

CHAPTER 67A

TOWNSHIP MUTUAL COMPANIES

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TOWNSHIP MUTUAL FIRE INSURANCE COMPANIES

67A.01 NUMBER OF MEMBERS REQUIRED, PROPERTY AND TERRITORY.

It shall be lawful for any number of persons, not less than 25, residing in adjoining townships in this state, who shall collectively own property worth at least \$50,000, to form themselves into a corporation for mutual insurance against loss or damage by the perils listed in section 67A.13. No such company shall operate in more than 150 townships in the aggregate at the same time; provided, that when any such company confines its operations to one county it may transact business in the whole thereof by so providing in its certificate of incorporation.

[1967 c 395 art 8 s 1]

67A.02 CERTIFICATE OF INCORPORATION. Subdivision 1. Contents.

The persons who desire to form a township mutual fire insurance company, as defined in section 67A.01, shall make, sign, and acknowledge before some officer competent to take acknowledgments of deeds a certificate of incorporation which shall specify:

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

It may contain any other lawful provision defining and regulating the powers or business of the corporation, its officers, directors, and members.

Subd. 2. Approval of commissioner required; filing. The certificate of every such corporation shall be presented to the commissioner for his approval and, if he approves the same, he shall endorse thereon his approval and the certificate shall then be filed in his office and recorded in a book kept therein for that purpose. Upon the approval of the certificate and the filing of the same with the commissioner, the corporate organization of the incorporation shall be complete.

[1967 c 395 art 8 s 2]

67A.03 CORPORATE EXISTENCE. Subdivision 1. Limited. Except as pro-

vided in subdivision 2, every corporation organized pursuant to sections 67A.01 to 67A.26, shall be for a period not exceeding 30 years in the first instance and the corporate existence of any township mutual fire insurance company organized under the provisions of those sections, or any prior law, may be renewed from time to time for a further term, not exceeding 30 years, by adopting a resolution expressing the proposed renewal by a two-thirds vote of all its members present and voting at any regular meeting of the corporation or at any special meeting called for that purpose, the notice for which shall clearly specify the object of the meeting.

When any such resolution for renewal thereof shall be adopted the same shall not take effect until a copy, duly certified to by the president and the secretary of the corporation, under its corporate seal, if it have one, shall have been approved, filed, and recorded in the same manner as is provided herein in case of the original certificate of incorporation.

Subd. 2. **Perpetual.** The corporate existence of any township mutual fire insurance company heretofore or hereafter organized may be made perpetual by so providing in its articles of incorporation.

[1967 c 395 art 8 s 3]

67A.04 AMENDMENTS TO CERTIFICATE OF INCORPORATION. The certificate of incorporation of any township mutual fire insurance company may be amended in respect to any matter which the original certificate of incorporation might lawfully have contained, or which is authorized by the provisions of sections 67A.01 to 67A.26, by the adoption of a resolution, specifying the proposed amendment, at the regular meeting, or a special meeting called for that expressly stated purpose, by a majority vote of its members present and voting; or by a majority vote of its entire board of directors, within one year after having been thereby duly authorized by a specific resolution duly adopted at such meeting of the members, and by causing the resolution to be embraced in a certificate duly executed by its president and secretary under the corporate seal of the company, if it have one, and approved, filed, and recorded in the manner prescribed by such sections for the approval, filing, and recording of the original certificate.

[1967 c 395 art 8 s 4]

67A.05 BYLAWS. Subdivision 1. **Bylaws required.** The first board of directors shall adopt bylaws, which shall remain effective until and except as amended by the members at any regular or special meeting called therefor.

Subd. 2. **Filing of bylaws and amendments thereto.** Every township mutual fire insurance company doing business within this state shall cause a copy of its bylaws to be certified to by its president and its secretary and file the same with the commissioner and thereafter every amendment to the bylaws of any township mutual fire insurance company, duly certified to by its president and its secretary, shall within a reasonable time after its adoption be filed in the office of the commissioner.

[1967 c 395 art 8 s 5]

67A.06 POWERS OF CORPORATION. Subdivision 1. **General.** Every corporation formed under the provisions of sections 67A.01 to 67A.26, shall have power:

(1) To have succession by its corporate name for the time stated in its certificate of incorporation;

(2) To sue and be sued in any court;

(3) To have and use a common seal and alter the same at pleasure;

(4) To acquire, by purchase or otherwise, and to hold, enjoy, improve, lease, encumber, and convey all real and personal property necessary for the purpose of its organization, subject to such limitations as may be imposed by law or by its articles of incorporation;

(5) To elect or appoint in such manner as it may determine all necessary or proper officers, agents, boards, and committees, fix their compensation, and define their powers and duties;

(6) To make and amend consistently with law bylaws providing for the management of its property and the regulation and government of its affairs; and

(7) To wind up and liquidate its business in the manner provided by section 60A.04.

