained of at least \$50,000;
- Clause (7), \$200,000;
- Clause (8), \$100,000;
- Clause (9), \$100,000;
- Clause (10), \$100,000;
- Clause (11), \$100,000;
- Clause (12), \$100,000;
- Clause (13), \$100,000;
- Clause (14), \$100,000;
- Clause (15), \$ 10,000.

**Subd. 3. Legal reserve requirements.** Companies organized to transact business specified in clause (15) of subdivision 1 shall be subject to all the provisions of law relating to legal reserve life insurance companies, except that the deposit with the commissioner of insurance shall be \$10,000 and that such company shall have secured at least 100 applications, upon 100 separate lives, for insurance aggregating at least \$10,000. Such companies shall issue only non-participating policies, which shall be construed as industrial policies.

**Subd. 4. Authorization to transact certain business.** Any insurance corporation having a paid-up capital stock of not less than \$200,000, and a surplus of not less than \$50,000 constantly maintained, may, when authorized by its articles of incorporation, transact any or all of the kinds of business specified in clauses (1) to (15) of Subdivision 1, excepting those specified in clauses (1), (2), (4), (6) and (15).

Any insurance corporation having paid-up capital stock of not less than \$200,000 may transact the kinds of business specified in clauses (1), (2), and (12).

Any insurance corporation having a paid-up capital stock of not less than \$200,000 and authorized to transact the kinds of business specified in clause (4) may also transact the kinds of business specified in clause (5), and in addition thereto personal injury liability insurance; provided, however, that no company authorized to transact the kinds of insurance specified in clauses (4) and (5) shall be authorized to transact personal injury liability insurance unless such company was engaged in transacting personal injury liability insurance in this state prior to January 1, 1949.

Any insurance corporation having a paid-up capital stock of not less than \$250,000, and a surplus of not less than \$50,000 constantly maintained, when authorized to transact the kinds of business specified in clause (6) may also transact the kinds of business specified in clauses (3), (5), (7), (8), (9), (10), (11), (12), (13) and (14).

Any insurance corporation having a surplus as regards policyholders of not less than \$500,000 constantly maintained may, when authorized by its articles of incorporation, transact any or all of the kinds of business specified in clauses (1), (2), (3), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14).

[1915 c 138 s 1; 1917 c 29 s 1; 1919 c 413 s 1; 1923 c 51; 1927 c 240; 1933 c 73; 1941 c 294; 1947 c 295 s 1; 1949 c 489 s 1, 2; 1953 c 120 s 1; 1957 c 368 s 1] (3315)

**60.291 LIMITATION.** Nothing contained in Minnesota Statutes 1945, Sections 65.05 and 65.06, shall be construed to preclude insurance against the cost, in excess of actual cash value at the time any loss or damage occurs, of actually repairing, rebuilding or replacing the insured property.

[1947 c 295 s 2]

**60.30 INSURANCE CORPORATIONS.** Subdivision 1. Corporations may be formed for carrying on any one branch of the business of insurance authorized by law, or any two or more branches thereof, which are permitted by law to be transacted by one company.

Subd. 2. (a) If an insurance corporation has given notice to shareholders of a proposal to amend the articles of incorporation, which proposed amendment would substantially change the corporate purposes or would extend the duration of the corporation, a shareholder may, at any time prior to the date of the meeting at which such proposed amendment is to be voted upon, file a written objection to such amendment in the office of the secretary or president of the corporation and demand payment for his shares; provided, that such demand shall be of no force and effect if such shareholder votes in favor of the amendment, or at any time consents thereto in writing, or if the proposed amendment be not in fact effected.

(b) If, after such a demand by a shareholder, the corporation and the shareholder cannot agree upon the fair cash value of the shares at the time such amendment was authorized, such value shall be determined by three disinterested appraisers, one of whom shall be named by the shareholder, another by the corporation, and the third by the two thus chosen. The determination of a majority of the appraisers in good faith made shall be final, and if the amount so determined is not paid by the corporation within 30 days after it is made, such amount may be recovered in an action by the shareholder against the corporation. The corporation shall not be required to make payment of such amount except upon transfer to it of the shares for which such payment was demanded and upon surrender of the certificate or certificates evidencing the same.

(c) A shareholder shall not be entitled to payment for his shares under the provisions of this section unless the value of the corporate assets which would remain after such payment would be at least equal to the aggregate amount of its debts and liabilities exclusive of stated capital.

[R L s 2848; 1957 c 42 s 1] (7442)

**60.31 INSURANCE TRANSACTIONS AUTHORIZED.** Any insurance corporation or association heretofore or hereafter licensed to transact within the state any of the kinds or classes of insurance specifically authorized under the laws of this state may, when authorized by its charter, transact within and without the state any lines of insurance germane to its charter powers and not specifically provided for under the laws of this state when these lines, or combinations of lines, of insurance are not in violation of the constitution or the laws of the state and, in the opinion of the commissioner, not contrary to public policy, provided the company or association shall first obtain authority of the commissioner and meet such requirements as to capital or surplus, or both, as the commissioner shall prescribe. These additional hazards may be insured against by attachment to, or in extension of, any policy which the company may be authorized to issue under the laws of this state. This section shall apply to companies operating upon the stock or mutual plan, reciprocal or interinsurance exchanges.

[1923 c 389 s 1, 2; 1927 c 265 s 1; 1941 c 134 s 1] (3316)

**60.33 RETALIATORY PROVISION.** When the laws of any other state, territory, or country prohibit the organization of or do not provide for the organization of or the licensing in that state, territory, or country of a class or kind of insurance companies or associations organized under the laws of this state and authorized to transact the business of insurance in this state, then companies or associations of the same kind or class of the other state, territory, or country shall not be licensed to do business in this state.

This provision shall not apply to companies or associations organized under the laws of another state now licensed to do business in this state.

No insurance company or association, or fraternal beneficiary association, not specifically exempted therefrom by law, shall transact the business of insurance in this state unless it shall hold a license therefor from the commissioner.

[1915 c. 138 s. 2] (3318)

**60.34 DEPOSITS 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 commissioner, as security for all its policyholders, 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 \$100,000, 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 \$10,000, which stocks, bonds, or mortgages shall be retained by the commissioner and be disposed of as directed by law.

The deposit of mortgages on real estate shall not exceed the amount of \$50,000. As long as any policies of the depositing company remain in force, the commissioner shall hold the deposit as security for all holders of its policies. Any insurance company of any other state of the United States may file with the commissioner a certificate of the insurance commissioner of the other state that, as such officer, he holds in trust and on deposit for the benefit of all the policyholders of the company a deposit of not less than \$100,000 par value of such securities as are required or permitted to be deposited with him by the laws of that state, these securities to be of the character in which insurance companies are authorized to invest under the laws of his state, stating the items of the securities so held, and that he is satisfied that these securities are worth \$100,000. No deposit shall be required in this state while the deposit, so certified, remains.

[R L s 1632; 1905 c 181 s 1] (3319)

**60.35 OFFICERS; POWERS, DUTIES; PRINCIPAL PLACE OF BUSINESS.**

The secretary and the treasurer of every company shall give bond, which shall be approved by resolution of the directors. All of its funds shall be invested in its corporate name, and no officer, director, or member of any committee passing on investments shall borrow any of such funds, or become, directly or indirectly, liable as a surety or endorser for or on account of loans thereof to others, or receive to his own use any fee, brokerage, commission, gift, or other consideration for, or on account of, any loan made by or on behalf of the company. All its policies shall be signed by the secretary or an assistant secretary, and by its president or vice-president, or in their absence, by two directors; provided, that one of the signatures may be a facsimile signature, if the other is an original signature, and both thereof may be facsimile signatures, if the policy is countersigned by a registrar or other officer or employee duly authorized by the board of directors or executive committee of the company. When it establishes any agency in a place other than that of its principal place of business, all signs, cards, pamphlets, or other printed matter issued shall designate such principal place.

[R L s 1633; 1927 c 354 s 1] (3320)

**60.36** [Repealed, 1951 c 583 s 2]

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

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



(2) Notes or bonds secured by first mortgage on improved real estate in this or any other state, or in the Dominion of Canada, having a value of at least 50 percent more than the amount of the loan secured thereby, not including buildings unless insured by policies payable to and held by the security holder, or by a trustee for the security holder, or notes or bonds secured by mortgage, or trust deed in the nature thereof, or other obligations which the United States or any agency or instrumentality thereof has insured or guaranteed or made a commitment to insure or guarantee;

(3) Common stocks upon which dividends of not less than three percent of par or stated value have been regularly paid for three years immediately preceding the investment; and bonds, not in default, at market value, of any corporation incorporated by or under the laws of the United States, or any state, or the Dominion of Canada, or any province thereof; or preferred stocks at market value of any solvent corporation incorporated by or under the laws of the United States or any state, or the Dominion of Canada or any province thereof provided such corporation's net income available for fixed charges after deducting federal and state income taxes must have averaged for the five fiscal years preceding investment at least  $1\frac{1}{2}$  times the sum of annual fixed charges, contingent interest and preferred dividends, all computed as of the date of investment; and upon which bonds or preferred stocks, interest or dividends have not been in arrears for an aggregate of 90 days within the preceding three years; or in the stock or guaranty fund certificates of any insurance company, whether previously existing or in process of being organized and whether or not engaged in writing the same type of insurance as the acquiring corporation, which investment must be approved by the commissioner; or in the stock or bonds of any real estate holding company, which investment must be approved by the commissioner, whose real estate is used, in whole or in part, in the transacting of the insurance business of such insurance company, either directly or by reinsurance, or in the fee to real estate used, in whole or in part, in such business; or in the stock or bonds of any corporation owning investments in foreign countries used for purposes of legal deposit, when the insurance company transacts business therein direct or as reinsurance;

(4) Promissory notes maturing within six months, secured by the pledge of warehouse receipts issued against commodities deposited in public warehouses; at the time of investing in such notes the market value of the commodities shall exceed the indebtedness secured thereby and the note or pledge agreement shall provide that the holder may call for additional like security or sell the commodities without notice upon depreciation of the security; the insurance company may accept, in lieu of the deposit with it of the warehouse receipts, a trustee certificate issued by any national or state bank at a terminal point, certifying that the warehouse receipts have been deposited with it and are held as security for the notes; the amount invested in the securities mentioned herein shall not, at any time, exceed 25 percent of the capital stock of the company; and

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

[*R L s 1635; 1915 c 82 s 1; 1925 c 245 s 1; 1929 c 100; 1937 c 86 s 1, 2; 1941 c 143; 1943 c 279 s 1; 1945 c 497 s 1; 1949 c 288 s 1; 1957 c 81 s 1; 1957 c 286 s 1*] (3322)

**60.38 DEBENTURES LAWFUL INVESTMENTS.** The debentures of farm mortgage debenture companies shall be lawful investments for any trust company, life or fire insurance company organized under the laws of this state, and for trust funds in charge of any trustee, unless expressly restricted by the person or persons creating such trust; provided, that not more than 20 per cent of the capital of any such company or of any such trust funds may be so invested.

[*1905 c. 93 s. 14*] (3323)

**60.39 FUNDS INVESTED IN BONDS OF FOREIGN COUNTRIES.** 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 the foreign state or country, and for the payment of which the faith and credit of the foreign state or country is pledged.

[*1909 c 345 s 1*] (3324)

**60.40 INVESTMENTS.** The funds of any insurance company or fraternal beneficiary association, organized under the laws of this state or licensed to do business therein, in addition to the investments already authorized by law, may be invested in federal farm loan bonds, or, if approved by the commissioner, in loans upon leasehold estates in improved real property for a term of 99 years or more where 40 years or more of the term is unexpired and where unencumbered except by rentals accruing therefrom to the owner of the fee, and where the mortgagee is entitled to be subrogated to all the rights under the leasehold; provided, that no loan on such real property or such leasehold estate shall exceed 50 per cent of the fair market value thereof at the time of such loan, and a certificate of the value of such property shall be executed before making such loan by the person or persons making or authorizing such loan on behalf of the corporation, which certificate shall be recorded on the books of the company.

[1919 c. 28 s. 1; 1921 c. 231 s. 1] (3325)

**60.41 INVESTMENT IN HOME OWNERS' LOAN CORPORATION BONDS.** The capital, surplus, and other funds of every domestic life insurance company and fraternal beneficiary association, whether incorporated by special act or under the general law, in addition to all other investments now permitted by law, may be invested in bonds issued by the home owners' loan corporation in accordance with the provisions of the federal home owners' loan act of 1933, in exchange for mortgages on homes, contracts for deed, or real estate held by it.

