

## Insurance

## CHAPTER 60

## INSURANCE DIVISION

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**60.01 DIVISION OF INSURANCE.** The commissioner of insurance shall be appointed by the governor, by and with the advice and consent of the senate, for the term of six years, who shall hold office until his duly appointed successor shall have qualified. In case of a vacancy, it shall be filled for the unexpired portion of the term. Before entering upon the discharge of his duties, he shall take, subscribe, and file with the secretary of state the oath of office prescribed by the constitution, and give bond to the state, with sureties to be approved by the state treasurer, in the amount of \$50,000, conditioned for the faithful discharge of his duties during his continuance in office and for the payment without delay to the officer or person entitled by law thereto of all moneys which shall come into his hands by virtue thereof; and receive a salary of \$4,500 per year, payable semimonthly, and devote his entire time to the duties of his office.

[1911 c. 386 s. 1; 1921 c. 346 s. 1; 1923 c. 399 s. 1; 1925 c. 426 art. 8 s. 2]  
(53-29) (3287)

**60.02 DEFINITIONS.** Subdivision 1. **Words, terms, and phrases.** Unless the language or context clearly indicates that a different meaning is intended, the following words, terms, and phrases shall, for the purposes of chapters 60 to 73, be given the meanings subjoined to them.

Subdivision 2. **Commissioner.** "Commissioner" means the commissioner of insurance.

Subdivision 3. **Insurance.** "Insurance" is any agreement whereby one party, for a consideration, undertakes to indemnify another to a specified amount against loss or damage from specified causes, or to do some act of value to the assured in case of such loss or damage.

Subdivision 4. **Company or insurance company.** "Company" or "insurance company" includes every corporation or association engaged in insurance as principal.

Subdivision 5. **Domestic.** "Domestic" shall designate those companies incorporated in this state.

Subdivision 6. **Foreign.** "Foreign," when used without limitations, shall designate those companies incorporated in any other state or country.

Subdivision 7. **Beneficiary association.** "Beneficiary association" means a corporation, society, or voluntary association organized and carried on for the sole benefit of its members and their families, relatives, or dependents, but not for profit, and insure the lives of its members only upon the whole life assessment plan, so-called, and in which organization admission to membership by a vote of the members or some governing body thereof, is a prerequisite to being entitled to such relief or policy of insurance, and which association sells neither endowments nor annuities.

Subdivision 8. **Fraternal beneficiary associations.** "Fraternal beneficiary association" means a corporation, society, or voluntary association organized and carried on for the sole benefit of the members and their beneficiaries, but not for profit, and having a lodge system and ritualistic form of work and representative form of government.

Subdivision 9. **Insurance agent.** An "insurance agent" is a person acting under express authority from an insurer and on its behalf to solicit insurance, or to appoint other agents to solicit insurance, or to write and countersign policies of insurance, or to collect premiums therefor within this state, or to exercise any or all these powers when so authorized by the insurer.

Subdivision 10. **Insurance solicitor.** An "insurance solicitor" is a person acting under express authority from an insurance agent to solicit insurance for such agent, but without the power or authority to issue or countersign policies for the insurer of which such agent is the duly authorized representative.

Subdivision 11. **Net assets.** "Net assets" means that portion of the excess of the entire assets of an insurance company over its entire liabilities, exclusive of capital, and inclusive of policy liability, available for the payment of its obligations, including capital stock in this state and including as assets deferred premiums on policies written within three months and actually in force; and, in the case of a mutual marine or fire and marine company, its subscription funds and premium notes not more than 30 days past due and uncollected. In the case of a mutual fire insurance company, there shall be included as assets premium notes absolutely payable within six months from date and given for policies actually in force, when such notes are not more than 30 days overdue. Unpaid guaranty fund subscriptions shall not be included as assets, and guaranty fund certificates upon which there is no liability of the company until all of its other obligations and liabilities are paid shall not be included as a liability.

Subdivision 12. **Earned premiums.** "Earned premiums" includes gross premiums charged on all policies written, including all determined excess and additional premiums, less return premiums, other than premiums returned to policyholders as dividends, and less reinsurance premiums and premiums on policies canceled, and less unearned premiums on policies in force. Any participating company which has charged in its premiums a loading solely for dividends shall not be required to include such loading in its earned premiums; provided, a statement of the amount of such loading has been filed and approved by the commissioner.

Subdivision 13. **Unearned premiums, insurance reserve, net value policies, and premium reserve.** "Unearned premiums," "insurance reserve," "net value policies," and "premium reserve" severally refer to the liability of an insurance company

upon its insurance contracts other than accrued claims computed by rules on valuation herein established.

Subdivision 14. **Profits.** "Profits" of a mutual insurance company means that portion of its net earnings not required for payment of losses and expenses, nor set apart for any lawful purposes.

Subdivision 15. **Loss payments and loss expense payments.** The terms "loss payments" and "loss expense payments" include all payments to claimants, including payments for medical and surgical attendance, legal expense, salaries and expenses of investigators, adjusters, and field men, stationery, telegraph and telephone charges, postage, salaries and expenses of office employees, home office expenses, and all other payments made on account of claims, whether such payments shall be allocated to specific claims or unallocated.

Subdivision 16. **Compensation.** The term "compensation" relates to all insurance effected by virtue of statutes providing compensation to employees for personal injuries irrespective of fault of the employer.

Subdivision 17. **Liability.** The term "liability" relates to all insurance, except compensation insurance, against loss or damage from accident to or injuries suffered by an employee or other person and for which the insured is liable.

[*R. L. ss. 1594, 1596; 1907 c. 321; 1915 c. 195 s. 1; 1917 c. 308; 1921 c. 380 s. 1; 1921 c. 406 s. 1 (3304) (3312) (3314) (3348)*]

**60.03 RIGHTS, POWERS, AND DUTIES.** The commissioner shall have and possess all the rights and powers and perform all the duties heretofore vested by law in the commissioner of insurance, except that applications for registrations of securities and brokers' licenses under sections 80.05 to 80.27, and all matters pertaining to such registrations and licenses, application for the organization and establishment of new financial institutions under sections 45.04, 45.06, and 45.07, applications by insuring companies for licenses to carry on business within the state, and all matters pertaining to such licenses, and applications for the consolidation of insuring companies transacting business within the state, shall be determined by the commissioner in the manner provided by the laws defining the powers and duties of the commissioner of banks, the commissioner of insurance, and the state securities commission, respectively, or, in the absence of any law prescribing the procedure, by such reasonable procedure as the commission may prescribe.

[*1925 c. 426 art. 8 s. 3 (53-30)*]

**60.04 OFFICIAL STAFF, SALARIES, DUTIES.** The commissioner may appoint a deputy commissioner of insurance to assist him in his duties, an actuary, a chief examiner, a statistician, and such assistants to these employees and such stenographic and clerical help as may be required for the proper conduct of the department of insurance, at such salaries as he may determine. No person, except the actuary and rate supervisor, shall be paid a salary in excess of \$3,000 per annum; no examiner shall be paid more than \$2,400 per annum, and no clerk or stenographer shall be paid more than \$1,200 per annum. The salary of the actuary shall not exceed \$4,500 per annum, and the salary of the rate supervisor shall not exceed \$3,300 per annum.

All these salaries shall be payable in semimonthly instalments and shall be in full compensation for all services rendered in discharge of their respective duties. The actual and necessary expenses incurred by the commissioner, or any salaried employee of the department of insurance, in connection with any examination of an insurance company shall be repaid by the state treasurer upon proper vouchers on condition that the same shall have previously been charged to such insurance company so examined and by such company paid into the state treasury.

The commissioner may appoint, and at his pleasure remove, such deputy fire marshals as he may deem advisable. These deputies shall perform the duties and have and enjoy the rights, privileges, and immunities now imposed on and granted to the deputy fire marshals. These deputies shall receive such compensation for their services, not to exceed \$2,400 per annum, as shall be fixed by the commissioner in the certificate of appointment which shall be filed with the state auditor. The commissioner may, from time to time, by an instrument in writing, likewise to be filed with the state auditor, change or alter the compensation payable to any deputy so appointed by him. The commissioner may also employ such clerical assistance and office employees as he may deem advisable and necessary to carry on the work of the fire marshal's office.

The chief assistant fire marshal shall receive an annual salary of \$2,500.

All officers who shall perform any service at the request of the commissioner, the chief assistant fire marshal, or the deputy fire marshal, shall receive the same fees as officers in justice court, and such fees shall be paid out of the fire marshal fund in the same manner as other witnesses testifying.

[1911 c. 386 s. 3; 1913 c. 564 s. 21; 1919 c. 102 s. 3; 1919 c. 336 s. 1; 1921 c. 346 s. 2; 1923 c. 399 s. 2] (3289) (5952) (5971)

**60.05 CONTINGENT FUND.** The contingent fund appropriated for the use of the department of insurance may be expended by the commissioner as he may deem for the best interest of the department.

[1911 c. 386 s. 4; 1915 c. 208 s. 1] (3290)

**60.06 CLERKS AND ASSISTANTS.** The commissioner shall employ clerks and assistants, and incur such other expense as may be necessary in the performance of his duties as fire marshal, including necessary traveling expenses, not to exceed, including salaries, such sum as may be paid into the state treasury in the manner herein provided. No clerks or assistants shall be appointed, except as expressly provided for in this chapter, until the necessity of such appointment shall first be passed upon by the governor and approved by him.

[1913 c. 564 s. 22] (5972)

**60.07 DEPUTY.** In the absence or disability of the commissioner his duties shall be performed by the deputy commissioner of insurance. The actuary of the department shall, under the direction of the commissioner, make such valuation of life insurance policies as shall be necessary, from time to time, to the proper supervision of life insurance companies transacting business in this state, and shall perform such other actuarial duties, including the visitation and examination of insurance companies, as the commissioner may prescribe. The chief and assistant examiners shall, under the direction of the commissioner, devote their principal time to necessary or required examinations of insurance companies, and perform such other duties as the commissioner may prescribe. Other salaried employees of the department of insurance shall be under the direction of the commissioner and perform such duties, in connection with the department of insurance, as the commissioner may prescribe.

[1911 c. 386 s. 5] (3291)

**60.08 EXAMINATIONS.** At least once in every three years, the commissioner shall, personally or by his deputy, actuary, examiners, or other salaried employees, visit each domestic insurance company, other than township mutual fire insurance companies, and carefully examine its affairs for the purpose of ascertaining its financial condition and ability to fulfill its obligations, and if it be complying with all the provisions of law. He may also make such examination at any other time as he shall have reason to believe such company is in an unsound condition, or that it is not conducting its business according to the provisions of law. He may also, personally or by his deputy, actuary, examiners, or other salaried employees, when he shall deem it necessary, make an appraisal of any or all of the company's assets. The commissioner, or person making the examination by his direction, shall have free access to all books and papers of any company, and of the books and papers of any of its agents, that may relate to its business, and may summon and examine under oath of its directors, officers, agents, trustees, or other persons, in relation to its affairs and condition. The commissioner may, in like manner, when he deems it necessary, make an examination of the affairs or an appraisal of any or all of the assets of any insurance company admitted, or applying for admission, to do business under the laws of this state.