Subd. 2. **Agreements for fire protection.** The members of a township mutual fire insurance company may at any regular meeting or at any special meeting

called for that purpose authorize its officials or directors to enter into an agreement with any municipal subdivision of the state, or with any fire department, whereby the fire department of the municipality shall respond to calls in case of fire in territory where the company does business, or respond to calls in case of fire on the premises of a member of the mutual company, on such terms and conditions as may be mutually agreed upon.

Subd. 3. Grain in sealed containers. In addition to the powers and privileges now conferred upon them by law, township mutual fire insurance companies organized under the provisions of sections 67A.01 to 67A.26, are hereby authorized to insure against loss or damage by hail, windstorm, tornado, cyclone, and inherent explosion, for their members corn and other grain while stored in sealed containers in accordance with the regulations of the federal government.

[1967 c 395 art 8 s 6]

67A.07 PRINCIPAL PLACE OF BUSINESS; CHANGE. Any township mutual fire insurance company heretofore or hereafter organized under the laws of this state may, at any regular annual meeting of its members, or any special meeting called for that purpose, by a majority vote of those present, amend its certificate or articles of incorporation so that the business office of the company may be located in any township, or any city or village in any township in which the company is authorized to do business.

[1967 c 395 art 8 s 7]

67A.08 BOARD OF DIRECTORS. Each company shall choose of its members no less than five, and not more than nine, directors to manage the affairs of the company, who shall hold their office for such period as may be fixed by the bylaws of the company, not exceeding three years, and until their successors are elected and qualified.

[1967 c 395 art 8 s 8]

67A.09 OFFICERS. Subdivision 1. **How elected or chosen.** The directors shall choose one of their number as president, one as vice-president, and one as secretary; they shall also choose a treasurer, who may or may not be a member of the board, but must be a member of the company. The offices of secretary and treasurer may be held by the same person. The certificate or articles of incorporation of the company may provide that the president, vice-president, secretary, and treasurer may be chosen by the direct vote of the members of the company at the annual meeting.

In this case, the election of these persons as president, vice-president, and secretary shall constitute them members of the board of directors and the remaining members of the board shall be elected as provided in section 67A.08.

Subd. 2. Treasurer, bond. The treasurer of the company shall give such bond to the company in such sum as the directors shall determine, to be approved by the president and secretary.

[1967 c 395 art 8 s 9]

67A.10 RIGHTS OF CERTAIN MEMBERS. Subdivision 1. **Women.** Every woman being a member of any such insurance company may be represented at any regular meeting or special meeting of the members thereof by any person duly appointed, in writing, as her proxy, and the proxy so appointed shall have full power to represent the member as fully as if she were personally present at the meeting.

Subd. 2. Nonresidents. Nonresidents owning property in the territory where any such company is authorized to do business may become a member with all the rights thereof except eligibility to office.

[1967 c 395 art 8 s 10]

67A.11 ANNUAL MEETING. Subdivision 1. **Date and fiscal year.** The annual meeting of every such company shall be held before July first in each year, and the fiscal year of the company shall be from the first day of January to the thirty-first day of the following December.

Subd. 2. Secretary's report to members. The secretary shall prepare and read at the annual meeting a full report of the business of the company transacted during the previous fiscal year.

Subd. 3. Annual statement. On or before February first, following the end of each fiscal year, the president and the secretary shall file with the commissioner a verified statement of the entire business and condition of the company, which statement shall contain such data and information in reference to the business of the preceding fiscal year as shall be required by the commissioner.

Subd. 4. **Other statements may be required by commissioner.** The commissioner may at other times require any further statement that he may deem necessary to be made relating to the business of the company.

Subd. 5. **Fees.** Fees to be paid as listed in section 60A.14.

[1967 c 395 art 8 s 11]

67A.12 APPLICATIONS. Subdivision 1. **Who may accept.** The president and secretary of a company may accept all applications and sign and issue policies, agreeing in the name of the company to pay all losses and damages, not exceeding the sums named in the policies, sustained by reason of the perils named, for the term therein specified.

