

CHAPTER 63

ASSESSMENT BENEFIT ASSOCIATIONS

Sec.		Sec.	
63.01	Assessment benefit association authorized	63.20	Fees of commissioner
63.02	Applications, permit to solicit	63.21	Must file reports with commissioner
63.03	Membership fees; bond	63.22	"Assessment Benefit Association" on all printed matter
63.04	Articles may be amended	63.23	Exceptions
63.05	Bylaws	63.235	Legal reserve plan authorized
63.06	Board of directors	63.24	Assessment benefit associations may reinsure
63.07	Officers	63.25	Conditions of contract
63.08	Certificates of membership	63.26	Incorporation; articles of incorporation
63.09	May be declared insolvent on non-payment of losses	63.27	Members may withdraw
63.10	Assessments	63.28	Officers and directors
63.11	Membership divided into groups	63.29	Membership dues and assessments
63.12	Secretary to notify members of assessment	63.30	Association to file annual statement
63.13	Membership fees	63.31	Fees
63.14	Benefit, expense, reserve accounts	63.32	Powers of association
63.15	Only one certificate to member	63.33	To be under supervision of commissioner
63.16	May transfer risks	63.34	Limit of expenses
63.17	Powers of commissioner	63.35	Directors
63.18	Members may make change in beneficiary	63.36	Licenses required for employers making deductions from wages of employees
63.19	Funds exempt from process	63.37	Violation a misdemeanor

NOTE: For definitions, see Section 60.02.

63.01 ASSESSMENT BENEFIT ASSOCIATION AUTHORIZED. Any three or more persons, who are citizens of this state, desiring to form an assessment benefit association under sections 63.01 to 63.22 shall submit to the commissioner, in writing, proposed articles of association. Such articles shall state the name of the association, the location of its principal business office, which office must be located in this state, the time and place of holding meetings of the association, the manner of voting at the meetings and the number of members required to constitute a quorum, the names and residences of the persons so desiring to form the association, the number of its directors, and the names and addresses of the directors selected to serve until the first annual meeting of the association, the object of the association, with its plan of doing business clearly and fully defined, the maximum amount of benefits it is intended to pay, which may be graduated according to the age of the insured at the time of his admission to membership. From and after May 15, 1949, no assessment benefit association shall be organized under the provisions of this chapter unless it complies with the provisions of section 63.235.

[1933 c 241 s 1; 1949 c 544 s 1] (3445-1)

63.015 [Renumbered 63.235]

63.02 APPLICATIONS, PERMIT TO SOLICIT. On receipt of articles of association the commissioner shall examine the same and, if he shall find that the objects and purposes are fully and definitely set forth and are within the provisions of sections 63.01 to 63.22, and that the name or title is not the same or does not so closely resemble a name or title in use as to have a tendency to mislead the public, approve the same, and upon deposit with him, as commissioner, of the sum of \$10,000 in cash, or in bonds of the character required for deposit by life insurance companies, to secure the performance by these persons and by the proposed corporation of their obligations, shall issue a permit to these persons to solicit applications for membership in the proposed association.

[1933 c 241 s 2; 1951 c 257 s 1] (3445-2)

63.03 MEMBERSHIP FEES; BOND. Upon the issuance of the permit, the persons proposing the articles of association may solicit applications for membership in the proposed association and collect a membership fee of not more than \$5 nor less than \$3 with each application, which membership fee shall be deposited in a bank approved by the commissioner in the names of these persons as trustees, or in lieu of this deposit, the commissioner may require a bond, in the sum of \$5,000, executed by some surety corporation authorized to transact surety business in this state, to secure the return of these membership fees if the proposed association shall be abandoned.