In case of foreign insurance companies admitted, or applying for admission, to do business in this state, the commissioner may, in his discretion, accept the report of examination made by the commissioner of insurance, or corresponding officer, of the state in which the company has its home office, in lieu of making the examination of the company authorized by the laws of this state.

[1911 c. 386 s. 6; 1915 c. 208 s. 2; 1925 c. 27 s. 1] (3292)

**60.09 FEES FOR EXAMINATION.** When any visitation, examination, or appraisal is made by the commissioner, his deputy, actuary, or chief examiner, the company so examined, except township mutual fire insurance companies, and companies organized exclusively to write insurance against loss or damage by cyclone, tornado, and windstorm, or any one or more of them, upon the mutual plan, shall pay a fee to the department of insurance of \$15.00 per day for each and every day necessarily occupied by such a person, and each one thereof, in making the exami-

nation, or in making an appraisal of any of the assets of the company. When the visitation, examination, or appraisal is made, or engaged in, by any other person regularly employed in the department of insurance and receiving a salary from the state, the company so examined, except township mutual fire insurance companies and companies organized exclusively to write insurance against loss or damage by cyclone, tornado, and windstorm, or any one or more of them, upon the mutual plan, shall pay as fees to the department of insurance the sum of \$10.00 per day for each and every day necessarily occupied by such other person, and each one thereof, in making or assisting to make the examination, or in making an appraisal of any of the assets of the company. In addition to the fees mentioned herein, the company so examined shall also pay to the department of insurance the necessary expenses of any such person so engaged in connection with any such examination or appraisal. All of these fees and expenses shall be accounted for and turned into the state treasury. In case of the examination of township mutual fire insurance companies and companies organized exclusively to write insurance against loss or damage by cyclone, tornado, and windstorm, or any one or more of them, upon the mutual plan, the actual expenses only thereof shall be charged. The necessary expenses of any such person or persons so engaged in connection with any such examination or appraisal shall be repaid by the state treasurer to any such person so engaged in connection with the examination or appraisal, upon vouchers of the same, on condition that such expenses shall have been previously charged to such company so examined and the full amount thereof by it paid into the state treasury.

[1911 c. 386 s. 7; 1915 c. 208 s. 3] (3293)

**60.10 EXAMINER, APPOINTMENT.** The commissioner may, when he shall deem it necessary, appoint any experienced and competent professional insurance actuary to personally make or conduct, or assist in making or conducting, an examination of any insurance company admitted, or applying for admission, to do business in this state, on condition that the commissioner shall have previously filed with the secretary of state during the last immediately preceding month of January or July, as the case may be, a written declaration designating such person, by name and address, as a consulting actuary of the department of insurance. In this case, the commissioner shall fix a reasonable compensation for the examiner on a per diem basis for the actual time employed in making or conducting, or assisting to make or conduct, the examination, and which, including expenses of any necessary appraisal or clerical assistance, shall be charged to the company so examined. The compensation for this examiner, appraisal, or clerical assistance, together with the amount of his necessary expenses actually incurred in connection with the examination, shall, upon proper vouchers therefor, be paid to him by the state on condition that the same shall have previously been charged to the company and by it paid into the state treasury.

The commissioner, when he shall deem it necessary, may appoint any competent person to make an appraisal of any or all of the assets of any such company, at a compensation of not exceeding \$10.00 per day and necessary expenses incurred in connection therewith, which compensation and expenses shall be paid to the department of insurance by the company, and by it accounted for and turned into the state treasury; and which compensation and expenses shall be repaid by the state treasurer to any person so appointed, upon proper vouchers of the same, on condition that the fees and expenses shall have previously been charged to the company and the full amount thereof by it paid into the state treasury.

[1911 c. 386 s. 8; 1915 c. 208 s. 4] (3294)

**60.11 FEES.** In addition to the fees and charges hereinbefore provided for, there shall be paid to the commissioner, and by him accounted for and paid into the state treasury, the following fees:

- (1) By township mutual fire insurance companies:
  - (a) For filing certificate of incorporation, \$2.00;
  - (b) For filing annual statements, \$1.00;
  - (c) For each annual certificate of authority, \$1.00;
- (2) By other domestic companies:
  - (a) For filing certified copy of certificates of incorporation and accompanying documents, for obtaining license, \$30.00;
  - (b) Each company's certificate of authority, \$1.00;
- (3) By foreign companies:

- (a) For filing certified copy of charter or certificate of incorporation and by-laws, \$30.00;
- (b) For filing statement of financial condition, \$20.00;
- (c) Each company's or agent's certificate of authority, \$2.00;
- (4) By all companies, except township mutuals:
- (a) For filing certified copy of amendment to articles of incorporation, \$10.00;
- (b) For filing annual statement, \$20.00;
- (c) For abstract or summary of annual statement for publication, when prepared by commissioner, \$10.00;
- (5) General fees:
  - (a) For each certificate, including certified copy of certificate of authority, renewal, valuation of life policies, corporate condition or qualification, \$1.00;
  - (b) For each copy of paper on file in his office, 20 cents per folio, and \$1.00 for certifying same;
  - (c) For license to procure fire insurance in unadmitted foreign companies, \$10.00;
  - (d) For each broker's license, \$10.00;
  - (e) For receiving and forwarding copy of summons or process served upon commissioner of insurance, as attorney for any insurance company, \$2.00 (which amount shall be paid by the party serving same and may be taxed as other costs in the action);
  - (f) For valuing the policies of life insurance companies, one cent per one thousand of insurance so valued;
 

(The commissioner may, in lieu of a valuation of the policies of any foreign life insurance company admitted, or applying for admission, to do business in this state, accept a certificate of valuation from such company's own actuary or from the commissioner of insurance of the state or territory in which such company shall be domiciled);
  - (g) For receiving and filing certificates of valuation of policies by the company's actuary, or by the commissioner of insurance of any other state or territory, \$50.00.

All fees received by the commissioner pursuant to the provisions of sections 60.04, 60.05, 60.07 to 60.11 shall be paid by him into the state treasury.

When, by the laws of any other state or nation, any fines, penalties, licenses, or fees additional to, or in excess of, those imposed by this section upon foreign insurance companies and their agents, are imposed upon insurance companies of this state or their agents doing business in such state, the same fines, penalties, licenses, and fees shall be imposed upon all insurance companies of that state and their agents doing business in this state, so long as such laws of such other state remain in force.

[1911 c. 386 s. 9] (3295)

**60.12 SUSPENSION OF AUTHORITY; AGENT.** If the commissioner is of the opinion, upon examination or other evidence, that a foreign insurance company is in an unsound condition or, if a life insurance company, that its actual funds are less than its liabilities, or that it is insolvent; or if a foreign insurance company has failed to comply with the law, or if it, its officers, or agents, refuse to submit to examination, or to perform any legal obligation in relation thereto, he shall revoke or suspend all certificates of authority granted to it or its agents, and shall cause notification thereof to be published in a newspaper authorized to publish annual statements of insurance companies, and no new business shall thereafter be done by it, or its agents, in this state while such default or disability continues, nor until its authority to do business is restored by the commissioner. Unless the ground for revocation or suspension relates only to the financial condition or soundness of the company or to a deficiency in its assets, the commissioner shall notify the company, not less than ten days before revoking its authority to do business in this state; and he shall specify in the notice the particulars of the supposed violation. The district court of any county, upon petition of the company, brought within the ten-day period, shall summarily hear and determine the question whether such violation has been committed, and shall make any proper order or decree therein, and enforce the same by any appropriate process. If the order or decree is adverse to the petitioning company, an appeal therefrom may be taken to the supreme court; and, in the case of such appeal, the commissioner may issue his order revoking the right of the petitioning company to do business in this state until the final

determination of the question by the supreme court. Neither this chapter nor any proceedings thereunder shall affect any criminal prosecutions or proceeding for the enforcement of any fine, penalty, or forfeiture. If, upon examination, the commissioner is of the opinion that any domestic insurance company is insolvent, or has exceeded its powers or has failed to comply with any provisions of law, or that its condition is such as to render its further proceedings hazardous to the public or to its policyholders, he shall apply to the judge of any district court to issue an injunction restraining it, in whole or in part, from further proceeding with its business. The judge may, in his discretion, issue the injunction forthwith or upon notice and hearing thereon; and, after a full hearing of the matter, may dissolve or modify such injunction or make it perpetual, and make all orders and decrees needful in the premises, and may appoint agents or receivers to take possession of the property and effects of the company, and to settle its affairs, subject to such rules and orders as the court may, from time to time, prescribe, according to the course of proceedings in equity. Service of process in these proceedings shall be sufficient if made upon any person authorized by the company to write policies or accept premiums. In case any agent shall, directly or indirectly, make any contract of or for insurance, for or in behalf of any company not authorized to do business in this state, save as herein otherwise expressly provided, this agent shall be personally liable thereon.

[R. L. s. 1599] (3297)

**60.13 CAPITAL IMPAIRED.** When it appears that the capital of any company is impaired to the extent of one-fourth or more, on the basis in this chapter provided, the commissioner shall notify it to repair the same by assessment, and if, within three months after the notice, it shall not satisfy him that it has done so, or reduced it as herein provided, he shall proceed against it as required in section 60.12.

[R. L. s. 1600] (3298)

**60.14 NOTICE TO CEASE BUSINESS.** If the actual funds of a domestic life company are not of a net cash value equal to its liabilities, including the net value of its policies computed by the rule of valuation herein established, the commissioner shall notify it thereof, and thereafter neither the company nor any of its agents shall issue any new policies until the commissioner is satisfied that its funds equal its liabilities, and shall have so notified it.

[R. L. s. 1601] (3299)

**60.15 VIOLATIONS REPORTED.** When, upon examination or other evidence or information, it appears to the commissioner that any company, or any officer or agent thereof, has violated any provision of chapters 60 to 72, he shall report the facts to the governor, who shall cause proper proceedings to be taken in the premises.

[R. L. s. 1602] (3300)

**60.16 UNSATISFIED JUDGMENT.** When a judgment has been rendered by any court in this state against any company holding the commissioner's certificate, and an execution issued thereon has been returned unsatisfied, in whole or in part, and a certified transcript of the docket entry and the clerk's certificate of those facts is filed with the commissioner, he shall forthwith revoke its certificate and give one week's published notice thereof. No new certificate shall issue until such judgment has been fully satisfied and proof thereof filed with him, and the expenses and fees incurred are paid. During this revocation neither the company, nor any of its officers or agents, shall issue any new policy, take any risk, or transact any business, except such as is absolutely necessary in closing up its affairs in this state.

