

CHAPTER 67A

TOWNSHIP MUTUAL COMPANIES

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TOWNSHIP MUTUAL FIRE INSURANCE COMPANIES

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

Subdivision 1. **Number of members.** It shall be lawful for any number of persons, not less than 25, residing in adjoining counties 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.

Subd. 2. **Authorized territory.** (a) A township mutual fire insurance company may be authorized to write business in up to nine adjoining counties in the aggregate at the same time.

If policyholder surplus is at least \$500,000 as reported in the company's last annual financial statement filed with the commissioner, the company may, if approval has been granted by the commissioner, be authorized to write business in ten or more counties in the aggregate at the same time, subject to a maximum of 20 adjoining counties, in accordance with the following schedule:

Number of Counties	Surplus Requirement
10	\$500,000
11	600,000
12	700,000
13	800,000
14	900,000
15	1,000,000
16	1,100,000
17	1,200,000
18	1,300,000
19	1,400,000
20	1,500,000

(b) In the case of a merger of two or more companies having contiguous territories, the surviving company in the merger may transact business in the entire territory of the merged companies; however, the territory of the surviving company in the merger may not be larger than 20 counties.

(c) A township mutual fire insurance company may write new and renewal insurance on property in cities within the company's authorized territory having a population less than 25,000. A township mutual fire insurance company may continue to write new and renewal insurance once the population increases to 25,000 or greater provided that amended and restated articles are filed with the commissioner along with a certification that such city's population has increased to 25,000 or greater.

(d) A township mutual fire insurance company may write new and renewal insurance on property in cities within the company's authorized territory with a population of 25,000 or greater, but less than 150,000, if approval has been granted by the commissioner. No township mutual fire insurance company shall insure any property in cities with a population of 150,000 or greater.

(e) If a township mutual fire insurance company provides evidence to the commissioner that the company had insurance in force on December 31, 2007, in a city within the company's authorized territory with a population of 25,000 or greater, but less than 150,000, the company may write new and renewal insurance on property in that city provided that the company files amended and restated articles by July 31, 2010, naming that city.

History: 1967 c 395 art 8 s 1; 1971 c 135 s 1; 1975 c 15 s 1; 1999 c 53 s 1; 2009 c 37 art 3 s 18

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 approval and, on approving the same, the commissioner shall endorse thereon the approval and the certificate shall then be filed in the commissioner's 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.

History: 1967 c 395 art 8 s 2; 1986 c 444

67A.03 CORPORATE EXISTENCE.

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.

History: 1967 c 395 art 8 s 3; 1975 c 15 s 2

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.

History: 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.** Every township mutual fire insurance company doing business within this state shall be subject to the requirements of section 72A.061, subdivision 2, as to amendments or additions to its bylaws.

History: 1967 c 395 art 8 s 5; 1987 c 337 s 110

67A.06 POWERS OF CORPORATION.

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;

(7) to wind up and liquidate its business in the manner provided by chapter 60B;

(8) to indemnify certain persons against expenses and liabilities as provided in section 302A.521. In applying section 302A.521 for this purpose, the term "members" shall be substituted for the terms "shareholders" and "stockholders "; and

(9) to 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. A company shall not eliminate or limit the liability of a director:

(i) for breach of loyalty to the company or its members;

(ii) for acts or omissions made in bad faith or with intentional misconduct or knowing violation of law;

(iii) for transactions from which the director derived an improper personal benefit; or

(iv) 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 6; 1969 c 708 s 63; 1975 c 15 s 3; 1979 c 152 s 1; 1987 c 337 s 111; 1987 c 384 art 2 s 1; 1989 c 209 art 2 s 1; 2005 c 69 art 3 s 14; 2009 c 37 art 3 s 19

67A.07 PRINCIPAL OFFICE.

The principal office of a township mutual fire insurance company shall be located in a county in which the company is authorized to do business.

History: 1967 c 395 art 8 s 7; 1973 c 123 art 5 s 7; 1975 c 15 s 4; 2009 c 37 art 3 s 20

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.

History: 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 need not be a member of the board, but must be a member of the company. They may also choose a manager, who need not be a member of the board, and need not be a member of the company. The offices of secretary and treasurer may be held by the same person.