Upon submission to the commissioner of not less than 300 bona fide applications for membership, and a certificate from the bank that an amount equal to at least the total membership fees charged on account of these applications has been

deposited, as herein provided, he shall mark the articles of association "filed"; and thereupon a duplicate or certified copy of the articles of association shall be recorded in the office of the register of deeds of the county in which the principal office of the association is located, and upon proof thereof filed with the commissioner he shall issue a certificate of authority to the association to do business, and thereupon the association shall be deemed a corporation and the persons whose applications for membership were so received shall be deemed members thereof. Thereupon the membership fees collected and held by these persons as trustees and all other moneys in the hands of these persons shall be transferred to the treasurer of the association, but the deposit with the commissioner shall remain, but the persons who made the deposit may be reimbursed by the association therefor; provided, that if within one year from the filing of the proposed articles of association the organization of the association be not completed, the amount of the membership fees so collected shall be returned to the applicants without any deduction for expense, and upon proof thereof the commissioner shall return the amount deposited with him, and the organization of the proposed association shall thereupon be deemed abandoned.

[1933 c. 241 s. 3] (3445-3)

63.04 ARTICLES MAY BE AMENDED. The articles of association may be amended by authority of a majority vote of the members present and voting, in person or by proxy, at any annual meeting of the association or at a special meeting called for that purpose. Any proposed amendment shall, before it becomes effective, be approved by the commissioner.

[1933 c. 241 s. 4] (3445-4)

63.05 BYLAWS. An assessment benefit association organized under the provisions of sections 63.01 to 63.22 shall make bylaws in the manner provided by the articles of association and may amend the same in the manner provided by the articles of association or bylaws of the association. A copy of these bylaws and of all amendments thereof, as amendments may be made, together with the certificate of the president and secretary, attested by the seal of the association, to the effect that these bylaws and amendments thereto were regularly adopted, shall be filed with the commissioner and approved by him before the same shall become effective.

[1933 c. 241 s. 5] (3445-5)

63.06 BOARD OF DIRECTORS. The affairs of such assessment benefit association shall be managed by a board of not less than three, nor more than seven, directors, who shall be residents of the state and who shall be elected from and by the members at such time and place and for such period, not exceeding three years, as may be provided in the articles of association or the bylaws. As nearly as practicable, an equal number shall be elected each year. When any directors shall be elected, a certificate by the president and secretary, under the seal of the association, giving the names and residences of those elected and the terms of their offices, shall be filed in the office of the commissioner. Vacancies on the board of directors shall be filled in the manner provided in the bylaws.

[1933 c. 241 s. 6] (3445-6)

63.07 OFFICERS. Each association shall have a president, treasurer, and secretary and such other officers as the articles of association or by-laws shall provide. Each officer shall give bond to the association for the faithful performance of his duties and accounting for the funds of the association coming into his hands, in such amount and with such responsible sureties as shall be prescribed by the board of directors, but not less than \$500 each.

[1933 c. 241 s. 7] (3445-7)

63.08 CERTIFICATES OF MEMBERSHIP. These assessment benefit associations shall issue to each member a certificate of membership, which certificate shall provide for a death benefit payable to a designated beneficiary or to the member's estate, which certificate, before it shall be used, shall be approved, as to form, by the commissioner. The certificate shall specify the maximum benefits which the association promises to pay upon contingency of death and shall state that the amount to be paid is dependent on payment of assessments by members, and upon the occurrence of such contingency the association shall be obligated to the beneficiary to make payment as specified in the certificate not later than three months after the date due proof of death shall have been received by the association. The certificate, together with the articles of association and the by-laws of the association,

shall constitute and be the entire contract between the member and the association. In no case shall the association be liable on any one certificate for an amount greater than the amount received on an assessment of \$1 per member of its members, or of the members of the same class or group in good standing, and the association may, by its articles of association or bylaws, provide for the levy of losses of one assessment of \$1 each month and may then provide that its liability shall not in any one year exceed \$12 per member in good standing of its members, or of the members of the class or group thereof to which an insured member belongs; and the association may also provide in its articles of association that any excess of money raised by assessment above the amount required to pay losses may, if the articles of association so provide, be accumulated in a reserve account and invested in the same class of securities as required by the statutes of this state for the investment of funds of domestic life insurance companies.

[1933 c. 241 s. 8] (3445-8)

63.09 MAY BE DECLARED INSOLVENT ON NON-PAYMENT OF LOSSES.

If the amount for which the association is liable remains unpaid after six months from the date upon which satisfactory proofs of death are filed with the association, and such claim is not rejected or contested by the association for fraud, misrepresentation, or misstatement upon the part of the member or representative of the member, the association may be deemed insolvent and may be proceeded against as such by the commissioner.