[R. L. s. 1603] (3301)

**60.17 COMPUTATION OF NET VALUE.** The commissioner shall compute, yearly, the net value on the last day of the preceding year of all outstanding policies in every company authorized to insure lives in this state, calculated upon the basis of the American experience table of mortality, with interest at not exceeding four per cent per annum. This net value shall be deemed its liability on account of its unaccrued policy obligations, to provide for which it shall hold funds in authorized investments, approved by the commissioner, to an amount equal to the net value above and free from all other liabilities. In computing this net value, assessment policies, or certificates of any assessment company reincorporated to transact life insurance business, shall be valued as one-year term policies. In every case in which the actual premium charged is less than the net premium computed, as aforesaid, the company shall also be charged with the value of an annuity, the amount of

which shall equal the difference and the term of which in years shall equal the number of future annual payments due on the insurance at the date of the valuation.

[R. L. s. 1604] (3302)

**60.18 VALUATION IN OTHER STATES.** The commissioner may accept the valuation made by the insurance commissioner of the state under whose authority a life company was organized, when that valuation has been made on sound and recognized principles and on the legal basis provided in section 60.17, or its equivalent, when furnished with a certificate of that commissioner setting forth that value on the last day of the preceding year. Every such life company which fails to promptly furnish this certificate shall, on demand, furnish the commissioner detailed lists of all its policies and securities, and shall be liable for all charges and expenses resulting therefrom.

[R. L. s. 1605] (3303)

**60.19 RESERVES.** To determine the policy liability of any company other than life or title insurance, and the amount the company shall hold as reserve, the commissioner shall take 50 per cent of the aggregate premiums, on policies running one year or less from date of policy, and a pro rata rate amount on policies running more than one year from date of policy, except upon inland and marine risks, which he shall compute by charging 50 per cent of the amount of premium written in its policies upon yearly risks and upon risks covering more than one passage not terminated, and the full amount of premiums written in policies upon all other inland and marine risks not terminated. In case of any fire and marine company with less than \$200,000 capital admitted to transact in this state fire business only, the full amount of premiums written in its marine and inland navigation and transportation policies shall be charged as liability.

In case of a mutual fire insurance company with a policyholders' contingent liability fixed by its by-laws and in its policies as provided by law, to determine the amount of this reinsurance reserve, the commissioner shall take 25 per cent of the aggregate premiums running one year or less from date of policy, and 50 per cent of the pro rata amount on policies running more than one year from date of policy. A policy for a term of years on which the premium is payable annually shall be considered a policy for one year.

In case of a casualty insurance company writing insurance against loss or damage resulting from accident to or injuries suffered by an employee or other person and for which the insured is liable, and under insurance against loss from liability on account of the death of or injury to an employee not caused by the negligence of an employer, he shall charge as a liability, in addition to the capital stock and all other outstanding indebtedness of the corporation:

(1) The premium reserve on policies in force, equal to 50 per cent of the gross premiums charged for covering the risks; provided, that the commissioner may, in his discretion, charge a premium reserve equal to the unearned portions of the gross premiums charged, computed on each respective risk from the date of the issuance of the policy;

(2) The reserve for outstanding losses, other than compensation and liability, at least equal to the aggregate estimated amounts due or to become due on account of all losses and claims of which the corporation has received notice; provided, that such loss reserve shall also include the estimated liability on any notices received by the corporation of the occurrence of any event which may result in a loss, and the estimated liability for all losses which have occurred but on which no notice has been received; (for the purpose of such reserves, the corporation shall keep a complete and itemized record showing all losses and claims on which it has received notice, including all notices received by it of the occurrence of any event which may result in a loss);

(When, in the judgment of the commissioner, the loss reserves, calculated in accordance with the foregoing provisions, are inadequate, he may, in his discretion, require the corporation to maintain additional reserves);

(3) The reserve for outstanding losses under insurance against loss or damage from accident to or injuries suffered by the employee or other person and for which the insured is liable, computed as follows:

(a) For all liability suits being defended under policies written more than

(1) ten years prior to the date as of which the statement is made, \$1,500 for each suit;



(2) five, and less than ten, years prior to the date as of which the statement is made, \$1,000 for each suit;

(3) three, and less than five, years prior to the date as of which the statement is made, \$850.00 for each suit;

(b) For all liability policies written during the three years immediately preceding the date as of which the statement is made, such reserve shall be 60 per cent of the earned liability premium of each of such three years, less all loss and loss expense payments made under liability policies written in the corresponding years; but, in any event, such reserve shall, for the first of such three years, be not less than \$750.00 for each outstanding liability suit on that year's policy;

(c) For all compensation claims under policies written more than three years prior to the date as of which the statement is made, the present values, at four per cent interest, of the determined and the estimated future payments;

(d) For all compensation claims under policies written in the three years immediately preceding the date as of which the statement is made, such reserve shall be 65 per cent of the earned compensation premiums of each of such three years, less all loss and loss expense payments made in connection with such claims under policies written in the corresponding years; but in any event, in the case of the first year of any such three-year period, such reserve shall be not less than the present value, at four per cent interest, of the determined and the estimated unpaid compensation claims under policies written during such year.

All unallocated liability loss expense payments made in a given calendar year subsequent to the first four years in which an insurer has been issuing liability policies shall be distributed as follows: 35 per cent shall be charged to the policies written in that year, 40 per cent to the policies written in the preceding year, ten per cent to the policies written in the second year preceding, ten per cent to the policies written in the third year preceding, and five per cent to the policies written in the fourth year preceding; and such payments made in each of the first four calendar years in which an insurer issues liability policies shall be distributed as follows: in the first calendar year 100 per cent shall be charged to the policies written in that year, in the second calendar year 50 per cent shall be charged to the policies written in that year and 50 per cent to the policies written in the preceding year, in the third calendar year 40 per cent shall be charged to the policies written in that year, 40 per cent to the policies written in the preceding year, and 20 per cent to the policies written in the second year preceding, and in the fourth calendar year 35 per cent shall be charged to the policies written in that year, 40 per cent to the policies written in the preceding year, 15 per cent to the policies written in the second year preceding, and ten per cent to the policies written in the third year preceding, and a schedule showing such distribution shall be included in the annual statement.

All unallocated compensation loss expense payments made in a given calendar year subsequent to the first three years in which an insurer has been issuing compensation policies shall be distributed as follows: 40 per cent shall be charged to the policies written in that year, 45 per cent to the policies written in the preceding year, ten per cent to the policies written in the second year preceding, and five per cent to the policies written in the third year preceding; and such payments made in each of the first three calendar years in which an insurer issues compensation policies shall be distributed as follows: in the first calendar year 100 per cent shall be charged to the policies written in that year, in the second calendar year 50 per cent shall be charged to the policies written in that year, and 50 per cent to the policies written in the preceding year, in the third calendar year 45 per cent shall be charged to the policies written in the preceding year and ten per cent to the policies written in the second year preceding, and a schedule showing such distribution shall be included in the annual statement.

When, in the judgment of the commissioner, the liability or compensation loss reserves of any insurer under his supervision, calculated in accordance with the foregoing provisions, are inadequate, he may, in his discretion, require such insurer to maintain additional reserves based upon estimated individual claims or otherwise.

Each insurer that writes liability or compensation policies shall include in the annual statement required by law a schedule of its experience thereunder in such

form as the commissioner may prescribe. This section shall not apply to farmers' mutual insurance companies.

[1921 c. 406 s. 1] (3304)

**60.20 WHAT ASSETS ADMISSIBLE.** In valuing the assets which compose the legal reserve of a life company, its real estate, stocks, and bonds shall be so rated that the average annual income thereof shall not be less than three per cent, and if any asset produces less it shall be rated at its value upon a three per cent basis. Loans and credits shall not be allowed for more than their face value, nor shall any asset be appraised for more than its market value. Only such assets shall be allowed as are available for payment of losses in this state; but any deposit or fund set apart as security for a particular liability may be set off to an amount not exceeding such liability. The amount of any interest-bearing lien against any policy or loan thereon, not exceeding the net value or premium reserve of such policy, computed under the provisions of this chapter, may likewise be allowed against liability thereunder. Stockholders' obligations of any description shall not be rated as part of the assets of any company, unless secured by sufficient approved collateral.

[R. L. s. 1608] (3305)

**60.21 VALUATION OF EVIDENCES OF INDEBTEDNESS.** All bonds or other evidences of debt, having a fixed term and rate, held by an insurance company or fraternal beneficiary association authorized to do business in this state may, if amply secured and not in default as to principal and interest, be valued as follows: If purchased at par, at the par value; if purchased above or below par, on the basis of the purchase price adjusted so as to bring the value to par at maturity and so as to yield, in the meantime, the effective rate of interest at which the purchase was made; provided, that the purchase price shall in no case be taken at a higher figure than the actual market value at the time of purchase; and, provided, that the commissioner shall have full discretion in determining the method of calculating values according to the foregoing rule. If the notes or bonds secured by mortgage or trust deed in the nature thereof which the federal housing administrator has insured, or made a commitment to insure, are purchased above par, they may, if not in default as to principal and interest, be valued during the first five years after purchase on the basis of the purchase price adjusted in equal annual instalments to bring the value to par at the end of five years.

[1919 c. 54; 1941 c. 141] (3306)

**60.22 INCREASE OR DECREASE OF CAPITAL.** Upon application, the commissioner shall examine the proceedings of any domestic company to increase or reduce its capital stock and, when found conformable to law, shall revoke the old and issue a new certificate of authority to the company to transact business upon the increased or reduced capital.

[R. L. s. 1609] (3307)

**60.23 ACCOUNTS OF ASSIGNEES AND RECEIVERS.** The commissioner, or his deputy, annually, or oftener when deemed necessary, shall examine the transactions and accounts of all assignees and receivers of insolvent companies, and also the accounts of such assignees or receivers referred to him under the provisions of chapters 60 to 72, and, in each case, shall make report thereof to the court. For this purpose, he or his deputy, shall have free access to the official papers of such assignees or receivers relative to their transactions, and may examine them under oath as to all matters connected therewith. When, in his opinion, any assignee or receiver has violated his official duty, or further proceedings to collect an assessment will not afford substantial relief to creditors, he shall report the facts to the court.

[R. L. s. 1610] (3308)

**60.24 ANNUAL REPORT.** The annual report of the commissioner shall include a statement of the receipts and expenditures of his department, a statement of the financial condition and business transactions of the several insurance companies doing business in the state, as disclosed by official examinations and by their annual statements, the condition of the receiverships of insolvent companies, and such other information as he thinks proper.

[R. L. s. 1612; 1915 c. 81] (3309)

**60.25 DEPOSITS OF SECURITIES.** The commissioner shall receive and hold in official trust deposits made by any domestic company in compliance with the laws of any other state, to enable it to do business in that state, and in like manner hold deposits made by a foreign company under any law of this state. The company

making the deposit shall be entitled to the income thereof and, from time to time, with his consent, when not inconsistent with the law under which it was made, may exchange, in whole or in part, the securities composing the deposit for other approved securities of equal value. Upon application by a domestic company, he may return the whole or any portion of the securities so deposited by it, if satisfied that they are subject to no liability. Upon like application, he may return to a foreign company any deposit made by it when it appears that the company has ceased to do business in this state or the United States, and he is satisfied that it is not subject to any liability in this state, or upon the order of any court of competent jurisdiction. A foreign company which has made a deposit, its trustees, receiver, resident manager, or any creditor or policyholder thereof, may, at any time, institute in the district court of Ramsey county an action against the state and other proper parties to enforce and terminate the trust created by the deposit. The commissioner shall immediately notify the governor of the action, and furnish the necessary information to answer in behalf of the state, and shall carry out such order and decree as the court shall make therein.