The board of directors may appoint other officers as it deems necessary for the conduct of business.

Subd. 2. **Officers, bond.** The officers and employees of the company shall give such bond to the company in such sum as the directors shall determine.

History: 1967 c 395 art 8 s 9; 1975 c 15 s 5; 1989 c 130 s 1

67A.10 RIGHTS OF CERTAIN MEMBERS.

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.

History: 1967 c 395 art 8 s 10; 1975 c 15 s 6

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 through the thirty-first day of the following December.

Subd. 2. **Annual report.** A full report of the business of the company for the previous fiscal year shall be presented at the annual meeting.

Subd. 3. **Annual statement.** (a) On or before March 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.

(b) On or before March 1 of each year, the president and secretary shall also file with the commissioner of revenue a copy of the verified statement required by paragraph (a). Failure to file the statement on or before March 1 will subject the company to a penalty of \$10 a day up to a maximum of \$200.

Subd. 4. **Other statements may be required by commissioner.** The commissioner may at other times require any further statement that the commissioner 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.

History: 1967 c 395 art 8 s 11; 1975 c 15 s 7,8; 1977 c 244 s 1; 1986 c 444; 1987 c 268 art 2 s 18; 1987 c 329 s 21

67A.12 APPLICATIONS.

Subdivision 1. **Who may accept.** The president, secretary, treasurer, or chosen manager 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. [Repealed, 1975 c 15 s 22]

Subd. 4. **Policy fee, premium and assessment.** Before the delivery of any policy, the company may collect regular cash premium and policy fee and shall take the written agreement of the insured of even date therewith, which shall be embodied in the 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.

History: 1967 c 395 art 8 s 12; 1975 c 15 s 9; 1986 c 444; 1989 c 130 s 2

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, 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, or collision or overturn of conveyances, and consequential losses as a result of damage from any of the perils listed except public liability.

History: 1967 c 395 art 8 s 13; 1975 c 15 s 10

67A.14 INSURABLE PROPERTY.

Subdivision 1. **Kinds of property; property outside authorized territory.** (a) Township mutual fire insurance companies may insure qualified property. Qualified property means dwellings, household goods, appurtenant structures, farm buildings, farm personal property, churches, church personal property, county fair buildings, community and township meeting halls and their usual contents.

(b) Township mutual fire insurance companies may extend coverage to include an insured's secondary property if the township mutual fire insurance company covers qualified property belonging to the insured. Secondary property means any real or personal property that is not considered qualified property for a township mutual fire insurance company to cover under this chapter. The maximum amount of coverage that a township mutual fire insurance company may write for secondary property is 25 percent of the total limit of liability of the policy issued to an insured covering the qualified property.

(c) A township mutual fire insurance company may insure any real or personal property, including qualified or secondary property, subject to the limitations in subdivision 1, paragraph (b), located outside the limits of the territory in which the company is authorized by its certificate or articles of incorporation to transact business, if the company is already covering qualified property belonging to the insured, inside the limits of the company's territory.

(d) A township mutual fire insurance company may insure property temporarily outside of the authorized territory of the township mutual fire insurance company.

Subd. 2. [Repealed, 1975 c 15 s 22]

Subd. 3. [Repealed, 1975 c 15 s 22]

Subd. 4. [Repealed, 1975 c 15 s 22]

Subd. 5. [Repealed, 2009 c 37 art 3 s 25]

Subd. 6. [Repealed, 1975 c 15 s 22]

Subd. 7. **Amount of insurable risk.** No township mutual fire insurance company shall insure or reinsure a single risk or hazard in a larger sum than the greater of \$3,000, or one tenth of its net assets plus two tenths of a mill of its insurance in force; provided that no portion of any such risk or hazard which shall have been reinsured, as authorized by the laws of this state, shall be included in determining the limitation of risk prescribed by this subdivision.

History: 1967 c 395 art 8 s 14; 1971 c 133 s 1; 1971 c 187 s 1; 1973 c 123 art 5 s 7; 1975 c 15 s 11,12; 1977 c 244 s 2,3; 1981 c 136 s 1; 1989 c 130 s 3,4; 2006 c 204 s 13; 2009 c 37 art 3 s 21,22

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.