[1933 c. 241 s. 9] (3445-9)

63.10 ASSESSMENTS. When the association shall have been notified of any loss under its certificate of membership, which exceeds in amount the benefit fund of the association properly allocated to the class to which the member belonged, the association shall levy an assessment to pay such loss. Such association may, by its articles of association or bylaws, provide that at the end of every calendar month during which losses have occurred and due proof thereof filed with the secretary of the association, the association shall levy one or more assessments to pay such losses. Assessments provided for in this section shall be distributed equally as against the members of the association of the same class or group. The association may provide that, of any assessment provided for in this section, a certain percentage may be used to pay expenses of management or may provide for the levy of assessments for such purpose, and may also, if the articles of association so provide, levy assessments for the accumulation of a properly authorized reserve account at any time. The amount available for expenses of management, including salaries, shall not be in excess of \$6 per member per annum. All assessments provided for by this section shall be reported to the board of directors and a record thereof made upon the minutes of its meetings, and such record shall show the amounts assessed for losses and expenses separately.

[1933 c. 241 s. 10] (3445-10)

63.11 MEMBERSHIP DIVIDED INTO GROUPS. Any association formed under sections 63.01 to 63.22 may divide its membership into as many classes or groups as the association may desire. When an association shall divide its membership into classes or groups, then the association so classifying its membership may assess each class or group separately, distributing the assessment equally as against all the members in the class or group to which the deceased member belonged.

[1933 c. 241 s. 11] (3445-11)

63.12 SECRETARY TO NOTIFY MEMBERS OF ASSESSMENT. It shall be the duty of the secretary, when an assessment shall have been levied, to immediately notify every member of the association, or in case the assessment is distributed against any certain class or group, as provided in sections 63.01 to 63.22, then every member belonging to the class or group against which the assessment is made or apportioned, by mail, properly addressed to each member at the last post-office address given by him to the secretary of the association, of the amount of the total assessment for losses and expenses, and the sum due from the member, as his share of these losses and expenses. These notices shall also state the time when, and the name and address of the officer of the association to whom, the payment is to be made, but such time may not be less than 30, nor more than 60, days from the date of the notice. The notice, in case of a benefit assessment, shall include the name and address of the deceased member, with the maximum amount to be paid.

Upon failure of any member to pay any assessment levied upon him under the provisions of sections 63.01 to 63.22 within the time named in the notice, the association may declare the certificate of that member canceled, upon a further notice, sent by first-class mail in the manner above provided, that his certificate will be canceled if payment is not made to the association within ten days of the mailing of the cancellation notice. The association may reinstate a canceled certificate of any member according to regulations provided in the bylaws of the association.

[1933 c. 241 s. 12] (3445-12)

63.13 MEMBERSHIP FEES. The directors may fix the membership fee to be charged applicants for membership, within the same limits as provided in section 63.03. All or any portion of the amount of the membership fees authorized by sections 63.01 to 63.22 may be paid to any person soliciting the applicant to become a member, as provided by the directors of the association.

[1933 c. 241 s. 13] (3445-13)

63.14 BENEFIT, EXPENSE, RESERVE ACCOUNTS. Every assessment benefit association shall establish two general accounts, to be known as the benefit account and the expense account, and may provide in its articles of association for a reserve account. Into the benefit account shall be placed the amount of all assessments or portions thereof collected from members of the association for the purpose of paying losses incurred under its certificates of membership, and from this account shall be paid losses incurred under its certificates of membership. Into the expense account shall be placed the membership fee received by the association and not retained by agents according to the bylaws, and all assessments or portions of assessments collected from members for the purpose of defraying the expenses of the association, and from this account shall be paid all salaries, expenses, fees, taxes, costs of defending or prosecuting suits, and all other items relating to the management of the association. Into the reserve account, if one is created, shall be placed moneys as provided in its articles of association. The funds to the credit of this account may be used to pay losses as the articles of association may provide. No sums shall ever be transferred from the benefit account or the reserve account to the expense account.