[R. L. s. 1613] (3310)

**60.26 SECURITIES KEPT IN STATE TREASURER'S VAULT.** The divisions of banking and insurance shall use, for the safe-keeping of securities, except such securities as may, for the convenience of the division of banking, be kept in places designated by the commissioner of banks, such space in the safety deposit vault in the office of the state treasurer as may be agreed upon and assigned to such divisions, respectively, by the state treasurer.

[1921 c. 466] (3311)

**60.27 ACCEPTANCE OF LAWS.** Every company, domestic or foreign, shall file with the commissioner its acceptance of the provisions of chapters 60 to 72, and by such changes, if any, as may be necessary, conform its charter or certificate of incorporation thereto, so far as the same relates to such a company; and it, and every company hereafter organized, shall obtain from the commissioner his certificate that such charter or certificate of incorporation, and all proceedings thereunder, comply with law, which he shall endorse thereon when approved, and thereupon each shall be governed by such provisions and those relative to corporations in general, so far as applicable and not otherwise specially provided.

[R. L. s. 1595] (3313)

**60.28 SOLICITATION OF CERTAIN CONTRACTS FORBIDDEN.** It shall be unlawful for any person, firm, or corporation to solicit or make, or aid in soliciting or making, any contract of insurance not authorized by the laws of this state. All contracts of insurance on property, lives, or interests in this state, shall be deemed to be made in this state.

[R. L. s. 1596; 1917 c. 308] (3314)

**60.29 CAPITAL STOCK REQUIRED; BUSINESS WHICH MAY BE TRANSACTED.** Subdivision 1. Insurance corporations shall 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:

(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 change of temperature resulting from the destruction of refrigerating or cooling apparatus, or its connections, by fire, lightning, windstorm, tornado, cyclone, earthquake, hail, frost or snow, bombardment invasion, insurrection, riot, civil war or commotion, military or usurped power and loss or damage to property by explosion, whether fire ensues or not, except explosions on risks specified in subdivision 1, clause (3), also against loss or damage by water to any goods or premises arising from the breakage or leakage of sprinklers, pumps or other apparatus erected for extinguishing fires, and of water pipes, and against accidental injury to such sprinklers, pumps, or other apparatus;

(2) 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 marine risks of transportation and navigation, including the risks of lake, river, canal and inland transportation and navigation;

(3) To insure steam boilers and pipes, flywheels, engines and machinery connected therewith or operated thereby, against explosion and accident, and against loss or damage to persons or property resulting therefrom, and against loss of use and occupancy caused thereby; and to make inspection of and to issue certificates of inspection upon such boilers, pipes, flywheels, engines, and machinery;

(4) To make contracts of life and endowment insurance, to grant, purchase, or dispose of annuities or endowments of any kind, and to insure against accidents to or sickness of the assured;

(5) To insure against loss or damage by the sickness, bodily injury or death by accident of the assured, or of any other person employed by or for whose injury or death the assured is responsible;

(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) To insure against loss by burglary, theft, or forgery;

(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 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, and to insure against any loss or hazard incident to the ownership, operation, or use of motor or other vehicles;

(13) To insure against liability for loss or damage to the property of another caused by the insured or by those for whom the insured is responsible;

(14) To insure against any loss or damage resulting from accident or injury suffered by any person, occurring in the practice of medicine, or surgery or in the dispensing of drugs or medicine, for which loss or damage the insured may be legally liable;

(15) To make contracts providing that upon the death of the assured a funeral benefit will be paid in money, the aggregate amount of which shall not exceed \$150.00 upon any one life; provided, that any corporation that has been licensed to do business for three successive years may make contracts not to exceed \$300.00 upon any one life; provided, that any corporation licensed under this chapter, which now or hereafter has a paid-up capital of \$15,000, and maintains with the commissioner a deposit of \$15,000, may make life insurance contracts not to exceed \$600.00 on any one life and with or without indemnity for total and permanent disability such as are usually contained in life insurance contracts; no such insurance company shall be operated, directly or indirectly, in affiliation or connection with any funeral director or undertaking establishment, or contract, by assignment or otherwise, to pay such insurance or its benefits, or any part of either, to any funeral director or undertaking establishment predetermined or designated by it, so as to deprive the family or representatives of the deceased policyholder from, or in any way to control them in, obtaining for his funeral and burial, funeral services and supplies in the open market; and, nothing herein contained shall apply, nor shall it be construed to apply, in any way to any cooperative burial association.

Subdivision 2. The paid-up capital stock of every corporation authorized to transact the kinds of business enumerated in subdivision 1, clauses (1) to (15), shall not be less than specified below:

Clause (1), \$100,000;

Clause (2), \$100,000;

Clause (3), \$100,000;

Clause (4), \$100,000;

Clause (5), \$100,000;

Clause (6), \$250,000, and a surplus constantly maintained of at least \$50,000;

Clause (7), \$200,000;

Clause (8), \$100,000;

Clause (9), \$100,000;  
 Clause (10), \$100,000;  
 Clause (11), \$100,000;  
 Clause (12), \$100,000;  
 Clause (13), \$100,000;  
 Clause (14), \$100,000;  
 Clause (15), \$ 10,000.

Companies organized to transact business specified in clause (15) shall be subject to all the provisions of law relating to legal reserve life insurance companies, except that the deposit with the commissioner of insurance shall be \$10,000 and that such company shall have secured at least 100 applications, upon 100 separate lives, for insurance aggregating at least \$10,000. Such companies shall issue only non-participating policies, which shall be construed as industrial policies.

Any such corporation having a paid-up capital stock of not less than \$200,000, and a surplus of not less than \$50,000 constantly maintained, may, when authorized by its articles of incorporation, transact any or all of the kinds of business specified in clauses (1) to (15), excepting those specified in clauses (1), (2), (4), (6), and (15).

Any such corporation having paid-up capital stock of not less than \$200,000 may transact the kinds of business specified in clauses (1), (2), and (12).

Any such corporation having a paid-up capital stock of not less than \$200,000 and authorized to transact the kinds of business specified in clause (4) may also transact the kinds of business specified in clause (5).

Any such corporation having a paid-up capital stock of not less than \$250,000, and a surplus of not less than \$50,000 constantly maintained, when authorized to transact the kinds of business specified in clause (6) may also transact the kinds of business specified in clauses (3), (5), (7), (8), (9), (10), (11), (12), (13), and (14).

[1915 c. 138 s. 1; 1917 c. 29 s. 1; 1919 c. 413 s. 1; 1923 c. 51; 1927 c. 240; 1933 c. 73; 1941 c. 294] (3315)

**60.30 INSURANCE CORPORATIONS.** Corporations may be formed for carrying on any one branch of the business of insurance authorized by law, or any two or more branches thereof, which are permitted by law to be transacted by one company.

[R. L. s. 2848] (7442)

**60.31 INSURANCE NOT SPECIFICALLY AUTHORIZED BY LAW TRANSACTED UPON AUTHORIZATION BY COMMISSIONER.** Any insurance corporation or association heretofore or hereafter licensed to transact within the state any of the kinds or classes of insurance specifically authorized under the laws of this state may, when authorized by its charter, transact within and without the state any lines of insurance germane to its charter powers and not specifically provided for under the laws of this state when these lines, or combinations of lines, of insurance are not in violation of the constitution or the laws of the state and, in the opinion of the commissioner, not contrary to public policy, provided the company or association shall first obtain authority of the commissioner and meet such requirements as to capital or surplus, or both, as the commissioner shall prescribe. These additional hazards may be insured against by attachment to, or in extension of, any policy which the company may be authorized to issue under the laws of this state. This section shall apply to companies operating upon the stock or mutual plan, reciprocal or interinsurance exchanges.

[1923 c. 389 ss. 1, 2; 1927 c. 265; 1941 c. 134] (3316)

**60.33 RETALIATORY PROVISION.** When the laws of any other state, territory, or country prohibit the organization of or do not provide for the organization of or the licensing in that state, territory, or country of a class or kind of insurance companies or associations organized under the laws of this state and authorized to transact the business of insurance in this state, then companies or associations of the same kind or class of the other state, territory, or country shall not be licensed to do business in this state.

This provision shall not apply to companies or associations organized under the laws of another state now licensed to do business in this state.

No insurance company or association, or fraternal beneficiary association, not specifically exempted therefrom by law, shall transact the business of insurance in this state unless it shall hold a license therefor from the commissioner.

[1915 c. 138 s. 2] (3318)

**60.34 DEPOSITS WITH COMMISSIONER.** No company in this state, other than fire, marine, or fire and marine, hail, farmers' mutual, or real estate title insurance companies, shall do business in this state unless it has on deposit with the commissioner, as security for all its policyholders, stocks or bonds of this state or of the United States, or bonds of any of the municipalities of this state, or personal obligations secured by first mortgage on real estate within this state, worth, exclusive of buildings, the amount of the lien, and bearing interest of not less than three per cent per annum, to an amount, the actual market value of which, exclusive of interest, shall never be less than \$100,000, except in case of companies organized to insure bicycles against loss from theft, the amount of such deposits for such companies shall never be less than \$10,000, which stocks, bonds, or mortgages shall be retained by the commissioner and be disposed of as directed by law.

The deposit of mortgages on real estate shall not exceed the amount of \$50,000. As long as any policies of the depositing company remain in force, the commissioner shall hold the deposit as security for all holders of its policies. Any insurance company of any other state of the United States may file with the commissioner a certificate of the insurance commissioner of the other state that, as such officer, he holds in trust and on deposit for the benefit of all the policyholders of the company a deposit of not less than \$100,000 par value of such securities as are required or permitted to be deposited with him by the laws of that state, these securities to be of the character in which insurance companies are authorized to invest under the laws of his state, stating the items of the securities so held, and that he is satisfied that these securities are worth \$100,000. No deposit shall be required in this state while the deposit, so certified, remains.

[R. L. s. 1632; 1905 c. 181] (3319)

**60.35 BONDS OF SECRETARIES AND TREASURERS; INVESTMENTS; LOANS TO OFFICERS; SIGNATURES TO POLICIES; PRINCIPAL PLACE OF BUSINESS.** The secretary and the treasurer of every company shall give bond, which shall be approved by resolution of the directors. All of its funds shall be invested in its corporate name, and no officer, director, or member of any committee passing on investments shall borrow any of such funds, or become, directly or indirectly, liable as a surety or endorser for or on account of loans thereof to others, or receive to his own use any fee, brokerage, commission, gift, or other consideration for, or on account of, any loan made by or on behalf of the company. All its policies shall be signed by the secretary or an assistant secretary, and by its president or vice-president, or in their absence, by two directors; provided, that one of the signatures may be a facsimile signature, if the other is an original signature, and both thereof may be facsimile signatures, if the policy is countersigned by a registrar or other officer or employee duly authorized by the board of directors or executive committee of the company. When it establishes any agency in a place other than that of its principal place of business, all signs, cards, pamphlets, or other printed matter issued shall designate such principal place.