[Ex1934 c 71 s 1] (3325-1)

**60.42 DEPOSIT WITH COMMISSIONER.** When the laws of the state require that an insurance company shall maintain a deposit with the commissioner, this deposit, in addition to the securities heretofore authorized by law, may consist, in whole or in part, of federal farm loan bonds, or, if approved by the commissioner, of loans upon leasehold estates in improved real property for a term of 99 years or more where 40 years or more of the term is unexpired and where unencumbered except by rentals accruing therefrom to the owner of the fee, and where the mortgagee is entitled to be subrogated to all the rights under the leasehold; provided, that no loan on such real property or such leasehold estate shall exceed 50 percent of the fair market value thereof at the time of such loan, and a certificate of the value of such property shall be executed before making such loan by the person or persons making or authorizing such loan on behalf of the corporation, which certificate shall be recorded on the books of the company.

[1919 c. 28 s. 2; 1921 c. 231 s. 2] (3326)

**60.43 REDUCTION, HOW MADE.** When the capital of any such company is impaired, it may, upon a vote of the majority of the stock, reduce the same to not less than the legal minimum. In this case no part of its assets shall be distributed to the stockholders. Any such company whose capital is not impaired may, by a two-thirds vote of its stock and with the consent of the commissioner, reduce the same to not less than \$100,000. In either case, within ten days after the meeting at which the reduction was made, the company shall submit to the commissioner a certified statement of the proceedings thereof, including the amount of the reduction and its assets and liabilities, verified by its president, secretary, and a majority of its directors. The commissioner shall examine the facts and, if they conform to law and he is of opinion that injury to the public will not result, he shall endorse his approval upon the statement. Upon filing the same with the secretary of state and paying a filing fee of \$5, and duly amending its certificate of incorporation in conformity therewith, it may transact business upon the reduced capital as though the same were its original capital, and the commissioner shall issue a license to that effect. The company may thereafter, by a majority vote of its directors, require the return of every original stock certificate in exchange for a new certificate for such number of shares as each stockholder is entitled to, in the proportion that the reduced capital bears to the original.

[R. L. s. 1636] (3327)

**60.44 TEMPORARY CAPITAL STOCK OF MUTUAL LIFE COMPANIES.** 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 eight percent per annum, which may be cumulative. This 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 this 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.

[1907 c. 162 s. 1] (3328)

**60.45 LIABILITY OF DIRECTORS AND OFFICERS.** If a company be at any time under liability for losses exceeding its net assets, and the president and directors, or any of them, knowing it, directly or indirectly, issue or consent to the issue of further insurance, each shall be personally liable for any loss under this insurance; and if any of them insures or allows to be insured on a single risk a larger sum than is authorized by law, he shall be personally liable for any loss thereon above the amount which might lawfully be insured.

[R. L. s. 1637] (3329)

**60.46** [Repealed, 1957 c 221 s 1]

**60.47 DIVIDENDS.** No domestic company shall declare a dividend either in cash or stock, except from its actual net surplus computed as required by law in its annual statement; nor shall any such company which has ceased to do new business divide any portion of its assets, except surplus, until it shall have performed or canceled its policy obligations. It may declare and pay, annually or semiannually, from its surplus, cash dividends of not more than ten percent of its capital stock and surplus in any year and, if the dividends in any one year are less than ten percent, the difference may be made up in any subsequent year or years from surplus accumulations. It may pay such dividend as the directors deem prudent out of any surplus remaining after charging, in addition to all liabilities except unearned premiums, an amount equal to the whole amount of premiums on unexpired risks and deducting from the assets all securities and accounts receivable on which no part of the principal or interest has been paid within the preceding year, or for which foreclosure or suit has been commenced, or upon which judgment obtained has remained more than two years unsatisfied and on which interest has not been paid, and also deducting all liens due and unpaid on any of its property.

[R L s 1639; 1957 c 591 s 1] (3331)

**60.48 CORPORATE NAME; ADVERTISEMENTS.** Every company, domestic or foreign, shall conduct its business, display all signs and advertisements, and issue all policies, circulars, and other documents and publications in this state, in its own corporate name, and every foreign company shall state conspicuously upon a sign at each agency the state or country of its organization. When a company publishes its assets, it shall in the same connection, and with equal conspicuousness, publish its liabilities, computed on the basis allowed for its annual statements; and any publication purporting to show its capital shall state only the amount thereof which has been actually paid in cash.

[R. L. s. 1614] (3332)

**60.49 REAL ESTATE.** The real estate acquired or held by any domestic company for the convenience and accommodation of its business shall not exceed in value 25 percent of its cash assets; nor shall any foreign company acquire or hold for like purposes real property in this state in greater proportion. Any domestic insurance company, after having secured approval of the commissioner of insurance therefor, may also acquire and hold real estate for the sole purpose of providing necessary homes and living quarters for its employees. Such real estate shall never exceed three percent of the company's cash assets as shown by its annual statement last filed with the commissioner of insurance. All real property which shall not be necessary for its accommodation in the convenient transaction of its business, or the housing of its employees, shall be sold and disposed of within five years after the same shall have ceased to be necessary for the accommodation of its business, or the housing of its employees, and it shall not hold this property for a longer period unless it shall procure a certificate from the commissioner of insurance that its interest will suffer materially by the forced sale thereof, in which event the time for sale may be extended to such time as the commissioner shall direct in the certificate.

[R L s 1615; 1949 c 333 s 1] (3333)

**60.50 POLICY TO EMBRACE CONDITIONS.** A statement in full of the conditions of insurance shall be incorporated in or attached to every policy, and neither

the application of the insured nor the bylaws of the company shall be considered as a warranty or a part of the contract, except in so far as they are so incorporated or attached.

[R. L. s. 1616] (3334)

**60.51 INSURER NOT RELIEVED OF OBLIGATIONS BY BANKRUPTCY OR INSOLVENCY OF INSURED.** Every bond or policy of insurance issued in this state insuring against either actual loss suffered by the insured, and imposed by law for damages on account of personal injury, death, or injury to property caused by accident, or legal liability imposed upon the insured by reason of such injuries or death, shall, notwithstanding anything in the policy to the contrary, be deemed to contain the following condition:

The bankruptcy or insolvency of the insured shall not relieve the insurer of any of its obligations under this policy, and in case an execution against the insured on a final judgment is returned unsatisfied, then such judgment creditor shall have a right of action on this policy against the company to the same extent that the insured would have, had the insured paid the final judgment.

[1937 c. 183 s. 1] (3334-1)

**60.511 RECIPROCAL OR INTERINSURANCE.** Subdivision 1. **Contracts.** Individuals, partnerships, and corporations, public or private, of this state, hereby designated subscribers, are hereby authorized to exchange reciprocal or interinsurance contracts with each other, or with individuals, partnerships, and corporations, public or private, of other states and countries, providing indemnity among themselves for any loss which may be insured against under other provisions of the laws, excepting life and ocean marine insurance; provided, that public corporations may so exchange reciprocal or interinsurance contracts only when the issuing exchange has a surplus of \$300,000 or more and said contracts are issued without contingent liability.

These contracts may be executed by an attorney, agent, or other representative, herein designated attorney, duly authorized and acting for such subscribers.

**Subd. 2. Filing with commissioner.** The subscribers so contracting among themselves shall, through their attorney, file with the commissioner a declaration, verified by the oath of the attorney, setting forth:

(1) The name or title of the office at which the subscribers propose to exchange these indemnity contracts, which shall not be so similar to any other name or title previously adopted by a similar organization or by any insurance corporation or association as in the opinion of the commissioner is calculated to result in confusion or deception;

(2) The kind or kinds of insurance to be effected or exchanged;

(3) A copy of the form of policy contract or agreement under or by which the insurance is to be effected or exchanged;

(4) A copy of the form of power of attorney or other authority of the attorney under which the insurance is to be effected or exchanged;

(5) The location of the office or offices from which these contracts or agreements are to be issued;

(6) That applications have been made for indemnity upon at least 100 separate risks aggregating not less than \$1,500,000, as represented by executed contracts or bona fide applications, to become concurrently effective, or, in case of liability or compensation insurance covering a total pay-roll of not less than \$1,500,000;

(7) That there is on deposit with this attorney and available for the payment of losses a sum of not less than \$25,000. In case of employers' liability or workmen's compensation insurance or liability insurance covering damage to persons or property of others by automobiles not used as carriers of passengers for hire, that there is on deposit with the attorney and available for the payment of losses a sum of not less than \$75,000.

In the case of liability insurance covering damage to persons or property of others by automobiles engaged as carriers of passengers for hire, the subscribers to these contracts shall have on deposit with this attorney and available for the payment of losses not less than \$100,000.

**Subd. 3. Commissioner as agent for service.** Concurrently with the filing of the declaration provided for by the terms of subdivision 2 the attorney shall file with the commissioner an instrument in writing executed by him for the subscribers, conditioned that upon the issuance of the certificate of authority provided for in section 60.516, service of process may be had upon the commissioner in all suits in

this state arising out of these policies, contracts, or agreements, which service shall be valid and binding upon all subscribers exchanging at any time reciprocal or interinsurance contracts through such attorney. Three copies of the process shall be served and the commissioner shall file one copy, forward one copy to the attorney, and return one copy with his admission of service.

[1913 c 464 s 1-4; 1917 c 352 s 1; 1919 c 512 s 1; 1945 c 594 s 1; 1953 c 170 s 1] (3587, 3588, 3589, 3590)

**60.512 MAXIMUM INDEMNITY.** There shall be filed with the commissioner by such attorney a statement under his oath showing the maximum amount of indemnity upon any single risk, and such attorney shall when and as often as the same shall be required file with the commissioner a statement verified by his oath to the effect that he has examined the commercial rating of these subscribers, as shown by the reference book of a commercial agency having at least 100,000 subscribers, and that from this examination or from other information in his possession it appears that no subscriber has assumed on any single risk an amount greater than ten per cent of the next worth of the subscriber.

[1913 c 464 s 5] (3591)

**60.513 RESERVE FUND.** There shall at all times be maintained as a reserve a sum, in cash or convertible securities, equal to 50 percent of the net annual deposits collected and credited to the accounts of the subscriber on policies in force having one year or less to run and pro rata on those for longer periods. Net annual deposits shall be construed to mean the advance payments of subscribers after deducting therefrom the amounts specifically provided in the subscribers' agreements for expenses. These sums shall at no time be less than \$25,000 and, if at any time, 50 percent of the deposits, so collected and credited, shall not equal that amount, the subscribers shall make up any deficiency.

In case of the failure of any such reciprocal or interinsurance exchange to comply with any of the provisions of sections 60.511 to 60.518, it shall be the duty of the commissioner to immediately declare its license revoked and, in case of such revocation, the reciprocal or interinsurance exchange shall not be again licensed to transact business in this state for the period of one year from the date of the revocation.

[1913 c 464 s 6; 1917 c 352 s 2; 1919 c 512 s 2] (3592)

**60.514 ANNUAL REPORT.** This attorney shall make a report to the commissioner for each calendar year on the first day of March showing the financial condition of affairs at the office where the contracts are issued and furnish such additional information and reports as may be required.

This attorney shall not be required to furnish the names and addresses of any subscribers nor the loss ratio.

The business affairs and assets of these organizations shall be subject to examination by the commissioner.

[1913 c 464 s 7] (3593)

**60.515 EXCHANGE OF CONTRACTS.** Any corporation now or hereafter organized under the laws of this state shall, in addition to the rights, powers, and franchises specified in its articles of incorporation, have full power and authority to exchange insurance contracts of the kind and character herein mentioned. The right to exchange these contracts is hereby declared to be incidental to the purposes for which the corporations are organized and as much granted as the rights and powers expressly conferred.

Except as herein provided, no law of this state shall apply to the exchange of these indemnity contracts.

[1913 c 464 s 8, 12] (3594, 3598)

**60.516 CERTIFICATE OF AUTHORITY.** Each attorney by or through whom are issued any policies of or contracts for indemnity of the character referred to in sections 60.511 to 60.518 shall procure from the commissioner annually a certificate of authority stating that all the requirements of sections 60.511 to 60.518 have been complied with and, upon such compliance and the payment of the fees required by sections 60.511 to 60.518, the commissioner shall issue this certificate. In case of a breach of any of the conditions imposed by the provisions of sections 60.511 to 60.518, the commissioner may revoke the certificate of authority issued thereunder.