Subd. 2. **Binders.** Every application for insurance made to any authorized officer or agent, until refused by the proper officer, shall be of the same force and effect as a regularly issued policy and contract of insurance, and from the time of its receipt by an officer or agent, the property specified in the application shall be deemed insured in the same manner and to the same extent as if covered by a regular policy issued according to law and the regulations of the company.

Subd. 3. **No binding authority unless members approve.** There shall be no liability on the application against any company that has not, at any annual or special meeting, by proper resolution, adopted the plan of making these applications of equal force and effect with regularly issued policies.

Subd. 4. **Policy fee, premium and assessment.** Before the delivery of any policy, the company shall collect regular cash premium and policy fee and take the written agreement of the insured of even date therewith, which shall be embodied in his application, to pay a pro rata share of losses or damages sustained by any member.

Subd. 5. **Term of policy.** The term of policies issued by township mutual fire insurance companies shall not exceed five years.

[1967 c 395 art 8 s 12]

67A.13 TYPES OF INSURANCE AUTHORIZED. A township mutual fire insurance company shall insure only against loss or damage by fire, lightning, explosion, flood, earthquake, theft, vandalism, collapse of bridges, upset, overturn, collision, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, breakage of glass, weight of ice, snow or sleet, freezing, leakage of water or other substance, electrical power interruption or electrical breakdown from any cause, and as to livestock against loss or damage by electrocution by electrical currents artificially generated, attack by dogs or wild animals, drowning, accidental shooting, loading or unloading, collapse of buildings or straw or hay stacks, or collision or overturn of conveyances, and consequential losses as a result of damage from any of the perils listed except public liability.

[1967 c 395 art 8 s 13]

67A.14 INSURABLE PROPERTY. Subdivision 1. **Kinds of property.** Township mutual fire insurance companies may insure dwellings and their contents, farm buildings and their contents, livestock, farm machinery, automobiles, country store buildings and the household goods therein, threshing machines, farm produce anywhere on the premises, churches and their contents, school houses and their contents, society and town halls and their contents, country blacksmith shops and country garages and their contents, country locker plants and their contents, parsonages and their contents and the barns and contents used in connection therewith, creameries, cheese factories and their equipment and contents and respective operators' dwelling houses and contents and barns and contents used in connection therewith.

Subd. 2. **Insurable property in cities or villages.** They may also insure churches and dwellings, together with the usual outbuildings and the usual contents of both those dwellings and churches and outbuildings, in any city, village, and borough of 2,750 or less inhabitants.

Subd. 3. **County poor farm.** They may also insure any county poor farm together with contents and such personal property as is used in connection therewith, and which real property, contents and personal property are situated in the county wherein these township mutual fire insurance companies are operating; provided, when at a duly called special or annual meeting of the policyholders it shall be duly decided by them by a majority vote to do so.

Subd. 4. **County fair buildings.** Any such company is hereby authorized to

insure county fair buildings whether the same are situated either within or without the limits of a duly incorporated village or city.

Subd. 5. **What may not be insured; property outside designated territory.** No township mutual fire insurance company shall insure any property outside of the limits of the territory in which the company is authorized by its certificate or articles of incorporation to transact business, except personal property temporarily outside of the authorized territory and except as herein provided.

Subd. 6. **What may not be insured; exceptions.** Otherwise than as herein provided, no such company shall insure any property within the limits of any city or village except that located upon lands actually used for farming or gardening purposes, but when the dwelling of any person insured is within the limits of a township where the company is authorized to do business and the farm on which the dwellings are situated is partly within and partly without the township it may include in this insurance any outbuildings, farm produce, or other farm property on the farm outside of such limits.

[1967 c 395 art 8 s 14]

67A.15 CLASSIFICATION OF PROPERTY. Every such company may classify property insured under different rates, corresponding as nearly as possible to the greater or less risk from fire by reason of location or construction, and issue its policies in accordance with these differences.

[1967 c 395 art 8 s 15]

67A.16 LOSSES. Subdivision 1. **Loss adjustment.** Every member sustaining loss or damage by the perils named shall immediately notify the secretary, who, if the claim exceeds \$300, may forthwith convene the directors.

The directors shall appoint a committee of three members, of whom the secretary shall be one, to ascertain the amount of the loss, with authority to examine witnesses, to whom the secretary is hereby authorized to administer oaths.

When the bylaws so provide, he may act in place of, and with all the authority of, the committee; and when the claim does not exceed \$300, the loss may be ascertained by the president and secretary, or either, with like authority.

