

71A.02 REQUIREMENTS; LIMITATIONS.

Subdivision 1. **Certificate of authority.** Each attorney by or through whom are issued any policies of or contracts for indemnity of the character referred to in this chapter shall procure from the commissioner annually a certificate of authority stating that all the requirements of this chapter have been complied with and, upon such compliance and the payment of the fees required, the commissioner shall issue this certificate.

Subd. 2. **Filing with commissioner.** The subscribers so contracting among themselves shall, through their attorney, file with the commissioner a declaration, verified by the oath of the attorney, setting forth:

(1) the name or title of the office at which the subscribers propose to exchange these indemnity contracts, which shall not be so similar to any other name or title previously adopted by a similar organization or by any insurance corporation or association as in the opinion of the commissioner is calculated to result in confusion or deception;

(2) the kind or kinds of insurance to be effected or exchanged;

(3) a copy of the form of policy contract or agreement under or by which the insurance is to be effected or exchanged;

(4) a copy of the form of power of attorney or other authority of the attorney under which the insurance is to be effected or exchanged;

(5) the location of the office or offices from which these contracts or agreements are to be issued;

(6) that applications have been made for indemnity upon at least 100 separate risks aggregating not less than \$1,500,000, as represented by executed contracts or bona fide applications, to become concurrently effective, or, in case of liability or compensation insurance covering a total payroll of not less than \$1,500,000;

(7) that there is on deposit with this attorney and available for the payment of losses an initial sum of not less than the amount of surplus which would be required of a mutual company under section 60A.07, subdivisions 5b and 5c, to become authorized to transact insurance business in this state if it were engaged in those same lines of insurance, provided that after initial authorization has been granted the amount shall thereafter be constantly maintained in an amount equal to that required of a mutual company. In addition, if it is a reciprocal or interinsurance exchange operating on a nonassessable basis, it must establish and maintain a guaranty fund in an amount equal to that which would be required of a mutual company pursuant to section 66A.16, if it were engaged in those same lines of insurance.

Subd. 2a. **Surplus, application of prior law.** Subdivision 2, as amended by Laws 1969, chapter 820, section 1, shall be effective upon enactment, and thereafter all reciprocal insurance associations shall meet the revised requirements of subdivision 2, as amended by Laws 1969, chapter 820, section 1, provided, however, that any reciprocal insurance association authorized to transact a particular kind or kinds of insurance as specified in section 60A.06, may continue to do so without complying with the revised requirements of subdivision 2, as amended by Laws 1969, chapter 820, section 1. After enactment, any reciprocal insurance association which seeks authority to transact an additional kind or kinds of insurance shall, as a condition to the granting of such authority, comply with the revised requirements of subdivision 2, as amended

by Laws 1969, chapter 820, section 1, as to such additional kind or kinds of insurance that it is authorized to transact.

Subd. 3. **Commissioner as agent for service.** Concurrently with the filing of the declaration provided for by the terms of subdivision 2, the attorney shall execute and file with the commissioner an instrument in writing for the subscribers, conditioned that upon the issuance of the certificate of authority provided for in subdivision 1, service of process in compliance with section 45.028, subdivision 2, may be had upon the commissioner in all suits in this state arising out of these policies, contracts, or agreements, which service shall be valid and binding upon all subscribers exchanging at any time reciprocal or interinsurance contracts through such attorney.

Subd. 4. **Maximum indemnity.** There shall be filed with the commissioner by such attorney a statement under oath showing the maximum amount of indemnity upon any single risk, and such attorney shall, when and as often as the same shall be required, file with the commissioner a statement verified by oath to the effect that the attorney has examined the commercial rating of these subscribers, as shown by the reference book of a commercial agency having at least 100,000 subscribers, and that from this examination or from other information in the attorney's possession it appears that no subscriber has assumed on any single risk an amount greater than ten percent of the net worth of the subscriber.

History: 1967 c 395 art 11 s 2; 1969 c 820 s 1,2; 1986 c 444; 1992 c 564 art 2 s 6