[R. L. s. 1633; 1927 c. 354] (3320)

**60.36 AGENTS AND PERSONS AUTHORIZED TO ACT.** Every such domestic company shall secure a license from the commissioner for each person employed as its agent in this state. The license, if otherwise warranted, shall be granted upon written application by the company upon forms prescribed by the commissioner and the payment of a fee of 25 cents. Any officer of the company may, without license or other qualification, act in its behalf in the negotiation of insurance.

[R. L. s. 1634; 1913 c. 113] (3321)

**60.37 CAPITAL STOCK TO BE PAID IN FULL; INVESTMENT OF FUNDS.** The capital of every stock company shall be paid in full, in cash, within six months from the date of its certificate of incorporation, and thereupon a majority of the directors shall certify, under oath, to the commissioner that such payment, in cash, has been made by the stockholders for their respective shares, and is held as the capital of the company, and until then no policy shall be issued. Except as otherwise provided by law, the funds of every domestic company shall be invested in, or loaned upon, one or more of the following kinds of securities or property, and under the restrictions and conditions herein specified:

(1) Bonds or treasury notes of the United States, national or state bank stock, interest-bearing bonds or certificates of indebtedness at market value of this or any other state, or of any city, town, or county in this or any other state, or of the Dominion of Canada or any province thereof, having legal authority to issue the

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same, at market value, subject in every case to the same limitations and restrictions, according to the last assessment for taxation, which exists in this state upon issue of securities by such or like municipalities, at the date of the investment, or debentures issued by the federal housing administrator or obligations of national mortgage associations;

(2) Notes or bonds, approved by the commissioner, secured by first mortgage on improved real estate in this or any other state, or in the Dominion of Canada, worth at least twice the amount loaned thereon, not including buildings unless insured by policies in an amount approved by the commissioner payable to and held by the security holder, or by a trustee for the security holder, or notes or bonds secured by mortgage, or trust deed in the nature thereof, which the federal housing administrator has insured or made a commitment to insure;

(3) Stock or bonds at market value, approved by the commissioner, upon which stock interest or dividends of not less than three per cent have been regularly paid for three years immediately preceding the investment, of any corporation incorporated by or under the laws of the United States, or any state, or the Dominion of Canada, or any province thereof; or in the stock or guaranty fund certificates of any insurance company; or in the stock or bonds of any real estate holding company whose real estate is used, in whole or in part, in the transacting of the insurance business of such insurance company, either directly or by reinsurance, or in the fee to real estate used, in whole or in part, in such business; or in the stock or bonds of any corporation owning investments in foreign countries used for purposes of legal deposit, when the insurance company transacts business therein direct or as reinsurance; the making of investments under this section shall be subject to the approval of the commissioner;

(4) Insurance policies, issued by itself, to an amount not exceeding the net or reserve value thereof;

(5) Promissory notes maturing within six months, secured by the pledge of registered terminal warehouse receipts issued against grain deposited in terminal warehouses, as defined in section 233.01; at the time of investing in such notes the market value of the grain shall exceed the indebtedness secured thereby, and the note or pledge agreement shall provide that the holder may call for additional like security or sell the grain without notice upon depreciation of the security; the insurance company may accept, in lieu of the deposit with it of the warehouse receipts, a trustee certificate issued by any national or state bank at a terminal point, certifying that the warehouse receipts have been deposited with it and are held as security for the notes; the amount invested in the securities mentioned herein shall not, at any time, exceed 25 per cent of the capital stock of the company; and

(6) Loans on pledge of any such securities, but not exceeding 80 per cent of the market value of stocks and 95 per cent of the market value of bonds specified in clauses (1) and (3); and in all loans reserving the right at any time to declare the indebtedness due and payable when in excess of such proportion or upon depreciation of security.

[R. L. s. 1635; 1915 c. 82 s. 1; 1925 c. 245 s. 1; 1929 c. 100; 1929 c. 148; 1937 c. 86 ss. 1, 2; 1941 c. 143] (3322)

**60.38 DEBENTURES LAWFUL INVESTMENTS.** The debentures of farm mortgage debenture companies shall be lawful investments for any trust company, life or fire insurance company organized under the laws of this state, and for trust funds in charge of any trustee, unless expressly restricted by the person or persons creating such trust; provided, that not more than 20 per cent of the capital of any such company or of any such trust funds may be so invested.

[1905 c. 93 s. 14] (3323)

**60.39 FUNDS INVESTED IN BONDS OF FOREIGN COUNTRIES.** Any domestic insurance company authorized to transact the business of fire insurance or fire and marine insurance, and lawfully transacting business in any foreign state or country, may invest its funds in the bonds or other equivalent obligations issued by the national government of the foreign state or country, and for the payment of which the faith and credit of the foreign state or country is pledged.

[1909 c. 345] (3324)

**60.40 INVESTMENTS.** The funds of any insurance company or fraternal beneficiary association, organized under the laws of this state or licensed to do business therein, in addition to the investments already authorized by law, may be

invested in federal farm loan bonds, or, if approved by the commissioner, in loans upon leasehold estates in improved real property for a term of 99 years or more where 40 years or more of the term is unexpired and where unencumbered except by rentals accruing therefrom to the owner of the fee, and where the mortgagee is entitled to be subrogated to all the rights under the leasehold; provided, that no loan on such real property or such leasehold estate shall exceed 50 per cent of the fair market value thereof at the time of such loan, and a certificate of the value of such property shall be executed before making such loan by the person or persons making or authorizing such loan on behalf of the corporation, which certificate shall be recorded on the books of the company.

[1919 c. 28 s. 1; 1921 c. 231 s. 1] (3325)

#### 60.41 INVESTMENT IN HOME OWNERS' LOAN CORPORATION BONDS.

The capital, surplus, and other funds of every domestic life insurance company and fraternal beneficiary association, whether incorporated by special act or under the general law, in addition to all other investments now permitted by law, may be invested in bonds issued by the home owners' loan corporation in accordance with the provisions of the federal home owners' loan act of 1933, in exchange for mortgages on homes, contracts for deed, or real estate held by it.

[Ex. 1934 c. 71 s. 1] (3325-1)

**60.42 DEPOSIT WITH COMMISSIONER.** When the laws of the state require that an insurance company shall maintain a deposit with the commissioner, this deposit, in addition to the securities heretofore authorized by law, may consist, in whole or in part, of federal farm loan bonds, or, if approved by the commissioner, of loans upon leasehold estates in improved real property for a term of 99 years or more where 40 years or more of the term is unexpired and where unencumbered except by rentals accruing therefrom to the owner of the fee, and where the mortgagee is entitled to be subrogated to all the rights under the leasehold; provided, that no loan on such real property or such leasehold estate shall exceed 50 per cent of the fair market value thereof at the time of such loan, and a certificate of the value of such property shall be executed before making such loan by the person or persons making or authorizing such loan on behalf of the corporation, which certificate shall be recorded on the books of the company.

[1919 c. 28 s. 2; 1921 c. 231 s. 2] (3326)

**60.43 REDUCTION, HOW MADE.** When the capital of any such company is impaired, it may, upon a vote of the majority of the stock, reduce the same to not less than the legal minimum. In this case no part of its assets shall be distributed to the stockholders. Any such company whose capital is not impaired may, by a two-thirds vote of its stock and with the consent of the commissioner, reduce the same to not less than \$100,000. In either case, within ten days after the meeting at which the reduction was made, the company shall submit to the commissioner a certified statement of the proceedings thereof, including the amount of the reduction and its assets and liabilities, verified by its president, secretary, and a majority of its directors. The commissioner shall examine the facts and, if they conform to law and he is of opinion that injury to the public will not result, he shall endorse his approval upon the statement. Upon filing the same with the secretary of state and paying a filing fee of \$5.00, and duly amending its certificate of incorporation in conformity therewith, it may transact business upon the reduced capital as though the same were its original capital, and the commissioner shall issue a license to that effect. The company may thereafter, by a majority vote of its directors, require the return of every original stock certificate in exchange for a new certificate for such number of shares as each stockholder is entitled to, in the proportion that the reduced capital bears to the original.

[R. L. s. 1636] (3327)

**60.44 TEMPORARY CAPITAL STOCK OF MUTUAL LIFE COMPANIES.** A mutual life insurance company may be organized with, and an existing mutual life insurance company may establish, a temporary capital of not less than \$100,000, which shall be invested in the same manner as is provided for the investment of its other funds. Out of the net surplus of the company the holders of the temporary capital stock may receive a dividend of not more than eight per cent per annum, which may be cumulative. This capital stock shall not be a liability of the company except that it shall be retired as soon as, but not before, the surplus of the company remaining after its retirement shall be not less than the temporary capital so established. At the time for the retirement of this capital stock, the holders shall



be entitled to receive from the company the par value thereof and any dividends thereon due and unpaid, and thereupon the stock shall be surrendered and canceled, and the right to vote thereon shall cease.

[1907 c. 162 s. 1] (3328)

**60.45 LIABILITY OF DIRECTORS AND OFFICERS.** If a company be at any time under liability for losses exceeding its net assets, and the president and directors, or any of them, knowing it, directly or indirectly, issue or consent to the issue of further insurance, each shall be personally liable for any loss under this insurance; and if any of them insures or allows to be insured on a single risk a larger sum than is authorized by law, he shall be personally liable for any loss thereon above the amount which might lawfully be insured.

[R. L. s. 1637] (3329)

**60.46 ASSESSMENTS TO RESTORE CAPITAL.** When the net assets of a company, other than life, do not exceed three-fourths of its original capital, it may restore this capital by assessment. Shares on which this assessment is not paid within 60 days after demand shall be forfeited and may be canceled by the directors and new shares issued in place thereof. If it shall not, within three months after notice from the commissioner to that effect, so restore its capital or reduce it as provided by law, its authority to transact new business shall cease.

[R. L. s. 1638] (3330)

**60.47 DIVIDENDS.** No domestic company shall declare a dividend either in cash or stock, except from its actual net surplus computed as required by law in its annual statement; nor shall any such company which has ceased to do new business divide any portion of its assets, except surplus, until it shall have performed or canceled its policy obligations. It may declare and pay, annually or semiannually, from its surplus, cash dividends of not more than ten per cent of its capital stock in any year and, if the dividends in any one year are less than ten per cent, the difference may be made up in any subsequent year or years from surplus accumulations. It may pay such dividend as the directors deem prudent out of any surplus remaining after charging, in addition to all liabilities except unearned premiums, an amount equal to the whole amount of premiums on unexpired risks and deducting from the assets all securities and accounts receivable on which no part of the principal or interest has been paid within the preceding year, or for which foreclosure or suit has been commenced, or upon which judgment obtained has remained more than two years unsatisfied and on which interest has not been paid, and also deducting all liens due and unpaid on any of its property.