Subd. 2. **Arbitration.** In case of failure of the parties to agree as to the amount of loss, it is mutually agreed that the amount of the loss shall be referred to three disinterested men, the company and the insured each choosing one, the third to be selected by the two so chosen.

The award, in writing, by a majority of the referees, shall be conclusive and final upon the parties as to the amount of loss or damage, and this reference, unless waived by the parties, shall be a condition precedent to any right of action in law or equity, to recover for the loss; but no person shall be chosen to act as referee against the objection of either party who has acted in like capacity within four months.

The referees shall have full authority to examine witnesses and determine all matters of dispute, and shall make their award, in writing, to the president or secretary of the company. The referees shall each be allowed the sum of \$5 per day for each day's service so rendered and the sum of ten cents per mile for every mile necessarily traveled in discharge of their duties, which shall be paid by the claimant, together with the fees of any witnesses who may have been called by the company, unless the award of the referees shall exceed the sum offered in liquidation of the loss or damage, in which case these expenses shall be paid by the company.

[1967 c 395 art 8 s 16]

67A.17 ASSESSMENTS. Subdivision 1. **Determination.** When any loss shall be ascertained which exceeds in amount the cash funds of the company, the secretary, or, in his absence, the president, shall convene the directors, who shall levy an assessment upon each policyholder for the proportionate amount which he should pay to cover this excess; or the company may borrow not to exceed two mills on each dollar of insurance written by it and then in force, and from this fund pay these losses, and afterwards levy assessments to pay the loans.

If the fund for the payment of expenses is insufficient, the amount of the deficiency may be added to any assessment.

Subd. 2. **Secretary's duties.** It shall be the duty of the secretary, when the assessment shall have been completed, to immediately notify every person composing the company, by letter sent to his usual post-office address, of the amount of the loss, and the sum due from him as his share thereof, and of the time when and to whom the payment is to be made, but this time shall not be less than 60,

nor more than 90, days from the date of the notice, and every person designated to receive this money may demand and receive two percent in addition to the amount due on the assessment, as aforesaid, for his fees in receiving and paying over the same.

Subd. 3. **Member subject to suit and directors' liability.** Suits at law may be brought against any member of the company who shall refuse or neglect to pay any assessment made upon him. The directors of any company so formed who shall wilfully neglect or refuse to perform the duties imposed upon them by law shall be liable in their individual capacities to the person sustaining the loss.

[1967 c 395 art 8 s 17]

67A.18 TERMINATION. Subdivision 1. **By member.** Any member may terminate his membership in the company by giving written notice to the secretary and paying the withdrawing member's share of all existing claims.

Subd. 2. **By company.** The board of directors may by a majority vote thereof annul and cancel any policy after giving not less than ten days' written notice to the insured by registered or certified mail to the last known address of the insured and to any mortgagee to whom the policy is made payable. In case of annulment of any policy, the action of the board of directors shall be recorded in the minutes of the meeting of the directors.

Subd. 3. **For nonpayment of premium or assessment.** The secretary may, if the bylaws of the company so provide, suspend or cancel any policy for the nonpayment of premium or assessment after giving not less than ten days' written notice to the insured, by registered or certified mail, to the last known address of the insured, and to any mortgagee to whom the policy is made payable.

[1967 c 395 art 8 s 18]

67A.19 JOINT OR PARTIAL RISKS. Township mutual fire insurance companies may issue joint or partial risks in conjunction with adjoining companies of the same class and, in this case, they are not confined to the townships in which they are otherwise authorized to do business; but no such insurance of a joint or partial risk shall be valid or binding upon the company insuring the same until approved by all the companies holding prior risks on the property so insured, and the total amount of the joint insurance on any one piece of property shall in no case exceed the total percentage of its value for which the property is insurable by the company.

[1967 c 395 art 8 s 19]

67A.20 REINSURANCE. Subdivision 1. **Among themselves.** Township mutual fire insurance companies may enter into reinsurance agreements with other township mutual fire insurance companies and reinsure a portion of any risk with these companies. In these cases they shall not be confined to the territory in which they are writing direct business.

Subd. 2. **With reinsurance association.** Any township mutual fire insurance company may become a member of a reinsurance association, such as provided for under sections 67A.40 to 67A.44, for the purpose of reinsuring any part or all of any risk or risks written by it.

[1967 c 395 art 8 s 20]

67A.21 CONSOLIDATION, MERGER. Two or more township mutual fire insurance companies which have been or may hereafter be authorized to transact the business of insurance upon insurable property as herein authorized may consolidate or merge as provided herein.

