

**52.17 CREDIT UNIONS**

shall also be established, and at all times maintained, a reserve of not less than ten percent of the amount of the deposits, which shall be in cash and balances due from solvent banks or which may be, in whole or in part, in short term obligations guaranteed as to principal and interest by the U.S. government or in certificates of deposit of a federally insured bank or in a passbook or other account in a federally insured savings and loan association or in balances due from Minnesota central credit union or ICU services corporation.

[1973 c 740 s 5]

**52.18 Dividends**

The directors of a credit union may, on a daily, monthly, quarterly, semi-annual, or annual basis as its board of directors may determine, declare and pay a dividend from net earnings or accumulated net undivided profits remaining after statutory reserve has been set aside, which dividend may be paid on all shares whether or not they have been withdrawn during the dividend period. Dividends may be computed on a daily basis. At the discretion of the board of directors dividends may not be declared or paid on share accounts of less than \$10. Shares which become fully paid up during a dividend period shall be entitled to a proportional part of the dividend calculated from the first day of the month following the payment in full. For the purpose of this section, shares which become fully paid up by the fifteenth day of any month may be treated as being paid up from the first day of the month.

[1973 c 740 s 6]

**INSURANCE**

**CHAPTER 60A. INSURANCE DIVISION**

Sec.		Sec.	
60A.06	Kinds of insurance which may be written.	60A.08	Contracts of insurance.
60A.07	Authorization and requirements.	60A.09	Limits of risk; reinsurance.
		60A.16	Mergers and consolidations.

**60A.06 Kinds of Insurance which may be written**

**Subdivision 1. Statutory lines.** Insurance corporations may 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; and business trusts as authorized by law of this state shall only be authorized to transact in this state the following kind of business hereinafter specified in clause (7) hereof when specified in their "declaration of trust":

(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 clause (3); provided, however, that there may be insured hereunder the following: (a) explosion of any kind originating outside the insured build-

ing 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 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

60A.06 INSURANCE DIVISION

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 insure against attorneys fees, court costs, witness fees and incidental expenses incurred in connection with the use of the professional services of attorneys at law.

[1973 c 634 s 1]

[For text of subd. 2, see M.S.1971]

60A.07 Authorization and requirements

[For text of subds. 1 to 5, see M.S.1971]

**Subd. 5a. Financial requirements; stock companies.** No insurance company operating upon the stock plan shall be authorized to transact any one of the kinds of business enumerated in section 60A.06, subdivision 1, clauses (1) to (15), unless it shall have paid-up capital stock and surplus of not less than the amounts specified below; provided that after initial authorization has been granted, the surplus shall thereafter be constantly maintained in an amount equal to not less than one-half of the surplus originally required for that kind of business.

	Paid Up Capital Stock	Surplus
Clause (1),	\$200,000	\$200,000
Clause (2),	\$200,000	\$200,000
Clause (3),	\$200,000	\$200,000
Clause (4),	\$300,000	\$300,000
Clause (5),	\$200,000	\$200,000
Clause (6),	\$350,000	\$350,000
Clause (7),	\$200,000	\$200,000
Clause (8),	\$200,000	\$200,000
Clause (9),	\$200,000	\$200,000
Clause (10),	\$200,000	\$200,000
Clause (11),	\$200,000	\$200,000
Clause (12),	\$350,000	\$350,000
Clause (13),	\$200,000	\$200,000
Clause (14),	\$200,000	\$200,000
Clause (15),	\$200,000	\$200,000

[1973 c 634 s 2]

**Subd. 5b. Financial requirements; mutual companies.** No insurance company operating upon the mutual plan as provided in chapter 66A, shall be authorized to transact any one of the kinds of business enumerated in section 60A.06, subdivision 1, clauses (1) to (3) and (5) to (15), unless in addition to the requirements specified in chapter 66A it shall have met the following requirements as to surplus: As to a mutual company operating on a non-assessable basis, an initial surplus of not less than the amount of surplus enumerated in subdivision 5a for a stock company authorized to transact that kind of business, provided that after initial authorization has been granted, the surplus shall thereafter be constantly maintained in an amount equal to not less than one-half of such initial surplus; as to a mutual company operating on an assessable basis, an initial surplus of not less than one-half of the

amount of surplus enumerated in subdivision 5a for a stock company authorized to transact that kind of business, provided that after initial authorization has been granted, the surplus shall thereafter be constantly maintained in an amount equal to not less than one-half of such initial surplus.

No insurance company operating upon the mutual plan shall be authorized to transact the kind of business enumerated in section 60A.06, subdivision 1, clause (4), unless it shall have surplus of not less than \$600,000; provided that after initial authorization has been granted, the surplus shall thereafter be constantly maintained in an amount of not less than \$450,000.