[1913 c 464 s 10] (3596)

**60.517 VIOLATION.** Any attorney who shall, except for the purpose of applying for a certificate of authority as provided in sections 60.511 to 60.518, exchange any

contracts of indemnity of the kind and character specified in sections 60.511 to 60.518, or directly or indirectly solicit or negotiate any applications for same without first complying with the provisions of sections 60.511 to 60.518, is guilty of a misdemeanor; and upon conviction thereof shall be subjected to a fine of not less than \$100 nor more than \$1,000.

[1913 c 464 s 9] (3595)

**60.518 LICENSE FEE.** This attorney, in lieu of all taxes, state, county, and municipal, shall pay to the state with the filing of each annual report as an annual license fee two percent of the gross premiums or deposits for the preceding calendar year, deducting all amounts returned to subscribers or credited to their accounts; and he shall pay a filing fee of \$2.

[1913 c 464 s 11] (3597)

**60.519 INSURANCE AND REINSURANCE BY FOREIGN COMPANY.** No foreign company shall make its insurance contracts upon lives, property, or interests in this state except through lawfully constituted and licensed resident agents and when it effects reinsurance otherwise than through these agents the entire tax thereon shall be paid by the original company and no reduction shall be made on account of the reinsurance. No policy of insurance issued to a citizen of this state shall be invalidated by the occurrence of hostilities between any foreign country and the United States.

[R L s 1708] (3720)

**60.52 REINSURANCE; MAXIMUM BY FIRE COMPANIES; REPORTS.** 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 net assets; provided, that a mutual fire insurance company organized under section 71.28, subdivision 1, may insure in a single risk, consisting of a creamery or a cheese factory, a sum equal to one per cent of its insurance in force.

Every company effecting any reinsurance in violation of the foregoing provisions, and every agent effecting or negotiating the same, shall severally be guilty of a misdemeanor.

[R L s 1617; 1907 c 321 s 1; 1927 c 229 s 1] (3335)

**60.53 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 reinsure its risks, or the whole of or any portion of the risks of any other company except as provided in sections 60.55 to 60.58; 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.

[1905 c. 303 s. 1] (3336)

**60.54 CONDITIONS FOR REINSURANCE.** Every insurer authorized to issue policies in this state may reinsure in any other insurer any part or all of any risk or risks, other than life, assumed by it; but such reinsurance, unless effected (1) with an insurer authorized to issue policies in this state, or (2) with an insurer similarly authorized in another state, territory, or district of the United States, and showing the same standards of solvency and meeting the same statutory and departmental regulations which would be required of or prescribed for such insurer were it at the time of such reinsurance authorized in this state to issue policies covering risks of the same kind or kinds as those reinsured, shall not reduce the reserve or other liability to be charged to the ceding insurer; provided, that nothing in this section shall be construed to permit to a ceding insurer any reduction of reserve or liability through reinsurance effected with an unauthorized insurer. In case such reinsurance effected with an insurer so authorized or so recognized for reinsurance in this state, the ceding insurer shall thereafter be charged on the gross premium basis with an unearned premium liability representing the proportion of such obligation retained by it, and the insurer to which the business is ceded shall be charged with an unearned premium liability representing the proportion of such obligation ceded to it, calculated in the same way. The two parties to the transaction shall together carry the same reserve as the ceding insurer would have carried had it retained the risk.

Any contract of reinsurance whereby an insurer cedes more than 75 percent of the total of its outstanding insurance liabilities shall, if such insurer is incorporated by or, if an insurer of a foreign country, has its principal office in this state, be subject to the approval, in writing, by the commissioner.

Nothing in this section shall be deemed to permit the ceding insurer to receive, through the cession of the whole of any risk or risks, any advantage in respect to its unearned premium reserve that would reduce the same below the actual amount thereof.

For the purposes of this section, the word "insurer" shall be deemed to include the word "reinsurer," and the words "issue policies of insurance" shall be deemed to include the words "make contracts of reinsurance."

[1919 c. 141 s. 1] (3337)

**60.55 PETITION FOR CONSOLIDATION OR REINSURANCE.** 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 commissioner, setting forth the terms and conditions of such proposed consolidation or reinsurance, and praying for the approval of or any modification thereof, which the commissioner may approve.

[1905 c. 303 s. 2] (3338)

**60.56 MERGERS AND CONSOLIDATIONS; NOTICE OF HEARING.** The commissioner shall thereupon issue an order requiring notice to be given, by mail, to each policyholder of such company of such petition and the time and place at which hearing thereon will be held, and shall publish the notice in five daily newspapers, once in each week, for at least two weeks before the time appointed for the hearing upon the petition; provided, that when a fraternal benefit society organized under the laws of this state, having an insurance membership in good standing at the time of reinsurance, merger, or consolidation of not more than 5,000 members and which has been engaged in business for more than 15 years prior to such time, be reinsured by or consolidated or merged with any Minnesota life insurance company, the order and notice need not be given, but in lieu thereof, the commissioner shall thereupon issue an order of notice specifying the time and place at which hearing thereon will be held and shall cause the order to be published daily for seven consecutive days in five Minnesota daily newspapers, the last such publication to be not less than two weeks prior to the time appointed for such hearing.

In lieu of proceeding under the foregoing paragraph of this section and section 60.55, any accident or health company may consolidate and enter into a contract of reinsurance with any other company by filing with the commissioner a copy of such contract and all papers relating thereto, which consolidation and reinsurance shall take effect upon such filing and the mailing to each person holding a policy so reinsured a notice thereof. If the holders of not less than five per cent of such policies so reinsured shall, within 30 days thereafter, file a petition with the commissioner for a hearing on the question of such reinsurance, the commissioner shall, and without such petition may, order a hearing as provided in section 60.57, notice of which shall be given by the company, by mail, to each holder of such policy, so reinsured, at least ten days before such hearing, and thereupon proceedings shall be had as provided in sections 60.57 and 60.58.

[1905 c. 303 s. 3; 1915 c. 333 s. 1; 1929 c. 62 s. 1] (3339)

**60.57 COMMISSION TO HEAR PETITION; DISPOSING OF SURPLUS ASSETS.** 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 commissioner shall constitute a commission to hear and determine upon the petition mentioned in section 60.55. At the time and place fixed in the 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 the company as it may deem proper. The commissioner shall have the power to summon and compel the attendance and testimony of witnesses and the production of books and papers before the commission. Any policyholder or stockholder of the company so petitioning may appear before the commission and be heard in reference to the consolidation or reinsurance. The commission, if satisfied that the interests of the policyholders of such 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 policyholders, and the

commission may make such order with reference to the distribution and disposition of the surplus assets of any company thereafter remaining as shall be just and equitable to the policyholders. Such consolidation or reinsurance shall only be approved by the consent of all the members of the commission, and it shall be the duty of the commission to guard the interests of the policyholders of any company proposing to consolidate or reinsure.

[1905 c. 303 s. 4] (3340)

**60.58 EXPENSES, HOW PAID.** All actual expenses and costs incident to proceedings under the provisions of sections 60.53 and 60.55 to 60.58 shall be paid by the company bringing the petition, and an itemized statement of the expenses and costs shall be filed with the commissioner with a certified copy of the decision of the commission. No officer of any such company, or member of the commission, or employee of the department of insurance, shall receive any compensation, gratuity or otherwise, directly or indirectly, for in any manner aiding, promoting, or assisting in such consolidation or reinsurance.

[1905 c. 303 s. 5; 1915 c. 333 s. 2] (3341)

**60.581 MERGER.** Subdivision 1. **Domestic insurance corporations.** Any two or more domestic insurance corporations, formed for any of the purposes for which stock, mutual, or stock and mutual insurance corporations might be formed under the laws of this state, may be

- (1) merged into one of such domestic insurance corporations, or
- (2) consolidated into a new insurance corporation to be formed under the laws of this state.

Subd. 2. **Domestic and foreign insurance corporations.** Any such domestic insurance corporations and any foreign insurance corporations formed to carry on any insurance business for the conduct of which an insurance corporation might be organized under the laws of this state, may be

- (1) merged into one of such domestic insurance corporations, or
- (2) merged into one of such foreign insurance corporations, or
- (3) consolidated into a new insurance corporation to be formed under the laws of this state, or
- (4) consolidated into a new insurance corporation to be formed under the laws of the government under which one of such foreign insurance corporations was formed, provided that each of such foreign insurance corporations is authorized by the laws of the government under which it was formed to effect such merger or consolidation.

[1947 c 294 s 1]

**60.582 AGREEMENT; APPROVAL.** The merger or consolidation of insurance corporations can be effected only as a result of a joint agreement entered into, approved, and filed as follows:

(1) The board of directors of each of such insurance corporations as desire to merge or consolidate may, by majority vote, enter into a joint agreement signed by such directors and prescribing the terms and conditions of merger or consolidation, the mode of carrying the same into effect, with such other details and provisions as are deemed necessary.

(2) The agreement shall be submitted to the shareholders or members, as the case may be, of each of the merging or consolidating insurance corporations, at a special meeting duly called for the purpose of considering and acting upon the agreement, and if the holders of two-thirds of the voting power of the shareholders or members present or represented at the meeting of each such insurance corporation shall vote for the adoption of the agreement, then that fact shall be certified on the agreement by the secretary of each insurance corporation, and the agreement so adopted and certified shall be signed and acknowledged by the president and secretary of each of said insurance corporations; provided, however, that in the case of a merger the agreement need not be submitted to the shareholders or members of that one of the insurance corporations into which it has been agreed the others shall be merged, but the agreement may be signed and acknowledged by the president and secretary of such insurance corporation at the direction of the board of directors.

(3) The agreement so adopted, certified and acknowledged shall be delivered to the commissioner of insurance, who, if the agreement is reasonable and if the provisions thereof providing for any transfer of assets and assumption of liabilities are fair and equitable to the claimants and policyholders, shall place his certificate of approval on the agreement and shall file the agreement in his office, and a copy of



the agreement, certified by the commissioner of insurance, shall be filed for record in the office of the secretary of state and in the offices of the registers of deeds of the counties in this state in which any of the corporate parties to the agreement have their home or principal offices, and of any counties in which any of the corporate parties have land, title to which will be transferred as a result of the merger or consolidation.

[1947 c 294 s 2]

**60.583 ARTICLES OF INCORPORATION OF NEW COMPANY.** Subdivision

1. If the joint agreement is for a consolidation into a new insurance corporation to be formed under any law or laws of this state, articles of incorporation for such new insurance corporation shall be prepared and delivered to the commissioner of insurance together with the agreement as provided in section 60.582.

Subd. 2. Such articles shall be prepared, executed, approved, filed and recorded in the form and manner prescribed in, or applicable to, the particular law or laws under which the new insurance corporation is to be formed.

[1947 c 294 s 3]

**60.584 CONSUMMATION OF MERGER.** Subdivision 1. A merger of one or more insurance corporations into a domestic insurance corporation shall be effective when the joint agreement has been approved and filed in the office of the commissioner of insurance.

Subd. 2. A consolidation of insurance corporations into a new domestic insurance corporation shall be effective when the joint agreement and the new articles of incorporation have been approved and filed in the office of the commissioner of insurance.

Subd. 3. A merger or consolidation of one or more domestic insurance corporations into a foreign insurance corporation shall be effective according to the provisions of law of the jurisdiction in which such foreign insurance corporation was formed, but not until the joint agreement has been adopted, certified and acknowledged, and copies thereof approved and filed in accordance with section 60.582.