To effect this consolidation or merger, it shall be necessary:

(1) That the board of directors or managing body of each of the corporations pass a resolution to the effect that the consolidation or merger is advisable and containing the proposed name of the corporation, as consolidated or merged, its principal office, and the names of its first board of directors and officers;

(2) That a special meeting of the policyholders of each of the corporations shall be held, a notice of which meeting shall be mailed to each of the policyholders thereof at least 30 days prior to the holding thereof, and which notice shall embody the resolution adopted by the board of directors, as provided in clause (1);

(3) That a majority of the policyholders of each of the corporations present or represented at these special meetings shall, by resolution, approve and ratify the action of the directors, as provided for in clause (1);

(4) That the proceedings and resolutions be filed with the commissioner and approved of by him; and

(5) Complete copies of the proceedings, certified to by the president and secre-

tary of the respective corporations, shall be filed with the register of deeds of the counties in which the company proposes to transact business.

When full copies of these proceedings have been filed with the commissioner, which copies shall be certified by the president and secretary of the respective corporations and duly verified by these officers, and approved of by him, the consolidation or merger of these corporations shall be deemed to be complete, and the company so continuing the business shall be deemed to have fully assumed all of the obligations, liabilities, and risks and to be the owner of all the assets of the companies so consolidating or merging.

If this consolidation or merger is made under any new name, the filing of these proceedings and the approval of same by the commissioner shall be sufficient to constitute the consolidated or merged company a corporation, with all the powers and privileges, and subject to all the limitations, of a township mutual fire insurance company under the laws of this state.

[1967 c 395 art 8 s 21]

67A.22 ADVANCE ASSESSMENTS. The directors of any such company may collect by advance assessments, and maintain in its treasury, an emergency fund, not exceeding five mills on a dollar, to the total amount of insurance in force, to be used in payment of losses and for other purposes for which assessments may be used.

[1967 c 395 art 8 s 22]

67A.23 INVESTMENTS, LIMITATIONS. The directors may authorize the treasurer to invest any of its funds and accumulations in the bonds of the United States or of this state, or any county, city, town, or village, or duly authorized school district therein, or in any municipal or civil division of any state, and may loan upon improved unencumbered real property in this state worth at least twice the amount loaned thereon, not including buildings, unless insured by policies payable to and held by the security holder, or authorize him to deposit any and all sums of money in his hands in such banks as they may designate.

[1967 c 395 art 8 s 23]

67A.24 EXAMINATION. Subdivision 1. **Examination by commissioner.** The commissioner, when requested by five or more members, shall make an examination of the affairs of any township mutual fire insurance company doing business within this state, and any such company so examined shall pay the actual expenses of the person making the examination and the fees prescribed in section 60A.03, subdivision 5.

Subd. 2. **Procedure in the event of delinquency.** When, after examination, the commissioner is satisfied that any such company has failed to comply with the provisions of sections 67A.01 to 67A.26 or is exceeding its powers, or is not carrying out its contracts in good faith; or is transacting business fraudulently, or is in such condition as to render further proceedings hazardous to the public or its policyholders, he may proceed under the provisions of section 60A.04.

[1967 c 395 art 8 s 24]

67A.25 REFERENCE TO LAWS 1909, CHAPTER 411. Subdivision 1. **What companies may come under Laws 1909, Chapter 411.** Any township mutual fire insurance company heretofore organized may exercise, after the passage of Laws 1909, Chapter 411, all of the rights conferred thereby that are within the powers and privileges of its certificate or articles of incorporation, or it may be reincorporated thereunder. No such company already organized shall be required to reincorporate thereunder in order to avail itself of the privileges thereof.

Every township mutual fire insurance company now doing business in this state shall have the right to continue transacting such business until the first day of March succeeding the passage thereof; and, if the commissioner is satisfied that the company is transacting its business in accordance therewith, he shall on the first day of each succeeding March issue a license to the company authorizing it to transact business until the first day of March following the date of the license.

Subd. 2. **Application of Laws 1909, Chapter 411.** Except as therein provided, all township mutual fire insurance companies heretofore or hereafter organized in this state shall be governed by Laws 1909, Chapter 411, as amended, and excluded from all provisions of the insurance laws of this state, not only in governmental relations with the state, but for every other purpose, and no law heretofore or hereafter passed shall apply to the company unless it shall be expressly designated in the law that it is applicable to township mutual fire insurance companies.