[1973 c 634 s 3]

**Subd. 5c. Authorization to transact more than one kind of business.** Any insurance corporation authorized to transact the kinds of business specified in section 60A.06, subdivision 1, clause (4) may also transact the kinds of business specified in section 60A.06, subdivision 1, clause (5), upon meeting the following financial requirements: As to companies operating upon the stock plan, paid-up capital stock of not less than \$450,000 and an initial surplus of not less than \$450,000 which surplus shall thereafter be constantly maintained in the amount of not less than \$225,000; as to companies operating on the mutual plan, an initial surplus of not less than \$900,000 which shall thereafter be constantly maintained in the amount of \$675,000.

Any insurance corporation which prior to January 1, 1949 was authorized to transact personal injury liability insurance and also the kinds of business specified in section 60A.06, subdivision 1, clauses (4) and (5) shall continue to be authorized to transact personal injury liability insurance.

Any stock company may, when authorized by its articles of incorporation, transact any two or all of the kinds of business specified in section 60A.06, subdivision 1, clauses (1) to (3) and (5) to (15), upon meeting the following financial requirements: paid-up capital stock of not less than \$500,000 and an initial surplus of not less than \$500,000 which surplus shall thereafter be constantly maintained in the amount of not less than \$350,000; provided, however, that if the sum of the capital stock and surplus requirements specified in subdivision 5a for the kinds of business to be transacted is less than the amount of the capital stock and surplus requirements stated in the foregoing clauses of this sentence, then the company may transact those kinds of business upon meeting the capital stock and surplus requirements specified in subdivision 5a for those kinds of business. Any insurance company operating upon the mutual plan as provided in chapter 66A, may, when authorized by its articles of incorporation, transact any two or all of the kinds of business specified in section 60A.06, subdivision 1, clauses (1) to (3) and (5) to (15), upon meeting the following requirements as to surplus which shall be in addition to the requirements specified in chapter 66A: as to mutual companies operating on a non-assessable basis, an initial surplus of not less than \$500,000, which surplus shall thereafter be constantly maintained in the amount of not less than \$350,000; as to mutual companies operating on an assessable basis, an initial surplus of not less than \$250,000, which surplus shall thereafter be constantly maintained in the amount of not less than \$175,000; provided, however, that if the sum of the surplus requirements specified in subdivisions 5a and 5b for the kinds of business to be transacted is less than the amount of the surplus requirements stated in the foregoing clauses of this sentence, then the company may transact those kinds of business upon meeting the surplus requirements specified in subdivisions 5a and 5b for those kinds of business.

[1973 c 634 s 4]

[For text of subds. 5d to 11, see M.S.1971]

## 60A.08 Contracts of Insurance

[For text of subds. 1 to 9, see M.S.1971]

**Subd. 10. Legal expense insurance.** No contract of insurance written pursuant to the authority to transact the kind of business enumerated in section

**60A.08 INSURANCE DIVISION**

60A.06, subdivision 1, clause (15) shall deny the insured the free choice of attorneys at law authorized to practice in the jurisdiction in which the service is rendered, nor shall there be any interference with the attorney-client relationship.

[1973 c 634 s 5]

**60A.09 Limits of risk; reinsurance**

[For text of subds. 1 to 4, see M.S.1971]

**Subd. 5. Reinsurance. (1) Definitions.** For the purposes of this subdivision, 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."

**(2) Conditions and requirements.** Every insurer authorized to issue policies in this state may reinsure in any other insurer any part or all of any risk or risks 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 subdivision 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.

**(3) Reinsurance of more than 75 percent of insurance liabilities.** 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.

**(4) Actual unearned premium reserve to be carried as liability.** Nothing in this subdivision 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.

**(5) Aircraft risks.** An insurer authorized to transact the business specified in section 60A.06, subdivision 1, clauses (4) and (5)(a), may through reinsurance assume any risk arising from, related to, or incident to the manufacture, ownership, or operation of aircraft and may retrocede any portion thereof; provided, however, that no insurer may undertake any such reinsurance business without the prior approval of the commissioner and such reinsurance business shall be subject to any regulations which may be promulgated by the commissioner. Any such reinsurance business may be provided through pooling arrangements with other insurers for purposes of spreading the insurance risk.

[1973 c 391 s 1]

[For text of subd. 6, see M.S.1971]

**60A.16 Mergers and consolidations***[For text of subd. 1, see M.S.1971]*

**Subd. 2. Procedure to be followed. (1) Agreement.** 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:

(a) 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. In the case of merging or consolidating stock insurance corporations or stock and mutual insurance corporations, such joint agreement may prescribe that stock of one or more of such corporations shall be converted, in whole or in part, into stock or other securities of a corporation which is not a merging or consolidating corporation or into cash.

(b) 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, except one whereby any shares of the surviving insurance corporation are to be converted into shares or other securities of another corporation or into cash, 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.

(c) 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.

**(2) Articles of Incorporation of new company.** (a) 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 clause (1) hereof.

(b) 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.

[1973 c 521 s 1].

*[For text of subds. 3 to 6, see M.S.1971]*