[1947 c 294 s 4]

**60.585 EFFECT OF MERGER.** Upon the consummation of the merger or consolidation as provided in section 60.584, the effect of such merger or consolidation shall be:

(1) That the several corporate parties to the joint agreement shall be one insurance corporation, which shall be

(a) in the case of a merger, that one of the constituent insurance corporations into which it has been agreed the others shall be merged and which shall survive the merger for that purpose, or

(b) in the case of a consolidation, the new insurance corporation into which it has been agreed the others shall be consolidated;

(2) The separate existence of the constituent insurance corporations shall cease, except that of the surviving insurance corporation in the case of a merger;

(3) The surviving or new insurance corporation, as the case may be, shall possess all the rights, privileges and franchises possessed by each of the former insurance corporations so merged or consolidated except that such surviving or new corporation shall not thereby acquire authority to engage in any insurance business or exercise any right which an insurance corporation may not be formed under the laws of this state to engage in or exercise;

(4) All the property, real, personal and mixed, of each of the constituent insurance corporations, and all debts due on whatever account to any of them, including without limitation subscriptions for shares, premiums on existing policies, and other choses in action belonging to any of them, shall be taken and be deemed to be transferred to and invested in such surviving or new insurance corporation, as the case may be, without further act or deed;

(5) The surviving or new insurance corporation shall be responsible for all the liabilities and obligations of each of the insurance corporations merged or consolidated, in accordance with the terms of the agreement for merger or consolidation; but the rights of the creditors of the constituent insurance corporations, or of any persons dealing with such insurance corporations shall not be impaired by such merger or consolidation, and any claim existing or action or proceeding pending by

or against any of the constituent insurance corporations may be prosecuted to judgment as if the merger or consolidation had not taken place, or the surviving or new insurance corporation may be proceeded against or substituted in its place.

[1947 c 294 s 5]

**60.586 NON-CONSENTING SHAREHOLDERS.** Subdivision 1. When an insurance corporation having capital stock has become a party to a merger or consolidation agreement, as hereinbefore provided, any shareholder of such an insurance corporation who voted against the merger or consolidation at the meeting at which it was authorized, may, at any time within 20 days after such authorization was given, object thereto in writing and demand payment for his shares.

Subd. 2. If, after such a demand by a shareholder, the insurance corporation and the shareholder cannot agree upon the value of the shares at the time the merger or consolidation was authorized, such value shall be ascertained by three disinterested persons, one of whom shall be named by the shareholder, another by the insurance corporation and the third by the two thus chosen. The finding of the appraisers shall be final, and if their award is not paid by the insurance corporation within 30 days after it is made, it may be recovered in an action by the shareholder against the insurance corporation. The liability of the insurance corporation to the dissenting shareholder for the value of his shares so agreed upon or awarded shall also be a liability of the surviving or new insurance corporation, as the case may be. Upon payment by the insurance corporation or by the surviving or new corporation to the shareholder of the agreed or awarded price of his shares, the shareholder shall forthwith transfer and assign the shares held by him at, and in accordance with, the request of the corporation.

Subd. 3. A shareholder shall not be entitled to payment for his shares under the provisions of this section unless the value of the corporate assets which would remain after such payment would be at least equal to the aggregate amount of its debts and liabilities including outstanding capital stock.

[1947 c 294 s 6]

**60.587 OTHER COMPANIES NOT PRECLUDED.** Nothing contained in sections 60.581 to 60.587 shall preclude companies organized under the laws of this state to do the business of life, accident or health insurance either on the stock, mutual, stock and mutual, stipulated premium, assessment or fraternal plan from electing to consolidate with any other company, foreign or domestic, or from reinsuring its risks or any part thereof with any other company, or reinsuring its risks or the whole of or any portion of the risks of any other company as provided in sections 60.55 to 60.58.

[1947 c 294 s 7]

**60.59 ANNUAL STATEMENTS.** Every insurance company, including fraternal beneficiary associations, doing business in this state, shall transmit to the commissioner, annually, on or before March first, upon blanks furnished by him, a verified statement of its entire business and condition during the preceding calendar year, 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. Such statement shall be in such form and shall contain such matters as the commissioner shall prescribe, and it may be varied as to different types of insurers, as shall seem to him best adapted to elicit a true exhibit of the condition of each such insurer. The commissioner may also address to any insurer, including fraternal beneficiary associations, township mutuals and interinsurance exchanges, or its officers, any inquiry in relation to its transactions or condition, or any matter connected therewith. Every insurer, or person so addressed, shall reply in writing to such inquiry promptly and truthfully, and such reply shall be verified, if required by the commissioner, by such individual or by such officer or officers of an insurer as he shall designate. If approved by the commissioner, a summary of such statement, prepared by the commissioner, together with a certificate of approval, shall be published, and proof of publication filed with him before September first, following, in default whereof he shall have such publication and proof made at the expense of the company. Upon the approval of the statement the commissioner shall issue a renewal license for the succeeding year beginning June first. Any license to a company or its agent, issued after the approval of the statement, shall expire May thirty-first of the year following. No company or agent thereof shall transact any new business in this state after May thirty-first in any year unless it shall have previ-

ously transmitted such statement to the commissioner; but no fraternal beneficiary association, nor any social corporation paying only sick benefits not exceeding \$250 in any one year, or funeral benefits, or aiding those dependent on a member not more than \$350, nor any subordinate lodge or council which is, or whose members are, assessed for benefits which are payable by a grand body, shall be required to make such statements. The commissioner shall not be required to prepare abstracts of the annual statement of fraternal beneficiary associations and reciprocal or inter-insurance exchanges, nor shall such associations or exchanges be required to publish an abstract or summary of the statement.

[*R. L. s. 1618; 1907 c. 11 s. 1; 1925 c. 31 s. 1; 1927 c. 186; 1949 c. 287 s. 1*] (3343)

**60.60 PUBLICATION.** The publication required by section 60.59 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 legal newspaper, conforming to the requirements of sections 331.06 to 331.09, which shall accept and publish such advertisement, at the rates prescribed by law for legal publications. This newspaper shall be entitled to charge and receive for the publication not to exceed the rate prescribed by law for legal publications. Resident mutual insurance companies shall publish the statement in the legal newspaper in the county of the company's home office where there is no legal newspaper published in the place where the home office is situated.

This section shall in nowise repeal, modify, amend, or affect sections 60.61 and 60.62.

[*R. L. s. 1619; 1907 c. 61 s. 1; 1923 c. 190 s. 1*] (3344)

**60.61 STATEMENTS OF INSURANCE COMPANIES.** The publication of the summaries of the annual statements of insurance companies, as required by the provisions of section 60.59, may be made in any insurance trade journal, as defined in section 60.62, if the owner, or proprietor, or publisher will accept and publish the same at the rates prescribed by law for legal publications, with the same force and effect and in lieu of the publication thereof in a newspaper, as defined in and required by the provisions of section 60.60.

[*1919 c. 204 s. 1*] (3345)

**60.62 INSURANCE TRADE JOURNAL, PUBLICATION IN.** Any publication authorized by the provisions of section 60.61 may be made in any insurance trade journal for the county in which it has its permanent office of publication, if it comply with the following requirements: such journal must have been published continuously for ten years prior to any such publication, it must be circulated to a bona fide list of paid subscribers, it must be published to disseminate solely unbiased information relative to all phases of the business of insurance underwriting, and shall not in any way or degree be owned or controlled by any insurance company or organization, and the owner of the same shall have filed with the commissioner an affidavit setting forth the existence of the conditions hereinbefore specified.

[*1919 c. 204 s. 2*] (3346)

**60.63 TAXATION OF INSURANCE COMPANIES.** Subdivision 1. As used in this section "municipality" means a city of any class, a village, a borough, a town, or a township.

Subd. 2. Every domestic and foreign company, except town and farmers' mutual insurance companies and domestic mutual insurance companies other than life, shall pay to the state treasurer on or before April 30th annually a sum equal to two percent 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, excepting premiums written for marine insurance as specified in subdivision 6. Premiums as used in this section shall be deemed to include considerations paid for annuities. If unpaid by such date a penalty of ten percent shall accrue thereon, and thereafter such sum and penalty shall draw interest at the rate of one percent per month until paid.

NOTE: The provisions of subdivision 2 relating to taxes on annuity considerations shall apply to the taxes due on gross considerations received for two calendar years beginning after December 31, 1954.

Subd. 3. Every domestic mutual insurance company shall pay to the state treasurer on or before April thirtieth annually a sum equal to two percent of the gross direct fire premiums on policies effective subsequent to January 1, 1930, less return premiums on all direct business received by it, or by its agents for it, in cash or otherwise, during the preceding calendar year upon business written in any municipality in this state maintaining an organized fire department, and in any municipal-

ity served by any such organized fire department under contract; provided that the existence of such department has been certified to the commissioner and if not paid on or before April thirtieth a penalty of ten percent shall accrue thereon, and thereafter such sum and penalty shall draw interest at the rate of one percent per month until paid.

Subd. 4. Every town and farmers' mutual insurance company shall pay to the state treasurer on or before April thirtieth annually, a sum equal to two percent of the gross direct fire premiums, on policies effective subsequent to June 30, 1935, less return premiums, on all direct business received by it, or by its agents for it, in cash or otherwise, during the preceding calendar year upon business written in any municipality in this state maintaining an organized fire department, and in any municipality served by any such organized fire department under contract; provided the existence of such department has been certified to the commissioner and if not paid on or before April thirtieth a penalty of ten percent shall accrue thereon, and thereafter such sum and penalty shall draw interest at the rate of one percent per month until paid.

Subd. 5. "Return premiums," as used in this section, means any dividend or any unused or unabsorbed portion of premium deposit or assessment that shall be applied toward the payment of any premium, premium deposit, or assessment due from the policyholder or member upon a continuance or renewal of the insurance on account of which such dividend was earned or premium deposit or assessment paid and any portion of premium returned by the company upon cancellation or termination of a policy or membership, except surrender values paid upon the cancellation and surrender of policies or certificates of life insurance.

Subd. 6. Every domestic and foreign company shall pay to the state treasurer on or before June 1st annually a sum equal to five percent of its taxable underwriting profit, ascertained as hereinafter provided, with respect to all insurance written within this state, during the preceding calendar year, upon hulls, freights, or disbursements, or upon goods, wares, merchandise and all other personal property and interests therein, in course of exportation from, importation into any country, or transportation coastwise, including transportation by land or water from point of origin to final destination in respect to, appertaining to, or in connection with, any and all risks or perils of navigation, transit or transportation, and while being prepared for, and while awaiting shipment, and during any delays, storage, transshipment or reshipment incident thereto, including war risks and marine builder's risks. If unpaid by such date a penalty of ten percent shall accrue thereon, and thereafter such sum and penalty shall draw interest at the rate of one percent per month until paid.

The underwriting profit on such insurance written within this state shall be that proportion of the total underwriting profit of such insurer from such insurance written within the United States which the amount of net premiums of such insurer from such insurance written within this state bears to the amount of net premiums of such insurer from such insurance written within the United States.

The underwriting profit of such insurer on such insurance written within the United States shall be determined by deducting from the net earned premiums on such marine insurance written within the United States during the taxable year, meaning thereby the calendar year next preceding the date on which such tax is due, the following items:

(a) Net losses incurred, meaning gross losses incurred during such calendar year under such marine insurance contracts written within the United States, less reinsurance claims collected or collectible and less net salvages or recoveries collected or collectible from any source applicable to the corresponding losses under such contracts;

(b) Net expenses incurred in connection with such marine contracts, including all state and federal taxes in connection therewith; but in no event shall the aggregate amount of such net expenses deducted exceed forty percent of the net premiums on such marine insurance contracts, ascertained as hereinafter provided; and

(c) Net dividends paid or credited to policyholders on such marine insurance contracts.

In determining the amount of such tax, net earned premiums on such marine insurance contracts written within the United States during the taxable year shall be arrived at as follows:

From gross premiums written on such contracts during the taxable year deduct any and all return premiums, premiums on policies not taken, premiums paid for reinsurance of such contracts and net unearned premiums on all such outstanding contracts at the end of the taxable year; and add to such amount net unearned premiums on such outstanding marine insurance contracts at the end of the calendar year next preceding the taxable year.

Subd. 7. In determining the amount of such tax, net expenses incurred shall be determined as the sum of the following:

(a) Specific expenses incurred on such marine insurance business, consisting of all commissions, agency expenses, taxes, licenses, fees, loss adjustment expenses, and all other expenses incurred directly and specifically in connection with such business, less recoveries or reimbursements on account of or in connection with such commissions or other expenses collected or collectible because of reinsurance or from any other source.

(b) General expenses incurred on such marine insurance business, consisting of that proportion of general or overhead expenses incurred in connection with such business which the net premiums on such marine insurance written during the taxable year bear to the total net premiums written by such insurer from all classes of insurance written by it during the taxable year. Within the meaning of this paragraph, general or overhead expenses shall include salaries of officers and employees, printing and stationery, all taxes of this state and of the United States, except as included in paragraph (a) last above, and all other expenses of such insurer, not included in paragraph (a) last above, after deducting expenses specifically chargeable to any or all other classes of insurance business.