[R. L. s. 1639] (3331)

**60.48 CORPORATE NAME; ADVERTISEMENTS.** Every company, domestic or foreign, shall conduct its business, display all signs and advertisements, and issue all policies, circulars, and other documents and publications in this state, in its own corporate name, and every foreign company shall state conspicuously upon a sign at each agency the state or country of its organization. When a company publishes its assets, it shall in the same connection, and with equal conspicuousness, publish its liabilities, computed on the basis allowed for its annual statements; and any publication purporting to show its capital shall state only the amount thereof which has been actually paid in cash.

[R. L. s. 1614] (3332)

**60.49 REAL ESTATE.** The real estate acquired or held by any domestic company for the convenience and accommodation of its business shall not exceed in value 25 per cent of its cash assets; nor shall any foreign company acquire or hold for like purposes real property in this state in greater proportion. All other real estate shall be disposed of within five years after title thereto is acquired, unless the company obtains a certificate from the commissioner that its interests will be materially prejudiced by such sale, and extending the time to a date named, and then within the time so specified.

[R. L. s. 1615] (3333)

**60.50 POLICY TO EMBRACE CONDITIONS.** A statement in full of the conditions of insurance shall be incorporated in or attached to every policy, and neither the application of the insured nor the by-laws of the company shall be considered as a warranty or a part of the contract, except in so far as they are so incorporated or attached.

[R. L. s. 1616] (3334)

**60.51 INSURER NOT RELIEVED OF OBLIGATIONS BY BANKRUPTCY OR INSOLVENCY OF INSURED.** Every bond or policy of insurance issued in this state insuring against either actual loss suffered by the insured, and imposed by law for damages on account of personal injury, death, or injury to property caused by accident, or legal liability imposed upon the insured by reason of such injuries or death, shall, notwithstanding anything in the policy to the contrary, be deemed to contain the following condition:

The bankruptcy or insolvency of the insured shall not relieve the insurer of any of its obligations under this policy, and in case an execution against the insured on a final judgment is returned unsatisfied, then such judgment creditor shall have a right of action on this policy against the company to the same extent that the insured would have, had the insured paid the final judgment.

[1937 c. 183 s. 1] (3334-1)

**60.52 REINSURANCE; MAXIMUM BY FIRE COMPANIES; REPORTS.** If any company, other than life, shall, directly or indirectly, effect the reinsurance of any risk taken by it, or any part thereof, it shall make a sworn report thereof to the commissioner, at the time of filing its annual statement, or at such other time as he may request.

No fire company shall insure or reinsure in a single risk a larger sum than one-tenth of the net assets; provided, that a mutual fire insurance company organized under section 71.28, subdivision 1, may insure in a single risk, consisting of a creamery or a cheese factory, a sum equal to one per cent of its insurance in force.

Every company effecting any reinsurance in violation of the foregoing provisions, and every agent effecting or negotiating the same, shall severally be guilty of a misdemeanor.

[R. L. s. 1617; 1907 c. 321 s. 1; 1927 c. 229] (3335)

**60.53 CONSOLIDATION OR REINSURANCE.** No company organized under the laws of this state to do the business of life, accident, or health insurance, either on the stock, mutual, stipulated premium, assessment, or fraternal plan, shall consolidate with any other company, or reinsure its risks, or any part thereof, with any other company, or reinsure its risks, or the whole of or any portion of the risks of any other company except as provided in sections 60.55 to 60.58; but nothing herein contained shall prevent any such company, organized on the stock or mutual plan, from reinsuring a fractional part of any single risk.

[1905 c. 303 s. 1] (3336)

**60.54 CONDITIONS FOR REINSURANCE.** Every insurer authorized to issue policies in this state may reinsure in any other insurer any part or all of any risk or risks, other than life, 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 section 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.

Any contract of reinsurance whereby an insurer cedes more than 75 per cent 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.

Nothing in this section 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.

For the purposes of this section, 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."

[1919 c. 141 s. 1] (3337)

**60.55 PETITION FOR CONSOLIDATION OR REINSURANCE.** When any such company shall propose to consolidate with any other company, or to enter into any contract of reinsurance, it shall present its petition to the commissioner, setting forth the terms and conditions of such proposed consolidation or reinsurance, and praying for the approval of or any modification thereof, which the commissioner may approve.

[1905 c. 303 s. 2] (3338)

**60.56 MERGERS AND CONSOLIDATIONS; NOTICE OF HEARING.** The commissioner shall thereupon issue an order requiring notice to be given, by mail, to each policyholder of such company of such petition and the time and place at which hearing thereon will be held, and shall publish the notice in five daily newspapers, once in each week, for at least two weeks before the time appointed for the hearing upon the petition; provided, that when a fraternal benefit society organized under the laws of this state, having an insurance membership in good standing at the time of reinsurance, merger, or consolidation of not more than 5,000 members and which has been engaged in business for more than 15 years prior to such time, be reinsured by or consolidated or merged with any Minnesota life insurance company, the order and notice need not be given, but in lieu thereof, the commissioner shall thereupon issue an order of notice specifying the time and place at which hearing thereon will be held and shall cause the order to be published daily for seven consecutive days in five daily newspapers, the last such publication to be not less than two weeks prior to the time appointed for such hearing.

In lieu of proceeding under the foregoing paragraph of this section and section 60.55, any accident or health company may consolidate and enter into a contract of reinsurance with any other company by filing with the commissioner a copy of such contract and all papers relating thereto, which consolidation and reinsurance shall take effect upon such filing and the mailing to each person holding a policy so reinsured a notice thereof. If the holders of not less than five per cent of such policies so reinsured shall, within 30 days thereafter, file a petition with the commissioner for a hearing on the question of such reinsurance, the commissioner shall, and without such petition may, order a hearing as provided in section 60.57, notice of which shall be given by the company, by mail, to each holder of such policy, so reinsured, at least ten days before such hearing, and thereupon proceedings shall be had as provided in sections 60.57 and 60.58.

[1905 c. 303 s. 3; 1915 c. 333 s. 1; 1929 c. 62 s. 1] (3339)

**60.57 COMMISSION TO HEAR PETITION; HEARING; DISPOSING OF SURPLUS ASSETS.** The governor, or in event of his inability to act, some competent person resident of the state to be appointed by him, the attorney general, and the commissioner shall constitute a commission to hear and determine upon the petition mentioned in section 60.55. At the time and place fixed in the notice, or at such time and place as shall be fixed by adjournment, the commission shall proceed with the hearing, and may make or order such examination into the affairs and condition of the company as it may deem proper. The commissioner shall have the power to summon and compel the attendance and testimony of witnesses and the production of books and papers before the commission. Any policyholder or stockholder of the company so petitioning may appear before the commission and be heard in reference to the consolidation or reinsurance. The commission, if satisfied that the interests of the policyholders of such companies are properly protected, and that no reasonable objection exists thereto, may approve and authorize the proposed consolidation or reinsurance, or may modify or change the terms and conditions thereof as may seem best for the interests of the policyholders, and the commission may make such order with reference to the distribution and disposition of the surplus assets of any company thereafter remaining as shall be just and equitable to the policyholders. Such consolidation or reinsurance shall only be approved by the consent of all the members of the commission, and it shall be the duty of the commission to guard the interests of the policyholders of any company proposing to consolidate or reinsure.

[1905 c. 303 s. 4] (3340)

**60.58 EXPENSES, HOW PAID.** All actual expenses and costs incident to proceedings under the provisions of sections 60.53 and 60.55 to 60.58 shall be paid by the company bringing the petition, and an itemized statement of the expenses and costs shall be filed with the commissioner with a certified copy of the decision of the commission. No officer of any such company, or member of the commission, or employee of the department of insurance, shall receive any compensation, gratuity or otherwise, directly or indirectly, for in any manner aiding, promoting, or assisting in such consolidation or reinsurance.

[1905 c. 303 s. 5; 1915 c. 333 s. 2] (3341)

**60.59 ANNUAL STATEMENTS.** Every insurance company, including fraternal beneficiary associations, doing business in this state, shall transmit to the commissioner, annually, on or before March first, upon blanks furnished by him, a verified statement of its entire business and condition during the preceding calendar year, including, in case of a fire company, the amount of premiums received in each municipality having an organized, or partly paid, or a voluntary, fire department, but limited in case of a foreign company, except one engaged in life insurance, to its business and condition in the United States. Such statements shall also contain in a separate verified schedule, all details required by law for assessment, for taxation. If approved by the commissioner, a summary of such statement, prepared by the commissioner, together with a certificate of approval, shall be published, and proof of publication filed with him before August first, following, in default whereof he shall have such publication and proof made at the expense of the company. Upon the approval of the statement the commissioner shall issue a renewal license for the succeeding year beginning June first. Any license to a company or its agent, issued after the approval of the statement, shall expire May thirty-first of the year following. No company or agent thereof shall transact any new business in this state after May thirty-first in any year unless it shall have previously transmitted such statement to the commissioner; but no fraternal beneficiary association, nor any social corporation paying only sick benefits not exceeding \$250.00 in any one year, or funeral benefits, or aiding those dependent on a member not more than \$350.00, nor any subordinate lodge or council which is, or whose members are, assessed for benefits which are payable by a grand body, shall be required to make such statements. The commissioner shall not be required to prepare abstracts of the annual statement of fraternal beneficiary associations and reciprocal or interinsurance exchanges, nor shall such associations or exchanges be required to publish an abstract or summary of the statement.

[R. L. s. 1618; 1907 c. 11 s. 1; 1925 c. 31 s. 1; 1927 c. 186] (3343)

**60.60 PUBLICATION, PLACE AND MANNER OF.** The publication required by section 60.59 shall be made in the place of the company's home office, if within the state, otherwise in each of the three most populous counties of the state, and in all cases at least three times, and in a legal newspaper, conforming to the requirements of sections 331.06 to 331.09, which shall accept and publish such advertisement, at the rates prescribed by law for legal publications. This newspaper shall be entitled to charge and receive for the publication not to exceed the rate prescribed by law for legal publications. Resident mutual insurance companies shall publish the statement in the legal newspaper in the county of the company's home office where there is no legal newspaper published in the place where the home office is situated.

This section shall in nowise repeal, modify, amend, or affect sections 60.61 and 60.62.

[R. L. s. 1619; 1907 c. 61 s. 1; 1923 c. 190 s. 1] (3344)

**60.61 STATEMENTS OF INSURANCE COMPANIES, PUBLICATION OF.** The publication of the summaries of the annual statements of insurance companies, as required by the provisions of section 60.59, may be made in any insurance trade journal, as defined in section 60.62, if the owner, or proprietor, or publisher will accept and publish the same at the rates prescribed by law for legal publications, with the same force and effect and in lieu of the publication thereof in a newspaper, as defined in and required by the provisions of section 60.60.