[1933 c. 241 s. 14] (3445-14)

63.15 ONLY ONE CERTIFICATE TO MEMBER. No assessment benefit association shall issue to any member more than one certificate in any one group or class. No association may, after the certificate has been in force one year during the lifetime of the member, avail itself of any defense to any claim for any benefit under its certificate of membership on account of any statement or answer to interrogatory by the member in his application for membership, except in case of fraud.

[1933 c. 241 s. 15] (3445-15)

63.16 MAY TRANSFER RISKS. Any association organized, reincorporated, or operating under the provisions of sections 63.01 to 63.22 may, by majority vote of its board of directors, at any regular meeting or any special meeting called for that purpose, and of its members present and voting, in person or by proxy, at any regular meeting or special meeting called for that purpose, transfer its risks to, or reinsure them in, any other assessment benefit association or any other life insurance corporation, fraternal beneficiary association or society, or merge or consolidate with any other assessment benefit association or any other life insurance corporation, fraternal beneficiary association or society, with the approval of the commissioner.

[1933 c. 241 s. 16] (3445-16)

63.17 POWERS OF COMMISSIONER. The commissioner shall have the same power and authority over all associations to which sections 63.01 to 63.22 are applicable as to visitation and examination as are given to him by the statutes of this state over life insurance companies.

[1933 c. 241 s. 17] (3445-17)

63.18 MEMBERS MAY MAKE CHANGE IN BENEFICIARY. Any member in any such association shall have the right at any time to make a change in the payee or beneficiary without obtaining the consent of the payee or beneficiary.

[1933 c. 241 s. 18] (3445-18)

63.19 FUNDS EXEMPT FROM PROCESS. The money or benefit provided or paid by any association authorized to do business under sections 63.01 to 63.22, as

provided in the certificate of membership thereof, shall not be liable to any legal process to enforce payment of any debt or liability of a certificate holder, or of any beneficiary named therein.

[1933 c. 241 s. 19] (3445-19)

63.20 FEES OF COMMISSIONER. The fees for any service or act of the commissioner, or his assistants and employees, shall be the same as provided in the case of life insurance companies, except that each association authorized to transact business under sections 63.01 to 63.22 shall pay to the commissioner, on submitting its proposed articles of association, \$5, and on the filing of its application and articles of association, \$20 and for each annual statement thereafter \$5.

[1933 c. 241 s. 20] (3445-20)

63.21 MUST FILE REPORTS WITH COMMISSIONER. Every association doing business under sections 63.01 to 63.22 shall, on or before the first day of March, each year, make and file with the commissioner a report of its affairs and operations during the year ending on the thirty-first day of December immediately preceding, which report shall be in such form as the commissioner may require. The report shall be verified by such of the officers of the association as the commissioner may direct.

[1933 c. 241 s. 21] (3445-21)

63.22 "ASSESSMENT BENEFIT ASSOCIATION" ON ALL PRINTED MATTER. Every association operating under and by virtue of the provisions of sections 63.01 to 63.22 shall include, immediately under the name or title of the association, the words "Assessment Benefit Association" on all printed matter, stationery, circulars, certificates, applications, advertisements, or literature of any kind.

[1933 c. 241 s. 22] (3445-22)

63.23 EXCEPTIONS. The provisions of sections 63.01 to 63.22 shall not apply to the operations or charitable activities of any religious society, religious association, or religious corporation, which does not assume any definite contractual obligations with any of its members or others, and not charging any stipulated premiums, and which does not engage in any insurance business.

[1937 c. 320 s. 1] (3445-23a)

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

Subd. 2. **Certificates, provisions.** Such associations shall issue certificates which provide for a death benefit payable to a designated beneficiary or to the estate of the member and may provide for an additional amount payable in the event of the accidental death of the member and shall state that such amount shall be payable within 90 days of the time satisfactory proof of death is furnished to the association and may collect a membership fee therefor in an amount not to exceed \$5 as may be provided in the articles of incorporation. The certificate, together with the by-laws, the articles of incorporation, the application for membership and reinstatement to membership shall constitute and be the entire contract between the association and the member. Any certificate hereafter issued, except transfers or conversions of certificates heretofore issued, which has been in force for two years shall be incontestable except for non-payment of premiums or assessments and except as to the defense of suicide against any claim for double indemnity for accidental death if such a provision is contained in the certificate. In all cases the age of a member shall be his age at nearest birthday and if the fact of this age is misstated in the

application for membership or in the certificate, the true age of the member shall prevail in determining the benefits payable upon the death of the member. Any association operating under the terms of this section may issue more than one certificate on the life of a member.