[1967 c 395 art 8 s 25]

67A.26 PENALTIES. Subdivision 1. **Fraudulent statements.** Any person, officer, or member who shall knowingly or wilfully make any false or fraudulent statement or representation in reference to any application for membership under sections 67A.01 to 67A.26, or any false or fraudulent statement as to the transactions or condition of the company of which he is a member or officer, shall be guilty of a misdemeanor; and upon conviction thereof, punished by a fine of not more than \$100 or by imprisonment in the county jail for not more than 90 days, in the discretion of the court.

Subd. 2. **Noncompliance by officers or employees.** Any officer of any such company, or employee thereof, who shall neglect or refuse to comply with, or violates any of the provisions of sections 67A.01 to 67A.26, shall be guilty of a misdemeanor; and, upon conviction thereof, punished by a fine of not more than \$100, or by imprisonment in the county jail for not more than 90 days in the discretion of the court.

[1967 c 395 art 8 s 26]

FARMERS MUTUAL FIRE INSURANCE COMPANIES

67A.27 SCOPE. Sections 67A.27 to 67A.39 are limited to such companies as are now in existence. No such companies shall hereafter be formed.

[1967 c 395 art 8 s 27]

67A.28 NUMBER OF MEMBERS AND PROPERTY REQUIRED, TERRITORY AND TYPES OF INSURANCE. The incorporators of a farmers mutual fire insurance company shall not be less than 25 in number and owning in the aggregate movable farm property worth at least \$50,000, located anywhere in this state. Such company may insure like property anywhere in this state against the perils of fire, lightning, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, and smoke.

[1967 c 395 art 8 s 28]

67A.29 GOVERNMENT. Subdivision 1. **Board of directors and officers.** Every company so formed shall choose of their number not less than five, nor more than nine, directors to manage the affairs of the company, who shall hold their office for such period as may be fixed by the bylaws of the company, not exceeding three years and until their successors are elected and have qualified; and these directors shall choose one of their number president, one vice-president, and one secretary; they shall choose a treasurer, who may or may not be a member of the board, but shall be a member of the company. The articles of incorporation of the company may provide that the president, the vice-president, the secretary, and the treasurer may be chosen by the direct vote of the members at the annual meeting. In this case, the election of these persons as president, vice-president, and secretary shall constitute them members of the board of directors and the remaining members of the board shall be elected as provided in subdivision 1.

Subd. 2. **Treasurer, bonded.** The treasurer shall give bond to the company in such sum as the directors shall determine, to be approved by the president and the secretary.

Subd. 3. **Investments.** The directors may authorize the treasurer to loan on first real estate securities such sums of money in his hands as they may determine, or authorize him to deposit any or all sums of money in his hands as such treasurer in such banks as they may designate.

[1967 c 395 art 8 s 29]

67A.30 APPLICATIONS AND BINDERS. Subdivision 1. **Acceptance.** The president and the secretary of the company may accept all applications and sign and issue policies agreeing, in the name of the company, to pay all losses and damages, not exceeding the sums named in the policies, sustained to property authorized to be insured in section 67A.31 for the term therein specified, and every application for insurance made to any authorized officer or agent, until refused by the proper officer, shall be of the same force and effect as a regularly issued policy and contract of insurance and, from the time of its receipt by an officer or agent, the property specified in the application shall be deemed insured in the same manner and to the same extent as if covered by a regular policy issued according to law and the regulations of the company.

Subd. 2. **Members must adopt binder plan.** There shall be no liability on the application against any company that has not at any annual or special meeting by proper resolution adopted the plan of making these applications of equal force and effect with regularly issued policies.

Subd. 3. **Cash premium and agreement to assessment.** Before the delivery of any policy the company shall collect the regular cash premium and policy fee and take the written agreement of the insured, of even date therewith, which shall be embodied in his application, to pay a pro rata share of losses or damages sustained by any member. The same shall be kept on file with the secretary.

[1967 c 395 art 8 s 30]

67A.31 INSURABLE PROPERTY. Subdivision 1. **Insurable property in rural areas.** Farmers mutual fire insurance companies may insure dwellings and their contents, farm buildings and their contents, livestock, farm machinery, automobiles, country store buildings and the household goods therein, threshing machines, farm produce anywhere on the premises, churches and their contents, school houses and their contents, society and town halls and their contents, country blacksmith shops and country garages and their contents, country locker plants and their contents, parsonages and their contents and the barns and contents used in connection therewith, creameries, cheese factories and their equipment and contents and respective operators' dwelling houses and contents and barns and contents used in connection therewith.