[1919 c. 204 s. 1] (3345)

**60.62. INSURANCE TRADE JOURNAL, PUBLICATION OF STATEMENTS IN.** Any publication authorized by the provisions of section 60.61 may be made in any insurance trade journal for the county in which it has its permanent office of publication, if it comply with the following requirements: such journal must

have been published continuously for ten years prior to any such publication, it must be circulated to a bona fide list of paid subscribers, it must be published to disseminate solely unbiased information relative to all phases of the business of insurance underwriting, and shall not in any way or degree be owned or controlled by any insurance company or organization, and the owner of the same shall have filed with the commissioner an affidavit setting forth the existence of the conditions hereinbefore specified.

[1919 c. 204 s. 2] (3346)

*Amended 1943-73-1*

**60.63 TAXATION OF INSURANCE COMPANIES.** Every domestic and foreign company, except town and farmers' mutual insurance companies and domestic mutual insurance companies, other than life, shall pay to the state treasurer, on or before April thirtieth, annually, a sum equal to two per cent of the gross premiums, less return premiums, on all direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, and if unpaid by such date a penalty of ten per cent shall accrue thereon, and thereafter such sum and penalty shall draw interest at the rate of one per cent per month until paid. Every domestic mutual insurance company shall pay to the state treasurer, on or before April thirtieth, annually, a sum equal to two per cent of the gross direct fire premiums, on policies effective subsequent to January 1, 1930, less return premiums on all direct business received by it, or by its agents for it, in cash or otherwise, during the preceding calendar year, upon business written in municipalities in this state maintaining organized fire departments; and, provided, that the existence of such department has been certified to in accordance with section 69.32, and if not paid on or before April thirtieth, a penalty of ten per cent shall accrue thereon, and thereafter such sum and penalty shall draw interest at the rate of one per cent per month until paid. Every town and farmers' mutual insurance company shall pay to the state treasurer, on or before April thirtieth, annually, a sum equal to two per cent of the gross direct fire premiums, on policies effective subsequent to June 30, 1935, less return premiums on all direct business received by it, or by its agents for it, in cash or otherwise, during the preceding calendar year, upon business written in municipalities in this state maintaining organized fire departments; provided, that the existence of such department has been certified to in accordance with section 69.32, and if not paid on or before April thirtieth, a penalty of ten per cent shall accrue thereon, and thereafter such sum and penalty shall draw interest at the rate of one per cent per month until paid. "Return premiums," as used in this section, mean any dividend and any unused or unabsorbed portion of premium deposit or assessment that shall be applied toward the payment of any premium, premium deposit, or assessment due from the policyholder or member upon a continuance or renewal of the insurance on account of which such dividend was earned or premium deposit or assessment paid, and also any portion of premium returned by the company upon cancelation or termination of a policy or membership, except surrender values paid upon the cancelation and surrender of policies or certificates of life insurance.

In the case of every domestic company such sums shall be in lieu of all other taxes, except those upon real property owned by it in this state, which shall be taxed the same as like property of individuals, and in the case of every foreign company such sum shall be in lieu of all other taxes, except those upon real and personal property owned by it in this state, which shall be taxed the same as like property of individuals.

[R. L. s. 1625; 1907 c. 321 s. 1; 1915 c. 184 s. 1; 1919 c. 515 s. 2; 1921 c. 341 s. 1; 1927 c. 421; 1929 c. 148 s. 1; 1935 c. 328] (3347)

**60.64 INSURANCE AGENT OR SOLICITOR, LICENSE FOR.** No person shall act or assume to act as an insurance agent or solicitor in the solicitation or procurement of applications for insurance, nor in the sale of insurance or policies of insurance, nor in any manner aid as an insurance agent or solicitor in the negotiation of insurance by or with insurer, including resident agents or reciprocal or interinsurance exchanges, except fraternal beneficiary associations and township mutual companies, until such person shall obtain from the commissioner a license therefor, which license shall specifically set forth the name of the person so authorized to act as agent or solicitor and the class or classes of insurance for which he is authorized to solicit or countersign policies.

[1915 c. 195 s. 1; 1921 c. 380 s. 1] (3348)

**60.65 LICENSES.** A license to any person to act as insurance agent for any insurer shall only be granted by the commissioner upon the written requisition of the insurer, upon forms prescribed by the commissioner, and a payment of a fee of \$2.00, in the case of a foreign insurer, and 50 cents, in the case of a domestic insurer, and the filing of the application provided for in section 60.68. The license shall be issued for the term ending on the first day of March thereafter.

[1915 c. 195 s. 2; 1921 c. 380 s. 2] (3349)

**60.66 AGENTS TO BE LICENSED.** Every insurance agent duly licensed to transact business in this state shall have the right to procure the insurance of risks, or parts of risks, in the class or classes of insurance for which he is licensed in other insurers duly authorized to transact business in this state, but such insurance shall only be consummated through a duly licensed resident agent of the insurer taking the risk.

A non-resident insurance agent or solicitor placing insurance through a resident insurance agent of this state shall be permitted to do so only when he shall have first made written application for and procured from the commissioner a license therefor, upon a form prescribed by the commissioner, upon the payment of a fee of \$10.00. The license shall expire one year from its date and shall in no case be granted to a resident of any state which does not permit the licensing of an agent of this state under like circumstances.

[1915 c. 195 s. 3; 1921 c. 380 s. 3] (3350)

**60.67 AGENT MAY EMPLOY SOLICITORS.** An insurance agent, duly authorized as such and representing one or more insurers within this state, may employ such solicitors as he may desire to represent him, but these solicitors shall not represent themselves, by advertisement or otherwise, as agents of the insurer or insurers represented by their employer, and they shall in all instances represent themselves only as solicitors for the insurance agents.

No person shall act, or assume to act, as an insurance solicitor until he shall have obtained from the commissioner a license therefor, and paid a fee of \$10.00, which license shall be issued to him only on the requisition of an insurance agent duly licensed in this state and the filing of the application provided for in section 60.68.

[1915 c. 195 s. 4; 1921 c. 380 s. 4] (3351)

**60.68 SOLICITORS, QUALIFICATIONS, APPLICATIONS, REVOCATION OF LICENSE.** No person shall be licensed by the commissioner as an insurance agent or solicitor if the commissioner shall be satisfied that the person is incompetent or unqualified to act as an insurance agent or solicitor, or that the person does not in good faith intend to carry on the business of insurance agent or solicitor, or intends to secure a license for the sole purpose of writing insurance upon his own life or property; or that the person is untrustworthy or of bad moral character; or that the person has unreasonably failed to pay over to any insurer, agent, or solicitor, or policyholder or member of any insurance company or association entitled thereto, the whole or any part of any premium or return premium, or moneys or other thing of value in his hands, arising out of any insurance transaction, and due or payable to or belonging to any policyholder or other person, firm, or corporation; or that the person has wilfully misrepresented to any person, firm, or corporation the terms or conditions of any policy or contract of insurance or the financial standing or condition or manner of doing business of any insurer, agent, or solicitor; or that the person has deceived or defrauded, or attempted to deceive or defraud, any person, firm, or corporation in connection with any insurance transaction, or that the person has been dishonest in connection with any insurance transaction, or that the person has urged or procured any person, firm, or corporation to lapse any policy or contract of insurance in any company or association which is now or has been licensed to do business in the state, to the damage of such person, firm, or corporation, or that the person has violated any of the provisions of the laws of this state in any way relating to insurance or the transaction or negotiation of insurance, or insurance agents or solicitors, or any lawful ruling of the commissioner. No license shall be granted to any agent or solicitor until he shall have filed with the commissioner an application duly signed and verified by him, which application shall be in such form as may be prescribed by the commissioner and set forth such facts as may enable him to form a conclusion as to the qualifications of the agent or solicitor, but where the agent or solicitor has pre-

viously filed with the commissioner such an application, the commissioner may renew his license without requiring further application.

[1915 c. 195 s. 5; 1921 c. 380 s. 5] (3352)

**60.69 REVOCATION OF LICENSE, MANNER OF.** The commissioner may at any time revoke the license of any insurance agent or solicitor or suspend the same for not less than 30 days if he shall be satisfied that any such licensee is not qualified under the provisions of section 60.68, and he shall give such notice thereof as he deems will best protect the public.

[1915 c. 195 s. 6; 1921 c. 380 s. 6] (3353)

**60.70 APPLICATION BY COMPANY FOR REVOCATION.** The license of any person as agent for any insurer shall likewise be revoked by the commissioner when written request therefor is made by the insurer. The license of any solicitor shall likewise be revoked when written request therefor is made by the agent employing him or by the company whose agent appointed him.

[1915 c. 195 s. 7; 1921 c. 380 s. 7] (3354)

**60.71 NOTICE OF REVOCATION.** Notice of the revocation or suspension shall be given to the person, by mail, and shall be deemed complete if the notice is deposited in the mails, postage prepaid, directed to the person at his last known place of residence, as disclosed by the application for license on behalf of that person. Notice of the revocation or suspension or the refusal of an agent's license shall, in like manner, be given to the insurer which applied therefor. Notice of the refusal of a solicitor's license shall, in like manner, be given to the applicant therefor.

[1915 c. 195 s. 8; 1921 c. 380 s. 8] (3355)

**60.72 COMPLAINT; REINSTATEMENT; HEARING.** The commissioner, when he deems it advisable, may require any complaint made against an insurance agent or solicitor to be in writing and sworn to by the person making the same. When the commissioner shall deem it advisable, and in all cases where the complaint or the agent or solicitor requests the same in writing, the commissioner shall grant a summary hearing in his office to determine whether or not the license shall be refused, revoked, or suspended and, if an appearance shall not be made at the hearing, the license of the person applying for the same, or on whose behalf application for the same is made, or who is complained against, shall be forthwith refused, revoked, or suspended, as the case may be. When the license of any agent or solicitor has been refused or revoked for cause, no new application for a license shall be entertained by the commissioner for one year thereafter, and then only upon condition that this person shall file with the commissioner a good and sufficient bond, in the sum of \$5,000, for the protection of the citizens of the state.

[1915 c. 195 s. 9; 1921 c. 380 s. 9] (3356)

**60.73 UNFITNESS, DETERMINED BY COMMISSIONER.** Upon proper complaint the commissioner may, in like manner, determine the unfitness of any person whose license as agent or solicitor has expired, or has been revoked upon the request of the insurer for which he was licensed, to be thereafter licensed as insurance agent or solicitor, and record thereof shall be made as in the case of revocation, refusal, or suspension of an agent's or solicitor's license.

[1915 c. 195 s. 10; 1921 c. 380 s. 10] (3357)

**60.74 RECORD OF SUSPENSIONS.** The commissioner shall keep a record of the name and address of every person whose license as agent or solicitor has been refused, revoked, or suspended, together with a brief statement of the reasons therefor and the facts connected therewith, which record shall be open to public inspection.