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

Subd. 4. Payment due; grace period. Notice of the payments of premiums or assessments as herein provided for shall be given by first class mail sent to the last known address of the member as it appears on the books of the association. Such notices shall state the time when such premiums or assessments are due and shall state that the premiums or assessments shall be payable within 31 days from the due date thereof and shall further state that the certificate shall be null and void if the payment is not made within the time specified in the notice.

Subd. 5. Expense allowance; dividends. In addition to the net premium for death benefit assessed on a certificate, the association may provide for a further sum to be used for expense purposes. Such sum shall be levied and collected with and as a part of the premium payable by the member for the death benefit and shall not exceed the sum of \$4 per certificate year or a sum equal to 20 percent of the net premium for death benefit on the certificate, whichever is the greater. If a certificate provides for payment of accidental death benefits, the premiums charged for such benefits, in excess of reserve requirements therefor, may also be used for expense purposes. Any such association may issue certificates on the first year preliminary term basis, in which event an amount equal to 75 percent of the proceeds from the gross premium collected thereunder during the preliminary term may be used for expense purposes. All the proceeds from the premiums and assessments as herein provided, except such part thereof as is properly placed in the expense account, shall be credited to the benefit account of the association and shall be used for the payment of death claims, dividends, reinsurance premiums and investment expenses. The amount so credited in the benefit account shall be invested in securities of the same character as those permitted for the investment of funds of domestic life insurance companies. Dividends may be paid from the funds in the benefit account, but only from funds accumulated therein in excess of full reserve requirements under the required table of mortality with interest at four percent per annum, first year preliminary term.

Subd. 6. Reinstatement and transfer of members; prohibition. Such associations may provide for the reinstatement of lapsed certificates any time within two years upon evidence of insurability satisfactory to the association and upon payment of premiums and assessments in arrears, with interest at the rate of six percent per annum for the time such premiums and assessments are in arrears; re-entry may also be provided for at the attained age of the member without back payments; such associations shall grant transfer privileges to members holding other forms of certificates therein. All certificates issued by an association in accordance with the terms hereof shall be governed by this section and shall be excluded from the provisions of Minnesota Statutes 1941, Sections 63.01 to 63.23, and acts supplementary thereto in conflict herewith. Any association that becomes licensed to operate under this section shall have no further authority to issue new certificates under Minnesota Statutes 1941, Sections 63.01 to 63.23, but may continue any certificates issued pursuant to the provisions thereof which have not been transferred to meet the requirements of this section. Any member of an association holding a certificate issued thereby prior to Laws 1945, Chapter 178, and not in accordance with

the terms thereof and desiring to convert such certificate shall be entitled to make application to the association for any form of certificate issued by the association hereunder and no evidence of insurability shall be required therefor as long as the death benefit provided for in such new certificate is not in excess of the death benefit provided for in the certificate previously issued. When the certificate applied for has been issued, the former certificate shall be null and void. For the purposes of the new certificate thus issued, the age of the member at his nearest birthday shall prevail in determining the premium to be paid by the member under the terms thereof.

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

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

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

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

Subd. 11. Words assessment benefit association must appear. Every association operating under and by virtue of the terms of this section, shall include,

immediately under the title of the association, the words "Assessment Benefit Association" on all advertising matter, on certificates of membership and applications for membership.

[1945 c 178 s 1; 1951 c 257 s 2]

63.24 ASSESSMENT BENEFIT ASSOCIATIONS MAY REINSURE. Five or more duly licensed assessment benefit associations organized and doing business in Minnesota under sections 63.01 to 63.22, and in a manner approved by the commissioner, may organize a mutual association for the purpose of reinsuring the risks, or any part or portion of the risks, of any assessment benefit association in such amount, upon such terms and conditions, and for such consideration as shall be authorized by the by-laws of the reinsurance association. Reinsurance contracts under sections 63.24 to 63.35 shall cover risks lawfully existing and assumed by assessment benefit associations at the time the contracts of reinsurance are made with assessment benefit associations, whose method of doing business shall have been approved by the commissioner.