History: 1967 c 395 art 8 s 15

67A.16 [Repealed, 1975 c 15 s 22]

67A.161 APPRAISAL OF DISPUTED LOSSES.

If a township mutual fire insurance company and an insured fail to agree on the actual cash value of an item or amount of a loss, on written demand by either party, the insured and the company shall each, within 20 days of the demand, select a competent and disinterested appraiser and notify the other party of the appraiser's identity. If either party fails to select an appraiser within the time provided, the presiding judge of the district court in the county in which the loss occurred shall appoint an appraiser to represent that party. The appointment shall be made upon application to the court by the party not failing to make the required selection and upon five days'

written notice to the other party. The appraisers appointed pursuant to this section shall make a good faith effort to select a competent and disinterested umpire. If the appraisers fail to agree upon an umpire within 15 days of their appointment, the presiding judge of the district court in the county in which the loss occurred shall appoint an umpire upon application by either party and five days' written notice to the other party. The appraisers shall appraise the loss, stating separately actual value and loss to each item. If the appraisers fail to agree, they shall submit their differences to the umpire, whose decision shall control to the extent of the differences between the appraisers. An award in writing, approved by the appraisers or by an appraiser and the umpire, upon being filed with the company shall be conclusive evidence of the actual value and loss to an item. An appraiser shall be paid by the party represented, and the expenses of the appraisal and the umpire shall be paid in equal shares by the two parties.

History: 1975 c 15 s 13; 1986 c 444

67A.17 [Repealed, 2009 c 37 art 3 s 25]

67A.175 SURPLUS REQUIREMENTS.

Subdivision 1. **Minimum.** Township mutual fire insurance companies shall maintain a minimum policyholders' surplus of \$300,000 at all times.

Subd. 2. **Corrective action plan; filing.** A township mutual fire insurance company that falls below the \$300,000 minimum surplus requirement must file a corrective action plan with the commissioner. The plan shall state how the company will correct its surplus deficiency. The plan must be submitted within 45 days of the company falling below the minimum surplus level.

Subd. 3. **Corrective action plan; commissioner's notification.** Within 30 days after the submission by a township mutual fire insurance company of a corrective action plan, the commissioner shall notify the insurer whether the plan may be implemented or is, in the judgment of the commissioner, unsatisfactory. If the commissioner determines the plan is unsatisfactory, the notification to the company must set forth the reasons for the determination, and may set forth proposed revisions that will render the plan satisfactory in the judgment of the commissioner. Upon notification from the commissioner, the insurer shall prepare a revised corrective action plan that may incorporate by reference any revisions proposed by the commissioner, and shall submit the revised plan to the commissioner within 45 days.

History: 2009 c 37 art 3 s 23

67A.18 TERMINATION.

Subdivision 1. **By member.** Any member may terminate membership in the company by giving written notice or returning the member's policy to the secretary.

Subd. 2. **By company.** The company may 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.

Subd. 3. [Repealed, 1975 c 15 s 22]

History: 1967 c 395 art 8 s 18; 1975 c 15 s 15,16; 1986 c 444; 2009 c 37 art 3 s 24

67A.19 [Repealed, 2009 c 37 art 3 s 25]

67A.191 COMBINATION POLICIES.

Subdivision 1. **Qualified risks.** A township mutual fire insurance company may issue an insurance policy for qualified and secondary property as defined in section 67A.14, subdivision 1, in combination with a policy issued by an insurer authorized to sell property and casualty insurance in this state. The portions of the combination policy issued by a township mutual insurance company are excluded from all provisions of the insurance laws of this state as provided in section 67A.25, subdivision 2.

Subd. 2. **Homeowner's risks.** A township mutual fire insurance company may issue policies known as "homeowner's insurance" as defined in section 65A.27, subdivision 4, only in combination with a policy issued by an insurer authorized to sell property and casualty insurance in this state. All portions of the combination policy providing homeowner's insurance, including those issued by a township mutual insurance company, are subject to the provisions of chapter 65A and sections 72A.20 and 72A.201.