Subd. 8. In determining the amount of such tax, the taxable underwriting profit of such insurer on such marine insurance business written within this state, shall be ascertained as follows:

(a) In the case of every such insurer which has written any such business within this state during three calendar years immediately preceding the year in which such taxes were payable, the taxable underwriting profit shall be determined by adding or subtracting, as the case may be, the underwriting profit or loss on all such insurance written within the United States, ascertained as hereinbefore provided, for each of such three years, and dividing by three.

(b) In the case of every such insurer other than as specified in paragraph (a) last above, such taxable underwriting profit, if any, shall be the underwriting profit, if any, on such marine insurance business written within this state during the taxable year, ascertained as hereinbefore provided; but after such insurer has written such marine insurance business within this state during three calendar years, an adjustment shall be made on the three year average basis by ascertaining the amount of tax payable in accordance with paragraph (a) last above.

The tax hereinbefore provided shall be paid annually by every insurer authorized to do in this state the business of marine insurance during any one or more of the next preceding three calendar years, and the calendar year next preceding such June first shall be deemed the taxable year within the meaning of this section.

Every insurer liable to pay the tax hereinbefore provided shall, on or before the first day of June in each year, file with the state treasurer a tax return in the form prescribed by him.

The tax provided for in this section shall apply to the business of the year ending December 31, 1952, and to subsequent years.

Subd. 9. In the case of a domestic company such sums are in lieu of all other taxes, except those upon real property owned by it in this state, which is taxed the same as like property of individuals, and in the case of a foreign company such sums are in lieu of all other taxes, except those upon real property owned by it in this state, which is taxed the same as like property of individuals.

[*R L s 1625; 1907 c 321 s 1; 1915 c 184 s 1; 1919 c 515 s 2; 1921 c 341 s 1; 1927 c 421; 1929 c 148 s 1; 1935 c 328; 1943 c 73 s 1; 1949 c 342 s 1; 1953 c 477 s 1; Ex1955 c 2 art 1 s 1*](3347)

**60.64 INSURANCE AGENT OR SOLICITOR, LICENSE FOR.** No person shall act or assume to act as an insurance agent or solicitor in the solicitation or procurement of applications for insurance, nor in the sale of insurance or policies of insurance, nor in any manner aid as an insurance agent or solicitor in the negotiation of insurance by or with insurer, including resident agents or reciprocal or interinsurance exchanges, except fraternal beneficiary associations and township mutual com-

panies, until such person shall obtain from the commissioner a license therefor, which license shall specifically set forth the name of the person so authorized to act as agent or solicitor and the class or classes of insurance for which he is authorized to solicit or countersign policies.

[1915 c. 195 s. 1; 1921 c. 380 s. 1] (3348)

**60.65 LICENSES.** A license to any person to act as insurance agent shall only be granted by the commissioner, upon the written requisition of an insurer, to a qualified person.

To become qualified, a person shall complete a written application furnished by the commissioner, and he shall take and pass the examination prescribed for one or more of the lines of insurance provided for in section 60.68.

Prior to his taking the examination, the applicant shall transmit to the commissioner of insurance, by money order or cashier's check payable to the state treasurer, a fee of \$10 for taking the examination for one line of insurance and an additional \$5 fee for each examination for additional lines of insurance or for re-examination in any one line, provided however, the fee for taking an examination for windstorm shall be only \$5; but if such agent takes a subsequent examination for any other line, his fee for his first subsequent examination shall be \$10.

The insurer shall remit for each agent a fee of \$2 in the case of a foreign insurer and 50 cents in the case of a domestic insurer. The license issued shall expire May 31 of each year, unless renewed by written request of the insurer with payment of renewal fee of \$2 in the case of a foreign insurer and 50 cents in the case of a domestic insurer.

Any officer of a licensed insurer may, without license or other qualification, appoint agents for the company and act in its behalf in the negotiation and consummation of insurance.

[1915 c. 195 s. 2; 1921 c. 380 s. 2; 1951 c. 583 s. 1; 1955 c. 701 s. 1] (3349)

**60.66 AGENTS TO BE LICENSED.** Every insurance agent duly licensed to transact business in this state shall have the right to procure the insurance of risks, or parts of risks, in the class or classes of insurance for which he is licensed in other insurers duly authorized to transact business in this state, but such insurance shall only be consummated through a duly licensed resident agent of the insurer taking the risk.

A non-resident insurance agent or solicitor placing insurance through a resident insurance agent of this state shall be permitted to do so only when he shall have first made written application for and procured from the commissioner a license therefor, upon a form prescribed by the commissioner, upon the payment of a fee of \$10. The license shall expire one year from its date and shall in no case be granted to a resident of any state which does not permit the licensing of an agent of this state under like circumstances.

[1915 c. 195 s. 3; 1921 c. 380 s. 3] (3350)

**60.67 AGENT MAY EMPLOY SOLICITORS.** An insurance agent, duly authorized as such and representing one or more insurers within this state, may employ such solicitors as he may desire to represent him, but these solicitors shall not represent themselves, by advertisement or otherwise, as agents of the insurer or insurers represented by their employer, and they shall in all instances represent themselves only as solicitors for the insurance agents.

No person shall act, or assume to act, as an insurance solicitor until he shall have obtained from the commissioner a license therefor, and paid a fee of \$10, which license shall be issued to him only on the requisition of an insurance agent duly licensed in this state and the filing of the application provided for in section 60.68.

[1915 c. 195 s. 4; 1921 c. 380 s. 4] (3351)

**60.68 SOLICITORS, QUALIFICATIONS, APPLICATIONS.** No person shall be licensed by the commissioner as an insurance agent or solicitor if the commissioner shall be satisfied that the person is incompetent or unqualified to act as an insurance agent or solicitor, or that the person does not in good faith intend to carry on the business of insurance agent or solicitor, or intends to secure a license for the sole purpose of writing insurance upon his own life or property; or that the person is untrustworthy or of bad moral character; or that the person has unreasonably failed to pay over to any insurer, agent, or solicitor, or policyholder or member of any insurance company or association entitled thereto, the whole or any part of any premium or return premium, or

moneys or other thing of value in his hands, arising out of any insurance transaction, and due or payable to or belonging to any policyholder or other person, firm or corporation; or that the person has wilfully misrepresented to any person, firm or corporation the terms or conditions of any policy or contract of insurance or the financial standing or condition or manner of doing business of any insurer, agent, or solicitor; or that the person has deceived or defrauded, or attempted to deceive or defraud, any person, firm, or corporation in connection with any insurance transaction, or that the person has been dishonest in connection with any insurance transaction, or that the person has urged or procured any person, firm, or corporation to lapse any policy or contract of insurance in any company or association which is now or has been licensed to do business in the state, to the damage of such person, firm, or corporation, or that the person has violated any of the provisions of the laws of this state in any way relating to insurance or the transaction or negotiation of insurance, or insurance agents or solicitors, or any lawful ruling of the commissioner. No license shall be granted to any agent or solicitor until he shall have filed with the commissioner an application duly signed and verified by him, which application shall be in such form as may be prescribed by the commissioner and set forth such facts as may enable him to form a conclusion as to the qualifications of the agent or solicitor, but where the agent or solicitor has previously filed with the commissioner such an application, the commissioner may renew his license without requiring further application. No agent or solicitor licensed on January 1, 1944, shall be required to take an examination to determine his competence to transact business in the lines of insurance for which he was licensed on that date. The lines of insurance herein referred to are: fire and marine, automobile, accident and health, life, general casualty, fidelity and surety, and farm windstorm and hail.

[1915 c. 195 s. 5; 1921 c. 380 s. 5; 1945 c. 244 s. 1] (3352)

**60.69 REVOCATION OF LICENSE.** The commissioner may at any time revoke the license of any insurance agent or solicitor or suspend the same for not less than 30 days if he shall be satisfied that any such licensee is not qualified under the provisions of section 60.68, and he shall give such notice thereof as he deems will best protect the public.

[1915 c. 195 s. 6; 1921 c. 380 s. 6] (3353)

**60.70 APPLICATION BY COMPANY FOR REVOCATION.** The license of any person as agent for any insurer shall likewise be revoked by the commissioner when written request therefor is made by the insurer. The license of any solicitor shall likewise be revoked when written request therefor is made by the agent employing him or by the company whose agent appointed him.

[1915 c. 195 s. 7; 1921 c. 380 s. 7] (3354)

**60.71 NOTICE OF REVOCATION.** Notice of the revocation or suspension shall be given to the person, by mail, and shall be deemed complete if the notice is deposited in the mails, postage prepaid, directed to the person at his last known place of residence, as disclosed by the application for license on behalf of that person. Notice of the revocation or suspension or the refusal of an agent's license shall, in like manner, be given to the insurer which applied therefor. Notice of the refusal of a solicitor's license shall, in like manner, be given to the applicant therefor.

[1915 c. 195 s. 8; 1921 c. 380 s. 8] (3355)

**60.72 COMPLAINT; REINSTATEMENT; HEARING.** The commissioner, when he deems it advisable, may require any complaint made against an insurance agent or solicitor to be in writing and sworn to by the person making the same. When the commissioner shall deem it advisable, and in all cases where the complaint or the agent or solicitor requests the same in writing, the commissioner shall grant a summary hearing in his office to determine whether or not the license shall be refused, revoked, or suspended and, if an appearance shall not be made at the hearing, the license of the person applying for the same, or on whose behalf application for the same is made, or who is complained against, shall be forthwith refused, revoked, or suspended, as the case may be. When the license of any agent or solicitor has been refused or revoked for cause, no new application for a license shall be entertained by the commissioner for one year thereafter, and then only upon condition that this person shall file with the commissioner a good and sufficient bond, in the sum of \$5,000, for the protection of the citizens of the state, which bond shall be maintained by the licensee in full force and effect for a period of five years

immediately following the issuance of the license, unless the commissioner at his discretion shall after two years permit the licensee to sooner terminate the maintenance and filing of such bond.

[1915 c 195 s 9; 1921 c 380 s 9; 1949 c 121 s 1] (3356)

**60.73 UNFITNESS, DETERMINED BY COMMISSIONER.** Upon proper complaint the commissioner may, in like manner, determine the unfitness of any person whose license as agent or solicitor has expired, or has been revoked upon the request of the insurer for which he was licensed, to be thereafter licensed as insurance agent or solicitor, and record thereof shall be made as in the case of revocation, refusal, or suspension of an agent's or solicitor's license.

[1915 c. 195 s. 10; 1921 c. 380 s. 10] (3357)

**60.74 RECORD OF REFUSALS, REVOCATIONS, AND SUSPENSIONS.** The commissioner shall keep a record of the name and address of every person whose license as agent or solicitor has been refused, revoked, or suspended, together with a brief statement of the reasons therefor and the facts connected therewith, which record shall be open to public inspection.

[1915 c. 195 s. 11; 1921 c. 380 s. 11] (3358)

**60.75 UNFIT OR DISQUALIFIED PERSON NOT TO BE EMPLOYED BY INSURER.** No insurer, its officers, agents, or managers, shall knowingly make application to the commissioner for a license as agent on behalf of any person who is known to the insurer, its officers, agents, or managers, making the application, to be unfit or disqualified to be licensed as an insurance agent, and immediately upon the discovery by the insurer, its officers, agents, or managers, having supervision of the agent, of the unfitness or disqualification, the insurer, or the officers, agents, or managers, shall forthwith request the commissioner, in writing, to revoke the license of this agent; nor shall any insurer retain in its employ any agent known by it to be disqualified or unfit to be licensed as an insurance agent, nor shall any agent retain in his employ as solicitor any person disqualified or unfit to be licensed as such.

[1915 c. 195 s. 12; 1921 c. 380 s. 12] (3359)

**60.76 REDRESS OF PERSON AGGRIEVED; POWERS OF COMMISSIONER.** Any person aggrieved by any ruling or order of the commissioner may appeal therefrom to any district court of the state by serving written notice of such intention upon the commissioner, specifying the court, within ten days after the same is made. The commissioner shall thereupon file with the clerk of court a certified copy of his order or ruling and findings of fact upon which the same are based, which shall be prima facie evidence of the facts therein stated. Thereupon the court shall summarily hear and determine the questions involved on the appeal.