[1915 c. 195 s. 11; 1921 c. 380 s. 11] (3358)

**60.75 UNFIT OR DISQUALIFIED PERSON NOT TO BE EMPLOYED BY INSURER.** No insurer, its officers, agents, or managers, shall knowingly make application to the commissioner for a license as agent on behalf of any person who is known to the insurer, its officers, agents, or managers, making the application, to be unfit or disqualified to be licensed as an insurance agent, and immediately upon the discovery by the insurer, its officers, agents, or managers, having supervision of the agent, of the unfitness or disqualification, the insurer, or the officers, agents, or managers, shall forthwith request the commissioner, in writing, to revoke the license of this agent; nor shall any insurer retain in its employ any agent known by it to be disqualified or unfit to be licensed as an insurance agent, nor shall any

agent retain in his employ as solicitor any person disqualified or unfit to be licensed as such.

[1915 c. 195 s. 12; 1921 c. 380 s. 12] (3359)

**60.76 REDRESS OF PERSON AGGRIEVED; POWERS OF COMMISSIONER.**

Any person aggrieved by any ruling or order of the commissioner may appeal therefrom to any district court of the state by serving written notice of such intention upon the commissioner, specifying the court, within ten days after the same is made. The commissioner shall thereupon file with the clerk of court a certified copy of his order or ruling and findings of fact upon which the same are based, which shall be prima facie evidence of the facts therein stated. Thereupon the court shall summarily hear and determine the questions involved on the appeal.

[1915 c. 195 s. 13; 1921 c. 380 s. 13] (3360)

**60.77 WITNESSES, ATTENDANCE COMPELLED BY COMMISSIONER.** The commissioner shall have full power to summon and compel the attendance of witnesses before him to testify in relation to any matter which is, by the provisions of the laws of this state relating to insurance, a subject of inquiry or investigation, and may require the production of any book, paper, or document deemed pertinent thereto. The summons shall be served in the same manner and have the same effect as subpoenas from district courts of this state. All witnesses summoned shall receive the same compensation as is paid to witnesses in the district court, which shall be paid out of the contingent fund of the department of insurance, upon proper vouchers for the same, signed by the commissioner; and the commissioner shall, at the close of the hearing wherein the witness was subpoenaed, certify to the attendance and mileage of the witnesses, which certificate shall be filed with the vouchers. All investigations held by, or under the direction of, the commissioner may, in his discretion, be private, and persons other than those required to be present may be excluded from the place where the investigation is held, and witnesses may be kept separate and apart from each other and not allowed to communicate with each other until they have been examined.

[1915 c. 195 s. 14; 1921 c. 380 s. 14] (3361)

**60.78 OATHS ADMINISTERED.** The commissioner and his deputy are each hereby authorized and empowered to administer oaths and affirmations to any person appearing as witness before them; and false swearing in any matter or proceeding shall be perjury and punished as such.

[1915 c. 195 s. 15; 1921 c. 380 s. 15] (3362)

**60.79 CONTEMPT.** Any witness who refuses to be sworn or who refuses to testify, or who disobeys any lawful order of the commissioner or his deputy, in relation to any investigation, or who fails or refuses to produce any paper, book, or document touching any matter under examination, or who is guilty of any contemptuous conduct, after being summoned to appear before him to give testimony in relation to any matter or subject under examination or investigation, may be summarily punished by the commissioner or his deputy, as for contempt by a fine in a sum not exceeding \$100.00.

[1915 c. 195 s. 16; 1921 c. 380 s. 16] (3363)

**60.80 PUNISHMENT FOR CONTEMPT.** Disobedience of any subpoenas in such proceeding, or contumacy of a witness, may, upon application of the commissioner, be punished by any district court in the same manner as if the proceedings were pending in such court.

[1915 c. 195 s. 17; 1921 c. 380 s. 17] (3364)

**60.81 LICENSE MANDATORY.** No commission or other compensation shall be paid or allowed by any person, firm, or corporation to any other person, firm, or corporation acting, or assuming to act, as an insurance agent or solicitor without a license therefor.

[1915 c. 195 s. 18; 1921 c. 380 s. 18] (3365)

**60.82 REFUSAL OF WITNESS TO APPEAR OR TESTIFY.** The commissioner shall revoke the license of any agent or solicitor or insurer refusing or neglecting to appear or testify at any hearing held before the commissioner, or failing or refusing to produce any books, papers, or documents demanded by the commissioner, when these persons have been notified by him, in writing, to so appear and testify or produce books, papers, or documents at the hearing.

[1915 c. 195 s. 20; 1921 c. 380 s. 20] (3367)

**60.83 LIABILITY OF OFFICERS.** No director or other officer of any company shall, officially or privately, guarantee a policyholder thereof against an assessment



to which he would otherwise be liable. When the directors of any company fail for 30 days after entry of any judgment, or for six months after the accruing of any other indebtedness against it, to levy and deliver for collection any assessment required by law for payment thereof, or to apply the proceeds thereof in either case, each shall be personally liable for the amount thereof, and for all debts and claims then outstanding or which may accrue until the assessment shall be levied and put in process of collection. When the treasurer unreasonably fails to collect and properly apply the proceeds of any such assessment he shall be personally liable, not exceeding the total assessment, to any person entitled thereto, and shall be repaid only out of funds thereafter collected thereon.

[R. L. s. 1621] (3368)

**60.84 COMPENSATION.** No officer or other person employed to determine the character of a risk, and decide the question of its acceptance by any mutual fire company other than a town or farmers' company, shall receive a commission or other payment therefrom, but his compensation shall be by fixed salary and such share, if any, of the net profits as the directors may determine; and such officer or person shall not be an employee of any other officer or agent of the company, nor interested in his business.

[R. L. s. 1622] (3369)

**60.85 MISREPRESENTATION BY APPLICANT.** No oral or written misrepresentation made by the assured, or in his behalf, in the negotiation of insurance, shall be deemed material, or defeat or avoid the policy, or prevent its attaching, unless made with intent to deceive and defraud, or unless the matter misrepresented increases the risk of loss.

[R. L. s. 1623] (3370)

**60.86 RECEIVERS, ACCOUNTS, DEPOSIT OF RECORDS.** All accounts of receivers or assignees of insolvent companies rendered to the district court shall be referred to the commissioner before allowance for examination and report thereon and, at the completion of their duties, they shall deposit with him all books, records, and papers relating to the insolvency.

[R. L. s. 1624] (3371)

**60.87 COMMISSIONER AS RECEIVER.** When for any reason a receiver of any domestic insurance corporation, company, or association is appointed, including fraternal beneficiary associations and reciprocal or interinsurance exchanges, the district court may name the commissioner as receiver; and, if so appointed, he shall act with all the powers, rights, and privileges now given by law to receivers of these companies.

[1925 c. 235] (3371-1)

**60.88 AMENDMENT OF CERTIFICATE OF INCORPORATION OR ARTICLES OF ASSOCIATION OF DOMESTIC INSURANCE COMPANIES WITHOUT CAPITAL STOCK.** The certificate of incorporation or articles of association of any domestic insurance company without capital stock, now or hereafter organized and existing under the laws of this state, may be amended in respect to any matter which an original certificate of incorporation or articles of association of a corporation of the same kind might lawfully have contained, by the adoption of a resolution specifying the proposed amendment, at a regular meeting of the members thereof or at a special meeting called for that expressly stated purpose, by the affirmative vote of a majority of the members present, in person or by proxy, at the meeting, and by causing the resolution to be embraced in a certificate duly executed by its president and secretary or other presiding and recording officers, under its corporate seal, and approved, filed, recorded, and published in the manner prescribed by law for the execution, approval, filing, recording, and publishing of a like original certificate of incorporation or articles of association.

[1927 c. 202 s. 1] (3443-1)

**60.89 BY-LAWS, ADOPTION, ALTERATION, AMENDMENT:** The by-laws of any domestic insurance corporation without capital stock, in cases where the by-laws must be adopted or approved by the members thereof, may be adopted, altered, or amended at a regular meeting of the members thereof, or at a special meeting called for that expressly stated purpose, by the affirmative vote of a majority of the members present, in person or by proxy, at the meeting.

[1927 c. 202 s. 2] (3443-2)

**60.90 RENEWAL OF CORPORATE EXISTENCE.** Any domestic insurance company or corporation having no capital stock, heretofore or hereafter organized

and existing under the laws of this state, whose period of duration has expired or is about to expire, may, on or before the date of the expiration, or within six months after the date of expiration, renew its corporate existence from the date of such expiration for any period permitted by the laws of this state, by the adoption of a resolution to that effect by the affirmative vote of three-fourths of the members present, in person or by proxy, at a regular meeting of the members, or at any special meeting called for that expressly stated purpose, and by causing the resolution to be embraced in a certificate duly executed by its president and secretary or other presiding and recording officers, under its corporate seal, and approved, filed, recorded, and published in the manner prescribed by law for the execution, approval, filing, recording, and publishing of an original certificate of incorporation or articles of association.

[1927 c. 202 s. 3] (3443-3)

**60.91 ENFORCEMENT.** Subdivision 1. The commissioner shall have and exercise the power to enforce all the laws of this state relating to insurance, and it shall be his duty to enforce all the provisions of the laws of this state relating to insurance.

Subdivision 2. It shall be the duty of the commissioner to enforce all laws of the state, thereof, as follows:

- (1) The prevention of fires;
- (2) The storage, sale, and use of combustibles and explosives;
- (3) The means and adequacy of exits, in case of fire, from churches, schools, halls, theatres, amphitheatres, and all other places in which numbers of persons congregate, from time to time, for any purpose; and
- (4) The suppression of arson and investigation of the cause, origin, and circumstances of fire.

[1911 c. 386 s. 2; 1913 c. 564 s. 2] (3288) (5950)

**60.92 VIOLATIONS; PENALTIES.** Subdivision 1. Any officer, director, or stockholder of any company named in section 60.53, or any member of the commission created by section 60.57, or any employee of the state, violating, or consenting to the violation of, the provisions of sections 60.53, and 60.55 to 60.58 shall be punished by a fine of not less than \$1,000 and by imprisonment for not less than one year.

Subdivision 2. Any person, firm, or corporation violating, or failing to comply with, any of the provisions of sections 60.64 to 60.82, and any person who acts in any manner in the negotiation or transaction of unlawful insurance with an insurance company not licensed to do business in the state, or who, as principal or agent, violates any provision of law relating to the negotiation or effecting of contracts of insurance, shall be guilty of a misdemeanor; and, upon the conviction of any agent or solicitor of any violation of the provisions of sections 60.64 to 60.82, the commissioner shall suspend the authority of such agent or solicitor to transact any insurance business within the state for a period of not less than three months. Any insurer employing an agent and failing to procure a license, as required by sections 60.64 to 60.82, or permitting such agent to transact business for it within the state before such license has been procured, shall pay the commissioner, for the use of the state, a penalty of \$25.00 for each offense; and, in the event of failure to pay the penalty within ten days after notice from the commissioner, the authority of the insurer to do business in this state shall be revoked by the commissioner until the penalty is paid, and no insurer shall be readmitted until it shall have complied with all the terms and conditions imposed for admission in the first instance; provided, that any action taken by the commissioner under the provisions of this subdivision shall be subject to review by the district court of the county in which the office of the commissioner is located.

[1905 c. 303 s. 6; 1915 c. 195 s. 19; 1921 c. 380 s. 19] (3342) (3366)