Subd. 2. **Insurable property in cities or villages.** They may also insure churches and dwellings, together with the usual outbuildings and the usual contents of both those dwellings and churches and outbuildings, in any city, village, and borough of 2,750 or less inhabitants.

Subd. 3. **County poor farm.** They may also insure any county poor farm together with contents and such personal property as is used in connection therewith, and which real property, contents and personal property are situated in the county wherein these farmers mutual fire insurance companies are operating; provided, when at a duly called special or annual meeting of the policyholders it shall be duly decided by them by a majority vote to do so.

Subd. 4. **County fair buildings.** Any such company is hereby authorized to insure county fair buildings whether the same are situated either within or without the limits of a duly incorporated village or city.

Subd. 5. **What may not be insured; property outside designated territory.** No farmers mutual fire insurance company shall insure any property except that specifically authorized under section 67A.31 nor any such property outside of the state of Minnesota, except personal property temporarily outside of the authorized territory.

Subd. 6. **What may not be insured; exceptions.** Otherwise than as herein provided, no such company shall insure any property within the limits of any city or village except that located upon lands actually used for farming or gardening purposes.

[1967 c 395 art 8 s 31]

67A.32 POLICY TERM. The term of policies issued by farmers mutual fire insurance companies shall not exceed five years.

[1967 c 395 art 8 s 32]

67A.33 JOINT OR PARTIAL RISKS. A farmers mutual fire insurance company may issue joint or partial risks in conjunction with companies of the same class; but no such insurance of a joint or partial risk shall be valid or binding upon the company insuring the same until approved by all the companies holding prior risks on the property so insured, and the total amount of joint insurance on any one piece of property shall in no case exceed the total percentage of its value for which the property is insurable by the company.

[1967 c 395 art 8 s 33]

67A.34 CLASSIFICATION OF PROPERTY. Every such company may classify property insured under different rates, corresponding as nearly as possible to the greater or less risk from fire by reason of location or construction, and issue its policies in accordance with such differences.

[1967 c 395 art 8 s 34]

67A.35 NONRESIDENT MEMBERS. Nonresidents owning property in the state of Minnesota may become members, with all rights except eligibility to office.

[1967 c 395 art 8 s 35]

67A.36 LOSSES. Subdivision 1. **Procedure in case of loss.** Every member sustaining loss or damage by named perils shall immediately notify the secretary, who, if the claim exceeds \$300, may forthwith convene the directors. The directors shall appoint a committee of three members, of which the secretary shall

be one, to ascertain the amount of the loss, with authority to examine witnesses, to whom the secretary is hereby authorized to administer oaths. When the bylaws so provide, he may act in place of, and with all the authority of, the committee; and when the claim does not exceed \$300, the loss may be ascertained by the president and secretary, or either, with like authority.

Subd. 2. **Arbitration.** If the parties cannot agree upon the damages, the insured may apply to a judge of the district court of the county, who may appoint three disinterested persons, who shall make an award which shall be final, and deliver the same to the company.

Subd. 3. **Assessments.** When any loss shall be ascertained which exceeds in amount the cash funds of the company, the secretary, or, in his absence, the president, shall convene the directors, who shall levy an assessment upon each policyholder for the proportionate amount which he should pay to cover this excess; or the company may borrow not to exceed two mills on each dollar of insurance written by it and then in force, and from that fund pay these losses, and afterwards levy assessments to pay the loans. If the fund for the payment of expenses is insufficient, the amount of the deficiency may be added to any assessment.

[1967 c 395 art 8 s 36]

67A.37 TERMINATION OF MEMBERSHIP. Subdivision 1. **By member.** Membership may be terminated at any time by giving written notice to the secretary and paying the withdrawing members' share of all existing claims.

Subd. 2. **By company.** Membership may also be terminated by the annulment of any policy by a majority of the directors and written notice thereof to the holder.

Subd. 3. **Record.** In either case the secretary shall record the same in a separate book.

[1967 c 395 art 8 s 37]

67A.38 ANNUAL MEETING. The annual meeting shall be held before July first each year and the annual report shall then be read in full and within 30 days thereafter filed with the commissioner.

[1967 c 395 art 8 s 38]

67A.39 EMERGENCY FUND. The directors of any such company may collect, by advance assessment and maintain in its treasury an emergency fund, not exceeding two mills on a dollar of the total amount of insurance in force, to be used in payment of losses and for other purposes for which assessments may be used.