[1915 c. 195 s. 13; 1921 c. 380 s. 13] (3360)

**60.77 WITNESSES, ATTENDANCE COMPELLED BY COMMISSIONER.** The commissioner shall have full power to summon and compel the attendance of witnesses before him to testify in relation to any matter which is, by the provisions of the laws of this state relating to insurance, a subject of inquiry or investigation, and may require the production of any book, paper, or document deemed pertinent thereto. The summons shall be served in the same manner and have the same effect as subpoenas from district courts of this state. All witnesses summoned shall receive the same compensation as is paid to witnesses in the district court, which shall be paid out of the contingent fund of the department of insurance, upon proper vouchers for the same, signed by the commissioner; and the commissioner shall, at the close of the hearing wherein the witness was subpoenaed, certify to the attendance and mileage of the witnesses, which certificate shall be filed with the vouchers. All investigations held by, or under the direction of, the commissioner may, in his discretion, be private, and persons other than those required to be present may be excluded from the place where the investigation is held, and witnesses may be kept separate and apart from each other and not allowed to communicate with each other until they have been examined.

[1915 c. 195 s. 14; 1921 c. 380 s. 14] (3361)

**60.78 OATHS ADMINISTERED.** The commissioner and his deputy are each hereby authorized and empowered to administer oaths and affirmations to any person appearing as witness before them; and false swearing in any matter or proceeding shall be perjury and punished as such.

[1915 c. 195 s. 15; 1921 c. 380 s. 15] (3362)



**60.79 CONTEMPT.** Any witness who refuses to be sworn or who refuses to testify, or who disobeys any lawful order of the commissioner or his deputy, in relation to any investigation, or who fails or refuses to produce any paper, book, or document touching any matter under examination, or who is guilty of any contemptuous conduct, after being summoned to appear before him to give testimony in relation to any matter or subject under examination or investigation, may be summarily punished by the commissioner or his deputy, as for contempt by a fine in a sum not exceeding \$100.

[1915 c. 195 s. 16; 1921 c. 380 s. 16] (3363)

**60.80 PUNISHMENT FOR CONTEMPT.** Disobedience of any subpoenas in such proceeding, or contumacy of a witness, may, upon application of the commissioner, be punished by any district court in the same manner as if the proceedings were pending in such court.

[1915 c. 195 s. 17; 1921 c. 380 s. 17] (3364)

**60.81 LICENSE MANDATORY.** No commission or other compensation shall be paid or allowed by any person, firm, or corporation to any other person, firm, or corporation acting, or assuming to act, as an insurance agent or solicitor without a license therefor.

[1915 c. 195 s. 18; 1921 c. 380 s. 18] (3365)

**60.82 REFUSAL OF WITNESS TO APPEAR OR TESTIFY.** The commissioner shall revoke the license of any agent or solicitor or insurer refusing or neglecting to appear or testify at any hearing held before the commissioner, or failing or refusing to produce any books, papers, or documents demanded by the commissioner, when these persons have been notified by him, in writing, to so appear and testify or produce books, papers, or documents at the hearing.

[1915 c. 195 s. 20; 1921 c. 380 s. 20] (3367)

**60.83 LIABILITY OF OFFICERS.** No director or other officer of any company shall, officially or privately, guarantee a policyholder thereof against an assessment to which he would otherwise be liable. When the directors of any company fail for 30 days after entry of any judgment, or for six months after the accruing of any other indebtedness against it, to levy and deliver for collection any assessment required by law for payment thereof, or to apply the proceeds thereof in either case, each shall be personally liable for the amount thereof, and for all debts and claims then outstanding or which may accrue until the assessment shall be levied and put in process of collection. When the treasurer unreasonably fails to collect and properly apply the proceeds of any such assessment he shall be personally liable, not exceeding the total assessment, to any person entitled thereto, and shall be repaid only out of funds thereafter collected thereon.

[R. L. s. 1621] (3368)

**60.84 COMPENSATION.** No officer or other person employed to determine the character of a risk, and decide the question of its acceptance by any mutual fire company other than a town or farmers company, shall receive a commission or other payment therefrom, but his compensation shall be by fixed salary and such share, if any, of the net profits as the directors may determine; and such officer or person shall not be an employee of any other officer or agent of the company, nor interested in his business.

[R. L. s. 1622] (3369)

**60.85 MISREPRESENTATION BY APPLICANT.** No oral or written misrepresentation made by the assured, or in his behalf, in the negotiation of insurance, shall be deemed material, or defeat or avoid the policy, or prevent its attaching, unless made with intent to deceive and defraud, or unless the matter misrepresented increases the risk of loss.

[R. L. s. 1623] (3370)

**60.86 RECEIVERS, ACCOUNTS, DEPOSIT OF RECORDS.** All accounts of receivers or assignees of insolvent companies rendered to the district court shall be referred to the commissioner before allowance for examination and report thereon and, at the completion of their duties, they shall deposit with him all books, records, and papers relating to the insolvency.

[R. L. s. 1624] (3371)

**60.87 COMMISSIONER AS RECEIVER.** When for any reason a receiver of any domestic insurance corporation, company, or association is appointed, including fraternal beneficiary associations and reciprocal or interinsurance exchanges, the

district court may name the commissioner as receiver; and, if so appointed, he shall act with all the powers, rights, and privileges now given by law to receivers of these companies.

[1925 c 235 s 1] (3371-1)

**60.875 DELINQUENT INSURERS.** Subdivision 1. **Application of section.** This section applies to all corporations, associations, societies, orders, partnerships, individuals, and aggregations of individuals, including specifically but not exclusively, reciprocals, inter-insurance exchanges, fraternal beneficiary associations, and township mutual fire insurance companies, to which any section of the insurance laws of this state is applicable, which are subject to examination or supervision under any section of the insurance laws of this state or under this section, or which are doing or attempting to do or representing that they are doing the business of insurance in this state, or which are in process of organization for the purpose of or intending to do such business therein.

**Subd. 2. Definitions.** 1. Unless the language or context clearly indicates that a different meaning is intended, the words, terms, and phrases defined in clauses 2, 3, and 4, for the purpose of this section, shall be given the meanings subjoined to them.

2. "Insurer" includes all corporations, associations, societies, orders, partnerships, individuals, and aggregations of individuals named in subdivision 1 which are engaged in the business of insurance as principal.

3. "Commissioner" means the commissioner of insurance.

4. "Assets" includes all property, deposits, and funds, including special and trust funds.

**Subd. 3. Rehabilitation of domestic insurers.** The commissioner may apply, in accordance with the provisions of subdivision 22, for an order directing him to rehabilitate a domestic insurer on one or more of the following grounds; that such insurer

(a) Is insolvent,

(b) Has refused to permit the examination of its books, papers, accounts or affairs by the commissioner or his deputy or his examiners,

(c) Has neglected or refused to observe an order of the commissioner to make good within the time and to the extent prescribed by law any deficiency, whenever its capital or reserves shall have become impaired,

(d) Has, by contract, of reinsurance or otherwise, transferred or attempted to transfer substantially its entire property or business, or entered into any transaction the effect of which is to merge substantially its entire property or business in the property or business of any other insurer, without having first complied with the provisions of sections 60.53 and 60.54, or obtained the approval of the commerce commission pursuant to the provisions of section 60.03.

(e) Is found, after an examination, to be in such condition that its further transaction of business will be hazardous to its policyholders, or to its creditors, or to the public,

(f) Has wilfully violated its charter or any law of the state,

(g) Has an officer who has refused to be examined under oath, touching its affairs,

(h) Has ceased to transact business for a period of five years,

(i) Has commenced or attempted to commence or prosecute any action or proceeding to liquidate its business or affairs, or to dissolve its corporate charter, or to procure the appointment of a receiver, custodian, or sequestrator under any law except this chapter,

(j) Has been the subject of an application for the appointment of a receiver, custodian, or sequestrator of the insurer or its property, or if a receiver, custodian or sequestrator, is appointed by a federal court or such appointment is imminent,

(k) Has consented to such an order through a majority of its directors, stockholders, or members, or

(l) Has not organized or obtained a certificate authorizing it to commence the transaction of its business as provided by law.

**Subd. 4. Order to rehabilitate.** An order to rehabilitate a domestic insurer shall direct the commissioner forthwith to take possession of the property of such insurer and to conduct the business thereof, and to take such steps toward the removal of the causes and conditions which have made such proceeding necessary as the court directs.

Subd. 5. **Commissioner may apply for order of liquidation.** At any time the commissioner deems that further efforts to rehabilitate such insurer will be futile, he may apply to the court for an order of liquidation.

Subd. 6. **Grounds for liquidation.** The commissioner may apply, in accordance with subdivision 22, for an order directing him to liquidate the business of a domestic insurer upon one or more of the grounds specified in subdivision 3, regardless of whether or not there has been a prior order directing him to rehabilitate such insurer.

Subd. 7. **Commissioner to take possession of property.** 1. An order to liquidate the business of a domestic insurer shall direct the commissioner forthwith to take possession of the property of such insurer, liquidate its business, and deal with the property and business of such insurer in his own name as commissioner, or in the name of the insurer, as the court directs, and to give notice to all creditors who may have claims against such insurer to present the same within a specified time.

2. The commissioner shall be vested by operation of law with the title to all of the property, contracts, and rights of action of such insurer as of the date of the order to liquidate. The filing for record of a certified copy of such order in the office of the register of deeds of the county in which the order is obtained shall impart the same notice that a deed, bill of sale or other evidence of title duly filed or recorded by such insurer imparts. The rights and liabilities of any such insurer and of its creditors, policyholders, stockholders, members, and other persons interested in its estate shall, unless otherwise directed by the court, be fixed as of the date of the entry of such order in the office of the clerk of the district court of the county wherein obtained.

Subd. 8. **May apply to court for order of termination.** The commissioner, or any interested person after due notice to the commissioner, may apply to the court for an order terminating the rehabilitation or liquidation of an insurer and permitting such insurer to resume possession of its property and conduct its business. Such order shall be granted if, after hearing, the court determines that the purposes of the proceeding have been accomplished.

Subd. 9. **Grounds for conserving assets.** The commissioner may apply, in accordance with the provisions of this section, for an order directing him to conserve the assets within the state of a foreign insurer upon one or more of the grounds specified in subdivision 3, clauses (a), (b), (c), (d), (e), (f) and (g), or upon the ground that such foreign insurer has been placed in the hands of a receiver, or has had its property sequestered in any other country or state.

Subd. 10. **Commissioner to take possession.** An order to conserve the assets of a foreign insurer shall direct the commissioner forthwith to take possession of the property of such insurer and conserve the same, subject to the further direction of the court. The rights and duties of the commissioner with reference to such insurer and its assets, shall be those heretofore exercised by and imposed upon receivers of foreign corporations in this state.

Subd. 11. **Uniformity of rehabilitation.** The purpose of subdivisions 11 to 20 is to promote uniformity in the rehabilitation, reorganization, or liquidation of insurers doing business in more than one state. It is intended that such subdivisions shall be liberally construed to the end that as far as possible the assets of such insurers shall be equally and uniformly conserved in all states and that claimants against such insurers shall receive equal and uniform treatment irrespective of places of their residence or of the acts or contracts upon which their claims are based.

Subd. 12. **What is reciprocal state.** For the purposes of subdivisions 11 to 20, a "reciprocal state" is hereby defined to mean a state wherein

(a) It is provided by law that the insurance department or other administrative agency of the state shall conduct or wind up the affairs of delinquent insurers under judicial supervision and shall be vested with title to all of the assets of any domestic insurer therein against which a delinquency proceeding has been commenced, and

(b) In substance and effect the provisions of subdivisions 11 to 20 are in force.

Subd. 13. **Order shall apply to the administration by the commissioner.** In addition to and notwithstanding any other provisions of law, subdivisions 11 to 20, inclusive, shall apply to the administration by the commissioner of the affairs of delinquent domestic insurers with respect to matters affecting or related to re-

reciprocal states and shall also apply to matters affecting or related to this state in the administration by the commissioner of the affairs of delinquent insurers domiciled in reciprocal states and authorized to transact business in this state.

**Subd. 14. Claims to be filed in this state.** In a proceeding for the rehabilitation, reorganization, or liquidation of a domestic insurer begun in this state, claimants who reside, or whose claims are based upon acts of or contracts with such insurer, in a reciprocal state, shall file their claims in this state pursuant to the laws of this state, but may prove their claims in such reciprocal state. The court in charge of the proceeding in this state shall, if necessary, appoint one or more referees before whom such claims may be proved in such reciprocal state.