[1937 c. 406 s. 1] (3445-25)

63.25 CONDITIONS OF CONTRACT. Any association organized and authorized to reinsure risks of assessment benefit associations doing business pursuant to sections 63.01 to 63.22 may enter into contracts of reinsurance on complying with the following minimum conditions:

(1) The reinsurance association and the insured assessment benefit association shall each be, upon the date of the contract of reinsurance, duly licensed to transact business in the state, and the insured assessment benefit association shall be one which transacts its business in this state in a manner approved by the commissioner;

(2) Each contract of reinsurance shall be submitted to and approved by the commissioner before it becomes effective;

(3) Each contract of reinsurance shall have been approved by a majority vote of all directors of each of the parties thereto at meetings of the directors of each association held in accordance with the by-laws of each;

(4) The business of reinsurance shall be conducted without profit to its members.

[1937 c. 406 s. 2] (3445-26)

63.26 INCORPORATION; ARTICLES OF INCORPORATION. The incorporation of any reinsurance association shall be effected by filing with the commissioner the original, and recording a duplicate thereof in the office of the register of deeds of the county in which the principal office of the association is located. Articles of association duly executed by the assessment benefit associations forming the reinsurance association shall be duly acknowledged by at least three of the member assessment benefit associations so executing the articles. Before the reinsurance association shall be authorized to do business in this state it shall be made to appear of record that each assessment benefit association forming the reinsurance association shall have been fully authorized, by resolution adopted at a regular annual meeting or at a special meeting called for that purpose, to join in forming the reinsurance association and that the articles of association have been approved by the commissioner.

These articles of association shall state in the English language:

(1) Its purposes;

(2) Its location and post-office address of its principal place of business;

(3) Names, post-office addresses, and terms of office of the first board of directors;

(4) Name and post-office address of each assessment benefit association constituting the incorporators thereof; and

(5) Any other provisions consistent with the provisions of sections 63.01 to 63.35 regulating the business of the reinsurance association.

[1937 c. 406 s. 3] (3445-27)

63.27 MEMBERS MAY WITHDRAW. Any member assessment benefit association of the reinsurance association may withdraw from membership upon giving 90 days notice of its intention so to do, when the withdrawal has been authorized by a majority vote of its members present and voting at a regular meeting or at a special meeting called for that purpose. The withdrawal shall not in any manner affect its liabilities for any dues or losses which have accrued or shall have been incurred prior to the effective date of the withdrawal.

[1937 c. 406 s. 4] (3445-28)

63.28 OFFICERS AND DIRECTORS. The directors of the reinsurance association shall be chosen from the officers of its member assessment benefit associations, but no member assessment benefit association shall have more than one of its officers serving as an officer of the reinsurance association. At the first meeting of the reinsurance association it shall adopt bylaws, which shall be filed with the commissioner and which shall be effective from and after the date of their approval by him. The corporate existence of the reinsurance association may be made perpetual by so providing in the articles of association.

[1937 c. 406 s. 5] (3445-29)

63.29 MEMBERSHIP DUES AND ASSESSMENTS. Member assessment benefit associations of the reinsurance association, and assessment benefit associations contracting with the reinsurance association, shall each year pay to the treasurer thereof such membership dues, assessments, and fees as may be fixed or authorized by its bylaws and its contracts of reinsurance, for the purpose of accumulating the necessary funds required to perform its functions and discharge its contract obligations so as to afford mutual financial strength among the licensed assessment benefit associations authorized to do business in this state and to secure protection to the individual certificate holders of the assessment benefit associations.

[1937 c. 406 s. 6] (3445-30)

63.30 ASSOCIATION TO FILE ANNUAL STATEMENT. Every reinsurance association organized under sections 63.24 to 63.35 shall file with the commissioner an annual statement and such other reports as he may reasonably require. So far as applicable, the provisions of sections 63.01 to 63.22 shall govern the supervision and administration of the reinsurance association.