[1967 c 395 art 8 s 39]

MUTUAL REINSURANCE OR GUARANTEE ASSOCIATIONS

67A.40 ORGANIZATION AND POWERS. Subdivision 1. **Organization and purpose.** Not less than six duly licensed township mutual fire insurance companies or farmers mutual fire insurance companies may organize a mutual association for the purpose of reinsuring any part or all of any risk or risks, written by any of the member companies.

Subd. 2. **Articles of incorporation, contents and filing.** The incorporation of this association shall be effected by filing with the commissioner and with the secretary of state a certificate of incorporation duly executed and acknowledged by the companies forming the association, these companies having been first duly authorized, by resolution duly adopted at a regular annual meeting, or at a special meeting called for that purpose, which certificate shall state, in substance, such facts as are required to be stated in certificates of incorporation by the general corporation laws of this state and shall have first been approved by the commissioner.

Subd. 3. **Corporate powers.** In addition to the powers conferred by sections 67A.40 to 67A.44, every such association shall have the power to reinsure any part or all of any risk or risks assumed by it, and every such association shall have the corporate powers which are granted to corporations under the general corporation laws of this state. Any such association having a surplus of at least \$300,000 may, at any regular meeting or at a special meeting called for that purpose, transform itself into a mutual insurance company by amending its articles of incorporation to provide for the doing of one or more of the kinds of business specified in section 60A.06, subdivision 1, clauses (1) to (14). Such transformed company shall be subject to the general corporation laws contained in chapter 300, and subject to the conditions and restric-

tions as to the kinds of insurance which may be combined by a like stock insurance company and to all restrictions contained in the laws of this state with reference to general mutual insurance companies transacting the same kinds of business. The bylaws may also provide for voting rights to be based on one vote for each policyholder, plus one vote for each \$100 of premium paid within 12 months prior to the meeting at which the votes are cast.

Subd. 4. Perpetual existence. The corporate existence of any such association may be made perpetual by so providing in its articles of incorporation.

Subd. 5. Directors. The directors of the association shall be chosen from the officers of its members.

Subd. 6. Bylaws. The board of directors at its first meeting shall adopt bylaws, which shall be filed with the commissioner and shall not be effective until approved by him.

[1967 c 395 art 8 s 40; 1969 c 7 s 28]

67A.41 PREMIUMS AND ASSESSMENTS. Member companies of any such association shall each year pay to the treasurer thereof such assessments as shall be fixed or authorized by the board of directors of the association, which assessments shall be based upon the amount of insurance of each of its member companies during the calendar year ending December 31st next preceding. The individual members of the member companies shall be subject to assessment in case the funds of the member companies are insufficient to pay any assessment made by the association to the same extent and in the same manner as though the assessment by the association were to cover a loss for which the member company was liable.

[1967 c 395 art 8 s 41]

67A.42 WITHDRAWAL BY MEMBERS. Any member of the 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 a special meeting called for that purpose. This withdrawal shall not in any way affect its liability to contribute to any losses or expenses which may have been incurred prior to the time of withdrawal.

[1967 c 395 art 8 s 42]

67A.43 COMMISSIONER OF INSURANCE. Subdivision 1. **To have supervision.** The certificate of incorporation and bylaws, forms of contracts and policies adopted or issued by every such association, and the general conduct of its affairs shall be subject to the general supervision and jurisdiction of the commissioner, and the commissioner, when requested by five or more members of the association, shall make an examination of the affairs thereof at the expense of the association. Farmers and township reinsurance or guaranty associations shall be subject to the provisions of section 60A.04.

Subd. 2. Filing of annual statement and license required. Every such association shall file with the commissioner the annual statement and procure the certificate of authority as required by law pertaining to insurance companies.

Subd. 3. Fees to be paid. There shall be paid by the association to the commissioner and by him accounted for and paid into the state treasury the following fees:

- (1) For filing certificate of incorporation or amendments thereto, \$5;
- (2) For filing annual statements, \$7.50;
- (3) For each annual certificate of authority, \$7.50;
- (4) For filing bylaws and amendments thereto, \$5.

[1967 c 395 art 8 s 43]

DEFINITIONS

67A.44 COMMISSIONER DEFINED. As used in all parts of this chapter the word "commissioner" shall mean the commissioner of insurance of the state of Minnesota and, in his absence or disability, his deputy or other person duly designated to act in his place.

[1967 c 395 art 8 s 44]