History: 1994 c 564 s 1; 1998 c 297 s 1; 2004 c 202 s 2; 2009 c 178 art 1 s 39

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.

Subd. 3. **With licensed insurers.** Township mutual fire insurance companies may enter into reinsurance agreements with any Minnesota licensed insurer authorized to write the same lines of business.

History: 1967 c 395 art 8 s 20; 2001 c 215 s 34

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); and

(4) that the proceedings and resolutions be filed with, and approved of by, the commissioner.

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 the commissioner, 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.

History: 1967 c 395 art 8 s 21; 1975 c 15 s 18; 1986 c 444

67A.22 [Repealed, 1975 c 15 s 22]

67A.23 [Repealed, 1981 c 127 s 3]

67A.231 DEPOSIT OF FUNDS; INVESTMENT; LIMITATIONS.

The directors of any township mutual insurance company may authorize the treasurer to invest any of its funds and accumulations in:

(a) Bonds, notes, mortgages, or other obligations guaranteed by the full faith and credit of the United States of America and those for which the credit of the United States is pledged to pay principal, interest or dividends, including United States agency and instrumentality bonds, debentures, or obligations;

(b) Bonds, notes, evidence of indebtedness, or other public authority obligations guaranteed by this state;

(c) Bonds, notes, evidence of the indebtedness or other obligations guaranteed by the full faith and credit of any county, municipality, school district, or other duly authorized political subdivision of this state;

(d) Bonds or other interest bearing obligations, payable from revenues, provided that the bonds or other interest bearing obligations are at the time of purchase rated among the highest four quality categories used by a nationally recognized rating agency for rating the quality of similar bonds or other interest bearing obligations, and are not rated lower by any other such agency; or obligations of a United States agency or instrumentality that have been rated in one of the two highest categories established by the Securities Valuation Office of the National Association of Insurance Commissioners. A company may not invest more than 20 percent of its admitted assets in the obligations of any one corporation. This is not applicable to bonds or other interest bearing obligations in default as to principal;

(e) Investments in the obligations stated in paragraphs (a), (b), (c), and (d), may be made either directly or in the form of securities of, or other interests in, an investment company registered under the federal Investment Company Act of 1940. Investment company shares authorized pursuant to this subdivision shall not exceed 20 percent of the company's surplus. These obligations must be carried at the lower of cost or market on the annual statement filed with the commissioner and adjusted to market on an annual basis;

(f) Loans upon improved and unencumbered real property in this state worth at least twice the amount loaned thereon, not including buildings, unless insured by property insurance policies payable to and held by the security holder;

(g) Real estate, including land, buildings and fixtures, located in this state and used primarily as home office space for the insurance company;

(h) Demand or time deposits or savings accounts in federally insured depositories located in any state to the extent that the deposit or investment is insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration. An additional deposit not to exceed 50 percent of the township mutual insurance company's policyholder surplus may be located in these depositories if covered by private deposit insurance written by an insurer licensed by the Department of Commerce;

(i) Guarantee fund certificates of a mutual insurer which reinsures the business of the township mutual insurance company. The commissioner may by rule limit the amount of guarantee fund certificates which the township mutual insurance company may purchase and this limit may be a function of the size of the township mutual insurance company;

(j) Up to \$1,500 in stock of an insurer which issues directors and officers liability insurance to township mutual insurance company directors and officers;

(k) Up to \$10,000 in shares of stock of the National Association of Mutual Insurance Companies bank, subject to the commissioner's approval; and

(l) Overnight repurchase agreements with the depository that handles the company's primary accounts under paragraph (h). The repurchase agreements must be collateralized by securities that the company is otherwise authorized to invest in under this section. The securities must have an aggregate market value of at least 105 percent of the total amount invested under the repurchase agreement.

History: 1981 c 127 s 1; 1987 c 337 s 112; 1995 c 214 s 16; 1997 c 222 s 8; 1998 c 297 s 2; 1999 c 52 s 1

67A.24 [Repealed, 1981 c 127 s 3]

67A.241 RECORD KEEPING; EXAMINATION; REMEDIES.

Subdivision 1. **Record keeping.** The commissioner may prescribe a basis upon which a township mutual insurance company shall maintain its records which shall reflect the true financial condition of the company.