**Subd. 15. Preference laws not recognized.** In such proceeding against a domestic insurer no law of such reciprocal state regulating and providing for preferences against the general assets of such insurer shall be recognized with respect to the distribution of assets of such insurer regardless of where they may be located, provided the claimants against such insurer in such reciprocal state shall be entitled to receive all preferences allowed by the laws of this state to residents of this state or to claimants against such insurer in this state.

**Subd. 16. Purpose of special deposits.** The purposes of special deposits of delinquent domestic insurers made in reciprocal states or of bonds given in lieu of deposits in such states shall be recognized where legal. The commissioner shall apply to courts of competent jurisdiction in reciprocal states for permission to administer such deposits or the proceeds of such bonds in accordance with such purposes and give the security for faithful performance required by such courts.

**Subd. 17. Secured and unsecured creditors.** In the liquidation of the general assets of delinquent domestic insurers, unsecured creditors shall be preferred to secured creditors to the extent necessary to equalize the advantage gained by virtue of such security. The following shall be treated as secured claims for the purpose of this section.

(a) Claims secured by adequate process of law or by lien;

(b) Claims secured individually by deposit or money, securities or other property; by money, securities or other property held in escrow or in trust; or by bond;

(c) Claims secured generally by deposit or bond to secure the payment of claims of a particular class, but this provision does not include claims which are secured by deposit or bond for the benefit of all claimants of the company within the United States;

(d) Claims which have been filed with a receiver or liquidator not ancillary to the proceeding in this state.

Any or all of the above shall be treated as unsecured claims, provided all rights to the specific security have been surrendered or the assets in the possession of a non-ancillary receiver or liquidator have been transferred to the commissioner.

**Subd. 18. Title to assets.** When a proceeding for rehabilitation, reorganization, or liquidation is commenced in a reciprocal state against an insurer domiciled in such state and doing business in this state, title to all of the assets of such insurer, except special deposits, as hereinafter provided, then located in this state shall vest in the insurance supervisory or other administrative agency of such reciprocal state. Thereafter no action or proceeding against such insurer or such assets, except such special deposits, shall be commenced or continued in the courts of this state unless initiated, or consented to, by such insurance supervisory or other administrative agency of such reciprocal state.

**Subd. 19. Special deposits.** Except where it is expressly contrary to the terms of a special deposit or of a bond made in lieu of a deposit in this state of a delinquent insurer domiciled in a reciprocal state, on proper application depositaries shall be directed by a court of competent jurisdiction of this state to transfer the deposit or the proceeds of any bond given in lieu of deposit and all rights thereunder to the insurance supervisory or other administrative agency of the reciprocal state provided that such insurance supervisory or other administrative agency gives proper security for the faithful administration of such funds in accordance with the terms of the trust.

**Subd. 20. General assets.** The general assets, located in this state, of a delinquent insurer domiciled in a reciprocal state shall be administered by the insurance supervisory or other administrative agency of such reciprocal state as if such assets were located in such reciprocal state.

Subd. 21. **Order for dissolution.** The commissioner may apply for an order dissolving the corporate existence of a domestic insurer;

(a) Upon his application for an order of liquidation of the business of such insurer, or at any time after such an order has been granted; or

(b) Upon the grounds specified in subdivision 3, clauses (a) and (1), regardless of whether an order of rehabilitation is sought or has been obtained.

Subd. 22. **Proceedings commenced by application to the District Court.** The commissioner shall commence any proceeding under this section by an application to the district court of the county in which the principal office of the insurer involved is located, if a domestic insurer, and in the district court of Ramsey county in all other cases, for an order directing such insurer to show cause why the commissioner should not have the relief prayed for. On the return of such order to show cause, and after a full hearing, which shall be held by the court without delay, such court shall either deny the application or grant the same together with such other relief as the nature of the case and the interests of policyholders, creditors, stockholders, members, or the public may require.

Subd. 23. **Process to be served upon insurer.** The order to show cause and the papers upon which the same is made in any proceeding under this section shall be served upon the insurer named in such order in the manner provided by law for the service of civil process. Reciprocal and interinsurance exchanges and their attorneys in fact shall be served in the manner provided by section 71.09.

Subd. 24. **Temporary injunction may be granted.** When it appears by the application for the order to show cause referred to in subdivision 23 that the commissioner is entitled to the relief demanded, a temporary injunction may be granted restraining the insurer named in the application, its officers, directors, stockholders, members, trustees, agents, servants, employees, policyholders, attorneys, managers, and all other persons, from the transaction of its business or the waste or disposition of its property until the further order of the court. Such injunction may be granted at the time of commencing the proceeding or at any time afterwards during the pendency thereof, and during the pendency of the proceeding the court may issue such other injunctions or orders as may be deemed necessary to prevent interference with the commissioner or the proceeding, or waste of the assets of the insurer, or the prosecution of any actions, or the obtaining of preferences, judgments, attachments, or other liens or the making of any levy against the insurer or against its assets or any part thereof. Such injunctions shall be granted only upon motion or order to show cause but the insurer and other persons named in this section may be restrained by order until the decision of the court or judge granting or refusing the same. Any such injunction shall be granted upon it appearing satisfactorily to the judge, by affidavit, that sufficient grounds exist therefor. A copy of the affidavit must be served with the injunction.

Subd. 25. **Offices may be removed to St. Paul, Minnesota.** At any time after the commencement of a proceeding under this section, the commissioner may with the approval of the court remove the principal office of the insurer to the city of St. Paul, Minnesota. In the event of such removal, the court may, upon the application of the commissioner, direct the clerk of the district court of the county wherein such proceeding was commenced, to transmit all papers filed with such clerk to the clerk of the district court of Ramsey county, and the proceeding shall thereafter be conducted as though commenced in Ramsey county.

Subd. 26. **Commissioner may make rules.** For the purpose of giving effect to this section, the commissioner shall have the power, subject to the approval of the court, to make and prescribe such rules and regulations as to him seem necessary and proper.

Subd. 27. **Commissioner may appoint special deputy.** For the purposes of this section, the commissioner may appoint special deputy commissioners of insurance as his agents, employ such clerks and assistants as are necessary, and give each of such persons such powers to assist him as he deems advisable. The compensation of such special deputies, clerks, and assistants and all expenses of conducting any proceeding under this section shall be fixed by the commissioner, subject to the approval of the court, and, on certificate of the commissioner, be paid out of the funds or assets of the insurer involved.

Subd. 28. **Powers and duties of commissioner and deputies.** 1. In the discharge of the duties imposed by this section the commissioner, his deputy, or any special deputy appointed pursuant hereto, shall have power to administer oaths and

affirmations, take deposition, certify to official acts, and issue subpoenas to compel the attendance of witnesses and the production of books, papers, correspondence, memoranda, and other records deemed necessary as evidence in connection with a disputed claim or the administration of the section.

2. In case of contumacy by, or refusal to obey a subpoena issued to any person, any court of this state within the jurisdiction of which the inquiry is carried on or within the jurisdiction of which said person guilty of contumacy or refusal to obey is found or resides or transacts business, upon application by the commissioner, his deputy, or special deputy, shall have jurisdiction to issue to such person an order requiring such person to appear before the commissioner, or his deputy, there to produce evidence if so ordered or there to give testimony touching the matter under investigation or in question; and any failure to obey such order of the court may be punished by said court as a contempt thereof.

Subd. 29. **Evidence.** No person shall be excused from attending and testifying or from producing books, papers, correspondence, memoranda, and other records before the commissioner or his deputy, or special deputy or in obedience to the subpoena of the commissioner, his deputy, or special deputy, on the grounds that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination to testify or produce evidence, documentary or otherwise, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

Subd. 30. **Deposit of funds.** The moneys collected by the commissioner in a proceeding under this section shall be from time to time deposited in one or more state or national banks, savings banks, or trust companies, and in the case of the insolvency or the voluntary or involuntary liquidation of the depository, such deposits shall be entitled to priority of payment on an equality with any other priority given by the banking law. Such money may be deposited in a national bank or trust company as a trust fund.

Subd. 31. **Liens; when created.** Any transfer of, or lien upon, the property of an insurer made or created within three months prior to the granting of an order to show cause under this section with intent to give to any creditor, or of enabling him to obtain, a greater percentage of his debt than any other creditor of the same class which is accepted by such creditor having reasonable cause to believe that such a preference will occur, is voidable.

Subd. 32. **Officers directly liable in certain cases.** Each director, officer, employee, stockholder, member, or other person acting knowingly on behalf of such insurer concerned in making any transfer or creating any lien made voidable by subdivision 31, is personally liable therefor and is bound to account to the commissioner as liquidator.

Subd. 33. **Commissioner may avoid transfers.** The commissioner as liquidator may avoid any transfer of, or lien upon, the property of an insurer which any creditor, stockholder, or member of such insurer might have avoided and receive the property so transferred, or its value, from the person to whom it was transferred unless he was a bona fide holder for value prior to the date of the entry of the order of liquidation.

Subd. 34. **Wages to have priority.** All wages actually owing to employees of an insurer, against whom a proceeding under this section is commenced, for services rendered within three months prior to the commencement of such proceeding, not exceeding \$300 to an employee, shall be paid prior to the payment of other debts or claims and, subject to the direction of the court, as soon as possible after the proceedings have been commenced. Sufficient funds shall be reserved at all times for the expenses of administration.

Subd. 35. **Mutual debits and credits.** In all cases of mutual debits or mutual credits between the insurer and another person, such credits and debits shall be set-off and the balance only allowed or paid. No set-off shall be allowed in favor of any such person, where:

(a) The obligation of the insurer to such person would not then entitle him to share as a claimant in the assets of such insurer; or

(b) The obligation of the insurer to such person was purchased by or transferred to such person with a view of its being used as a set-off; or

(c) The obligation of such person is to pay an assessment levied against the members of a mutual insurer or to pay a balance upon a subscription to the capital stock of a stock corporation insurer.

**Subd. 36. Commissioner may dispose of assets.** The commissioner may, subject to the approval of the court:

(a) Sell or otherwise dispose of the real and personal property, or any part thereof, of an insurer against whom a proceeding has been brought under this section.

(b) Sell or compound all doubtful or uncollectible debts or claims owed by or owing to such insurer, including claims based upon an assessment levied against a member of a mutual insurer; provided, that when the amount of any such debt or claim owed by or owing to such insurer does not exceed \$200, the commissioner may compromise or compound the same upon such terms as he deems for the best interest of such insurer without obtaining the approval of the court.

**Subd. 37. May borrow money.** For the purpose of facilitating the rehabilitation, liquidation, conservation, or dissolution provided for by this section, the commissioner may, subject to the approval of the court, borrow money and execute, acknowledge, and deliver notes or other evidences of indebtedness therefor and secure the repayment of the same by the mortgage, pledge, assignment, transfer in trust, or hypothecation of any or all of the property of an insurer against whom a proceeding has been brought under this section, and the commissioner, subject to the approval of the court, may take any and all other action necessary and proper to consummate any such loans and provide for the repayment thereof. The commissioner shall be under no obligation personally or in his official capacity as commissioner of insurance to repay any loan made pursuant to this subdivision.

**Subd. 38. Commissioner to make report to court.** Within one year from the date of the entry of an order of rehabilitation or liquidation of a domestic mutual insurer in the office of the clerk of the district court of the county in which such insurer had its principal office, the commissioner shall make a report to the court setting forth:

- (a) The reasonable value of the assets of such insurer;
- (b) Its probable liabilities; and
- (c) The probable necessary assessment, if any, to pay all allowed claims in full.

Upon the basis of such report, including amendments thereof, the court may levy assessments against all members of such insurer against whom the board of directors of such insurer might have levied an assessment upon the date of the issuance of the order to show cause in the special proceeding pending against such insurer. Such assessments shall cover the excess of the probable liabilities over the reasonable value of the assets, together with the cost of collection and the probable percentage of uncollectibility thereof, but the total of all such assessments against any member shall not exceed the maximum amount fixed in the contract of that member.

