

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 the secretary's absence, the president, shall convene the directors, who shall levy an assessment upon each policyholder for the proportionate amount to be paid 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. 1a. **Advance premiums or assessments.** The directors of a company may collect an advance premium or an assessment for the purpose of maintaining surplus funds in its treasury to be used in payment of losses or expenses.

Subd. 2. **Secretary's duties.** It shall be the duty of the secretary or chosen manager, after the assessment is completed, to immediately notify every person composing the company, by letter sent to the person's usual post office address, of the amount of the loss, and the sum due as the person's 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 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 refuses or neglects to pay any assessment. The articles may eliminate or limit a director's personal liability to the company or its members for monetary damages for breach of fiduciary duty as a director. The articles shall not eliminate or limit the liability of a director:

- (1) for breach of loyalty to the company or its members;
- (2) for acts or omissions made in bad faith or with intentional misconduct or knowing violation of law;
- (3) for transactions from which the director derived an improper personal benefit; or
- (4) for acts or omissions occurring before the date that the provisions in the articles eliminating or limiting liability become effective.

History: 1967 c 395 art 8 s 17; 1975 c 15 s 14; 1986 c 444; 1989 c 130 s 5,6