Subd. 2. **External examination of company records and accounts.** (a) The board of directors of every township mutual insurance company shall, at least once every three years, cause the records and accounts of the company to be examined by an independent public accountant, auditor, or person who has been certified by the society of financial examiners. The examination shall cover the financial and business affairs including the treatment of members and claimants of the company during the previous three years ending December 31.

(b) A written summary report of the pertinent results of the examination shall immediately be filed with each member of the board of directors following completion of the examination. A complete examination report shall be filed with the board of directors and the commissioner within 60 days following completion of the examination.

(c) The accountant, auditor, or certified financial examiner conducting or supervising the examination must have a minimum of five years' experience in public accounting or examining the financial records or statements of financial institutions and shall not be an officer or employee of the company being examined. The examiner must not be directly involved in maintaining the records being examined, but may advise or counsel management in record keeping, accounting, or management procedures.

Subd. 3. **Examination by commissioner.** The commissioner, with due cause based upon information disclosed in any statement or report or upon information from any examination conducted under this section or when requested by five or more members, shall make an examination of the financial and business affairs of any township mutual fire insurance company doing business within this state. The company examined shall pay the actual expenses of the person or persons making the examination and the fees prescribed in section 60A.03, subdivision 5.

Subd. 4. **Remedies.** When, after examination by the commissioner or independent public accountant, auditor, or certified financial examiner, the commissioner is satisfied that a township mutual insurance company has failed to comply with provisions of sections 67A.01 to 67A.26; is exceeding its power; 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 policyholders, the commissioner may take action deemed necessary or proceed under the provisions of chapter 60B.

History: 1981 c 127 s 2; 1984 c 592 s 63; 1986 c 444

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 the commissioner, if satisfied that the company is transacting its business in accordance therewith, shall on the first day of each succeeding June issue a license to the company authorizing it to transact business until the May 31 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.

History: 1967 c 395 art 8 s 25; 1Sp1985 c 10 s 70; 1986 c 444

67A.26 PENALTIES.

Subdivision 1. **Fraudulent statements.** Any person, officer, or member who shall knowingly or willfully 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 the person is a member or officer, shall be guilty of a misdemeanor.

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.

History: 1967 c 395 art 8 s 26; 1971 c 23 s 8,9; 1986 c 444

FARMERS MUTUAL FIRE INSURANCE COMPANIES

67A.27 [Repealed, 2011 c 61 s 9]

67A.28 [Repealed, 2011 c 61 s 9]

67A.29 [Repealed, 2011 c 61 s 9]

67A.30 Subdivision 1. [Repealed, 2011 c 61 s 9]

Subd. 2. [Repealed, 1975 c 15 s 22]

Subd. 3. [Repealed, 2011 c 61 s 9]

67A.31 [Repealed, 2011 c 61 s 9]

67A.32 [Repealed, 2011 c 61 s 9]

67A.33 [Repealed, 1975 c 15 s 22]

67A.34 [Repealed, 2011 c 61 s 9]

67A.35 [Repealed, 2011 c 61 s 9]

67A.36 [Repealed, 2011 c 61 s 9]

67A.37 [Repealed, 2011 c 61 s 9]

67A.38 [Repealed, 2011 c 61 s 9]

67A.39 [Repealed, 2011 c 61 s 9]

MUTUAL REINSURANCE OR GUARANTY 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 302A, and subject to the conditions and restrictions 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 the commissioner.

History: 1967 c 395 art 8 s 40; 1969 c 7 s 28; 1986 c 444; 2005 c 69 art 3 s 15

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.

History: 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.

History: 1967 c 395 art 8 s 42

67A.43 COMMISSIONER OF COMMERCE.

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 chapter 60B.

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. [Repealed, 1987 c 337 s 131]

History: 1967 c 395 art 8 s 43; 1969 c 708 s 63; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 444

DEFINITIONS**67A.44 COMMISSIONER DEFINED.**

As used in all parts of this chapter the word "commissioner" shall mean the commissioner of commerce of the state of Minnesota and, in the commissioner's absence or disability, a deputy or other person duly designated to act for the commissioner.

History: 1967 c 395 art 8 s 44; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 444