The court may thereupon issue an order directing each member of such insurer, if he does not pay the amount assessed against him to the commissioner on or before a day to be specified in the order, to show cause in the special proceeding pending against such insurer why he should not be held liable to pay such assessments, together with the costs set forth in this subdivision, and why the commissioner should not have judgment therefor. The commissioner shall cause a notice of such order setting forth a brief summary of the contents of such order to be served on each member in such manner as the court directs.

On the return day of such order to show cause (a) if such member does not appear and serve verified objections upon the commissioner, the court shall make its order adjudging that such member is liable for the amount of such assessment together with \$10 costs, and that the commissioner may have judgment against such member thereof; (b) if such member appears and serves verified objections upon the commissioner there shall be a full hearing of the matter by the court. After such hearing, the court shall make its order either negating the liability of such member to pay the assessment or affirming his liability to pay the whole or some part thereof together with \$10 costs and necessary disbursements incurred at the hearing, and directing that the commissioner in the latter case may have judgment therefor.

A judgment upon any such order shall have the same force and effect as a judgment in an original action brought in the court in which the special proceeding is pending, and be entered, docketed, and appealed from, as is such a judgment.

**Subd. 39. Insolvent insurer; procedure.** If upon the granting of an order for the liquidation of a domestic insurer, or at any time thereafter during such liquidation proceeding, it shall appear that the insurer is not solvent, the court shall, after such notice and hearing as it deems proper, make an order declaring such insurer to be insolvent. Thereupon, regardless of any prior notice which may have been given to creditors, the commissioner shall notify all persons who have claims against such insurer and who have not filed proper proofs thereof, to present the same to him at the place specified in such notice within four months after the date of the entry of such order, or some longer time if so directed by the court. The last day for the filing of proofs of claim shall be specified in the notice. Such notice shall be given in a manner determined by the court.

No claim or demand shall be received or allowed after the expiration of the time so limited, except by permission of the court for good cause shown, and upon notice to the commissioner, but in no case unless presented within 18 months from the date of the order of liquidation and before final settlement.

**Subd. 40. Proof of claim.** A proof of claim shall consist of a verified written statement, signed by the claimant, setting forth the claim, the consideration therefor, the securities held therefor, if any, the payments made thereon, if any, and that the sum claimed is justly owing from the insurer to the claimant. When a claim is founded upon a written instrument such instrument, unless lost or destroyed, shall be filed with the proof of claim. If such instrument is lost or destroyed a statement of such fact and of the circumstances of such loss or destruction shall be filed under oath with the claim.

**Subd. 41. To make list of policy holders.** Upon the liquidation of any domestic insurer which has issued policies insuring the lives of persons, the commissioner shall, within 30 days after the last date set for the filing of claims, make a list of the persons who have not filed proofs of claim with him to whom, it appears to his entire satisfaction from the books of the insurer, there are owing amounts on such policies, and set opposite the name of each such person the amount so owing to him. Each person whose name appears upon such list shall be deemed to have duly filed prior to the last day set for the filing of claims a proof of claim for the amount set opposite his name on the list.

**Subd. 42. Contingent claims not to share in distribution; exceptions.** No contingent claim shall share in the distribution of the assets of an insurer which has been adjudicated to be insolvent by an order made pursuant to subdivision 39 except such claim shall be considered, if properly presented, and may be allowed to share where such claim becomes absolute against the insurer on or before the last day fixed for the filing of proofs of claim against the assets of such insurer or there is a surplus and the liquidation is thereafter conducted upon the basis that such insurer is solvent.

**Subd. 43. Secured claims.** Where an insurer is adjudicated to be insolvent by an order made pursuant to subdivision 39, any person having a cause of action against an assured of such insurer, which is the subject of indemnity under a liability policy issued by such insurer, or the assured in any such case, shall have the right to file a claim in the liquidation proceeding, even though such claim is a contingent one and such claim may be allowed, provided:

(a) That it may be reasonably inferred from the proof presented upon such claim that a judgment could be obtained upon such cause of action against such insured;

(b) That suitable proof be furnished that no further valid claims against such insurer arising out of such causes of action other than those already presented can be made unless, for good cause shown, the court in which the proceeding is pending shall otherwise direct; provided that no such claim filed by the assured or proof furnished by him in support thereof shall be received in evidence against him or his insurer in any action against him or his insurer upon such cause of action, nor shall the filing of any such claim or proof thereof by such assured be construed as a violation of any of the terms or conditions of said policy;



(c) That the total liability of such insurer to all claimants arising out of the same act of its assured shall be no greater than its total liability would be were it not in liquidation;

(d) That no judgment taken by default, or by collusion, against such an assured be considered as evidence in the liquidation proceeding either of the liability of such assured to such person upon such cause of action or of the amount of damages to which such person is therein entitled.

**Subd. 44. Amount of claim allowed.** No claim of any secured claimant shall be allowed at a sum greater than the difference between the value of the security and the amount for which the claim is allowed, and then only subject to the provisions of subdivision 17, unless the claimant surrenders his security to the commissioner in which event the claim shall be allowed in the full amount for which valued.

**Subd. 45. Dividends may be paid.** 1. Any time after the last day fixed for the filing of proofs of claim in the liquidation of a domestic insurer, the court may, upon the application of the commissioner, authorize him to declare out of the funds remaining in his hands, after the payment of expenses, one or more dividends. Such order shall specify what claims, if any, are entitled to priority of payment and direct the manner in which dividends shall be paid.

2. Where there has been no adjudication of insolvency, the commissioner shall pay all allowed claims in full and distribute the balance of the assets remaining in his hands in accordance with the direction of the court. The commissioner shall not be chargeable to a claimant who failed to file a proper proof of claim before such distribution was made for any assets so distributed.

**Subd. 46. Unclaimed dividends to be paid into court.** The commissioner shall pay to the court, in which the liquidation proceedings were held for the benefit of claimants, all dividends remaining unclaimed or unpaid in his hands for six months after the final order of distribution and, thereafter, such dividends shall be subject to the provisions of section 345.08.

**Subd. 47. Orders made upon petition of commissioner.** No order, judgment, or decree providing for an accounting or enjoining, restraining, or interfering with the prosecution of the business of any domestic insurer to which any provision of this section is applicable, or for the appointment of a temporary or permanent receiver thereof, shall be made or granted otherwise than upon the petition of the commissioner as provided in this section except in an action by a judgment creditor in proceedings supplementary to execution after notice has been served upon the commissioner of such judgment at least 30 days prior to the filing of a petition for that purpose.

**Subd. 48. Not to amend existing laws.** None of the provisions of this section shall be considered an amendment of existing laws as to the examination of township mutual fire insurance companies.

[1943 c 571 s 1-48]

**60.88 AMENDMENT OF CERTIFICATE OF INCORPORATION OR ARTICLES OF ASSOCIATION OF DOMESTIC INSURANCE COMPANIES WITHOUT CAPITAL STOCK.** The certificate of incorporation or articles of association of any domestic insurance company without capital stock, now or hereafter organized and existing under the laws of this state, may be amended in respect to any matter which an original certificate of incorporation or articles of association of a corporation of the same kind might lawfully have contained, by the adoption of a resolution specifying the proposed amendment, at a regular meeting of the members thereof or at a special meeting called for that expressly stated purpose, by the affirmative vote of a majority of the members present, in person or by proxy, at the meeting, and by causing the resolution to be embraced in a certificate duly executed by its president and secretary or other presiding and recording officers, under its corporate seal, and approved, filed, recorded, and published in the manner prescribed by law for the execution, approval, filing, recording, and publishing of a like original certificate of incorporation or articles of association.

[1927 c. 202 s. 1] (3443-1)

**60.89 BYLAWS; ADOPTION, ALTERATION, AMENDMENT.** The bylaws of any domestic insurance corporation without capital stock, in cases where the bylaws must be adopted or approved by the members thereof, may be adopted, altered, or

amended at a regular meeting of the members thereof, or at a special meeting called for that expressly stated purpose, by the affirmative vote of a majority of the members present, in person or by proxy, at the meeting.

[1927 c. 202 s. 2] (3443-2)

**60.90 RENEWAL OF CORPORATE EXISTENCE.** Any domestic insurance company or corporation having no capital stock, heretofore or hereafter organized and existing under the laws of this state, whose period of duration has expired or is about to expire, may, on or before the date of the expiration, or within six months after the date of expiration, renew its corporate existence from the date of such expiration for any period permitted by the laws of this state, by the adoption of a resolution to that effect by the affirmative vote of three-fourths of the members present, in person or by proxy, at a regular meeting of the members, or at any special meeting called for that expressly stated purpose, and by causing the resolution to be embraced in a certificate duly executed by its president and secretary or other presiding and recording officers, under its corporate seal, and approved, filed, recorded, and published in the manner prescribed by law for the execution, approval, filing, recording, and publishing of an original certificate of incorporation or articles of association.

[1927 c 202 s 3] (3443-3)

**60.91 ENFORCEMENT.** Subdivision 1. The commissioner shall have and exercise the power to enforce all the laws of this state relating to insurance, and it shall be his duty to enforce all the provisions of the laws of this state relating to insurance.

Subd. 2. It shall be the duty of the commissioner to enforce all laws of the state, thereof, as follows:

- (1) The prevention of fires;
- (2) The storage, sale, and use of combustibles and explosives;
- (3) The means and adequacy of exits, in case of fire, from churches, schools, halls, theatres, amphitheatres, and all other places in which numbers of persons congregate, from time to time, for any purpose; and
- (4) The suppression of arson and investigation of the cause, origin, and circumstances of fire.

Subd. 3. (1) It shall be the duty of the commissioner to inspect, or cause to be inspected, at least once annually, every hotel in this state; and, for that purpose, he, or any of his deputies, or designated subordinates, shall have the right to enter or have access thereto at any reasonable hour; and, when, upon such inspection, it shall be found that the hotel so inspected does not conform to or is not being operated in accordance with the provisions of Minnesota Statutes 1945, Sections 157.01 to 157.14, as amended, in so far as the same relate to fire prevention or fire protection of hotels, or the rules and regulations promulgated thereunder, or is being conducted in such manner as to violate any other law of this state relating to fire prevention and fire protection of hotels, the commissioner and his deputies or designated alternates shall proceed as provided for in sections 157.01 to 157.14, or otherwise by statute.

(2) The word "hotel," as used in this subdivision, means any building or other structure, or any part thereof, kept, used, or maintained as, advertised as, or held out to the public to be an inn, an hotel, or other place where sleeping accommodations are furnished persons for hire, whether with or without meals, or a multiple dwelling housing five or more families.

(3) All powers and duties in sections 157.01 to 157.14, which relate to fire prevention and fire protection of hotels and which are by sections 157.01 to 157.14, now conferred upon the hotel inspector, are hereby transferred to and vested in the commissioner.

[1911 c 386 s 2; 1913 c 564 s 2; 1949 c 469 s 1] (3288, 5950)

**60.92 VIOLATIONS; PENALTIES.** Subdivision 1. Any officer, director, or stockholder of any company named in section 60.53, or any member of the commission created by section 60.57, or any employee of the state, violating, or consenting to the violation of, the provisions of sections 60.53, and 60.55 to 60.58 shall be punished by a fine of not less than \$10,000 and by imprisonment for not less than one year.

Subd. 2. Any person, firm, or corporation violating, or failing to comply with, any of the provisions of sections 60.64 to 60.82, and any person who acts in any manner in the negotiation or transaction of unlawful insurance with an insur-

ance company not licensed to do business in the state, or who, as principal or agent, violates any provision of law relating to the negotiation or effecting of contracts of insurance, shall be guilty of a misdemeanor; and, upon the conviction of any agent or solicitor of any violation of the provisions of sections 60.64 to 60.82, the commissioner shall suspend the authority of such agent or solicitor to transact any insurance business within the state for a period of not less than three months. Any insurer employing an agent and failing to procure a license, as required by sections 60.64 to 60.82, or permitting such agent to transact business for it within the state before such license has been procured, shall pay the commissioner, for the use of the state, a penalty of \$25 for each offense; and, in the event of failure to pay the penalty within ten days after notice from the commissioner, the authority of the insurer to do business in this state shall be revoked by the commissioner until the penalty is paid, and no insurer shall be readmitted until it shall have complied with all the terms and conditions imposed for admission in the first instance; provided, that any action taken by the commissioner under the provisions of this subdivision shall be subject to review by the district court of the county in which the office of the commissioner is located.

[1905 c. 303 s. 6; 1915 c. 195 s. 19; 1921 c. 380 s. 19] (3342, 3366)