[1937 c. 406 s. 7] (3445-31)

63.31 FEES. There shall be paid by the reinsurance association to the commissioner, and by him accounted for to the state, the following fees:

For filing certificate of association.....	\$2
Filing annual statement.....	1
Certificate of authority annually.....	1

It shall pay to the register of deeds his proper fees for recording the duplicate of such articles of association.

[1937 c. 406 s. 8] (3445-32)

63.32 POWERS OF ASSOCIATION. Every association shall have power:

- (1) To sue and be sued;
- (2) To adopt, use and, at will, alter a corporate seal;
- (3) To acquire, hold, lease, encumber, convey, or otherwise dispose of, real and personal property within the state, and to take real and personal property by will or gift, subject to any limitation prescribed by law or the articles of incorporation; and

- (4) To enter into contracts of reinsurance with assessment benefit associations and to do any act expedient for the attainment of the purposes stated in its articles of association, as approved by the commissioner, to effect the objects of sections 63.01 to 63.35. No shares of stock shall be authorized. Each member association shall receive a certificate of membership as evidence of its membership in the reinsurance association.

[1937 c. 406 s. 9] (3445-33)

63.33 TO BE UNDER SUPERVISION OF COMMISSIONER. The certificate of association, bylaws, forms of contracts, and policies of reinsurance adopted or issued by every reinsurance association, and the general conduct of its affairs, shall be subject to the general supervision and jurisdiction of the commissioner, who, when requested by five or more members of the reinsurance association, shall make an examination of the affairs thereof, at its expense. When, after this examination, the commissioner is satisfied that the association has violated the law, has exceeded its powers, is not carrying out its contracts in good faith, is transacting business fraudulently, or is in such condition as to render further proceedings hazardous to the public or to its members, he may, after a hearing duly had, suspend the license of the association and present the facts relating thereto to the attorney general, who shall, if the circumstances warrant, commence action to enjoin the association from carrying on any further business and for the appointment of a receiver, who shall, under the direction of the court, proceed to close the affairs of the association and distribute its funds to those entitled thereto.

[1937 c. 406 s. 10] (3445-34)

63.34 LIMIT OF EXPENSES. No more than 30 cents out of every dollar received shall be used for expenses of the reinsurance association and the remainder shall be credited to a benefit fund, which benefit fund shall be subject to the rules and regulations provided for by sections 63.01 to 63.22.

[1937 c. 406 s. 11] (3445-35)

63.35 DIRECTORS. The number of directors shall not be less than 5 nor more than 15.

[1937 c. 406 s. 12] (3445-36)

63.36 LICENSES REQUIRED FOR EMPLOYERS MAKING DEDUCTIONS FROM WAGES OF EMPLOYEES. No employer shall make deductions from the wages of his employees for the purpose of furnishing them with life insurance, funeral benefits, medical or hospital care, accident, sickness or old age insurance or benefits, unless he first receives from the commissioner of insurance a license for the benefit plan he operates or proposes to operate. Such license shall be granted only when the commissioner is satisfied that the benefits given are commensurate with the charges made and that the charges will keep the fund solvent. All such licenses shall be for the period of one year. The commissioner may require a statement of the operation of the fund, on a form to be prescribed by him, before granting a renewal. The fee for any such license is \$1 and for filing the annual statement \$1. Before granting a license the commissioner of insurance shall submit the proposed plan to the chairman of the industrial commission in order that he may determine whether the benefits are in conjunction with benefits under the workmen's compensation act. This section shall not apply to deductions made from employees' wages for group insurance issued by insurers authorized to transact business in this state.

[1919 c 388 s 1; 1943 c 43 s 1; 1949 c 290 s 1] (3444)

63.37 VIOLATION A MISDEMEANOR. Any person, firm, corporation, or association that makes deductions from the wages of his, their, or its employees in violation of section 63.36 shall be guilty of a misdemeanor. Section 63.36 shall not apply to railroad companies engaged in interstate commerce.

[1919 c. 388 s. 2] (3445)