

Trustee's
bond, ac-
counting.

Said trustee shall before entering upon the duties of his trust give a bond to the judge of probate with sufficient sureties in such sum as the judge of probate shall direct, conditioned that said trustee will faithfully execute the duties of his trust and will render a just and true account of his trusteeship to the probate court at any time when required by said court; that he will perform all orders and decrees of the probate court to be by him performed in the premises, and that when the legatee arrives at the prescribed age he will pay to said legatee the amount of said legacy and the income thereof, or in case of the death of said legatee before arriving at such age, that he will pay said legacy and the income thereof to the person or persons designated in the last will and testament of the testator as being entitled thereto.

SEC. 2. This act shall take effect and be in force from and after its passage.

Approved April 17, 1905.

S. F. No. 206.

CHAPTER 235.

Life insur-
ance com-
panies,
stipulated
premium
plan.

An act to amend the title, and sections one (1), two (2), three (3), four (4), five (5), six (6), seven (7), ten (10), eleven (11), twelve (12), thirteen (13), fifteen (15), nineteen (19), twenty (20), twenty-three (23), twenty-four (24), twenty-five (25), twenty-six (26), twenty-eight (28), twenty-nine (29), thirty-one (31), thirty-two (32), thirty-three (33), thirty-four (34), thirty-five (35), and thirty-eight (38), of chapter 178 of the Laws of 1901, entitled "An act to provide for the incorporation, reincorporation and regulation of life insurance companies on the stipulated premium plan."

Be it enacted by the Legislature of the State of Minnesota:

Amending
title of
Chap. 178,
1901.

SECTION 1. That the title of chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

An act to provide for the incorporation, reincorporation, and regulation of life insurance companies on the fixed premium plan.

SEC. 2. That section 1, chapter 178, Laws 1901, be and the same is hereby amended to read as follows:

Incorpora-
tors, not less
than 11.

Section 1. Incorporation of Companies.—Any number of persons, not less than eleven, citizens of the State

of Minnesota, hereafter desiring to form an organization, for the purpose of transacting the business of life insurance, may associate themselves together and effect such organization as hereinafter prescribed, and not otherwise. Such companies may be formed upon either the stock or purely mutual plan and shall be authorized to grant death indemnities or other benefits contingent upon the duration or cessation of human life including endowments or annuities. *Provided* that for all contracts or policies issued for any of such purposes, such companies shall charge and collect a fixed premium of not less than the amount required to guarantee such undertaking according to the American experience table of mortality at 4% interest or the actuaries' combined experience table of mortality at 4%.

Stock, or mutual plan.

Fixed premium.

American experience table.

Every corporation organized or reorganized, and authorized under the provisions of this act, shall continue in existence until dissolved by the judgment of a court of competent jurisdiction.

Dissolved only by judgment of court.

SEC. 3. That section 2, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 2. Form of Articles—Contents.—Such persons shall associate themselves together by written articles of incorporation, signed by each of the incorporators, and duly acknowledged by each before an officer authorized under the laws of this state to take acknowledgments of deeds, which articles shall specify the purpose for which the corporation is formed. The name by which it shall be known (which shall not be the same as, nor too closely resemble, the name of any other insurance company or society, organized or authorized under the laws of this state); the plan upon which the business is to be conducted (whether stock or mutual); the amount of capital stock, if any; the place where the principal office for the transaction of its business shall be located, which shall be at some place in this state; the names of the first board of directors or trustees, not less than eleven, and the length of time for which each shall hold office, no one term of office to be for a longer period than three years from and after the first annual meeting as provided for therein; the names of its principal officers, including president, vice president, secretary, and treasurer, all of whom must be members of the board of directors or trustees; the mode and manner in which directors or trustees and officers shall be elected; and the day and hour

Articles—contents.

at which the regular annual meeting of the company shall be held at the home office of the company each year.

SEC. 4. That section 3, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Record—
approved by
attorney
general.

Section 3. *Filing and Recording of Articles.*—Upon the filing in the office of the insurance commissioner of the said articles of incorporation, it shall be the duty of the insurance commissioner, if he approves same, to forthwith refer said articles to the attorney general of the state for examination, and if found by the attorney general to conform to the provisions of this act, and not inconsistent with the constitution of this state nor of the United States, it shall be his duty to certify same back to the insurance commissioner with his approval endorsed thereon, who shall forthwith record and file same in his office.

SEC. 5. That section 4, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

License
within 6
months
stock plan.

Section 4. *Qualifying for License to Transact Business.*—If within six months from the date upon which the articles of incorporation are filed for record in the office of the insurance commissioner, the principal officers of such company, if it be organized upon the stock plan, file a sworn statement with the insurance commissioner to the effect that its entire capital stock has been taken and paid for in cash at not less than par value and that the same has been duly invested in such securities as are authorized by this act, and shall deposit with the insurance commissioner all of such securities of a value at least equal to the total par value of the company's authorized stock capital, it shall then be the duty of the insurance commissioner if he is satisfied that the incorporators are acting in good faith and shall approve of the securities so submitted, to receive same for deposit and issue to such company his authority to transact the business of life insurance as provided by this act. Such authority shall extend to the first day of May of the succeeding calendar year, unless sooner revoked, and shall be renewable annually thereafter. If within six months from the date upon which the articles of incorporation are filed for record in the office of the insurance commissioner, the principal officers, if it be a mutual company, file a sworn statement with the insurance commissioner to the effect that the proposed company has received from at least three hundred eligible insureds, applications for insurance in amounts of not more than one thousand

Sworn
statement,
entire capital
paid in,
deposit of
securities.

Authorized
to do business,
time.

Mutual
companies.
Statement
of having
at least 300
insureds.

dollars each upon which at least one full annual premium has been paid in cash, and shall deposit with him the sum of at least twenty-five thousand dollars in cash or such securities as are authorized by this act, it shall then be the duty of the insurance commissioner, if he is satisfied the incorporators are acting in good faith and shall approve of the deposit submitted, to receive same and to issue to such company his authority to transact the business of life insurance as provided by this act. Such authority shall extend to the first day of May of the succeeding calendar year, unless sooner revoked, and shall be renewable annually thereafter.

Full annual premium paid.

Authorized, when.

Time.

No company authorized by this act shall assume a greater risk than one thousand dollars upon any one life until it shall have at least one thousand members in good standing and one million of insurance in force.

Limit of risk.

SEC. 6. That section 5, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 5. Capital Stock Limitations.—Stock companies organized under this act shall have not less than fifty thousand dollars (\$50,000) nor more than one million dollars (\$1,000,000) of capital stock, all of which shall be paid up in full and invested in securities authorized by this act and deposited with the insurance commissioner.

Capital stock.

SEC. 7. That section 6, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 6. Mutual Companies. Deposits.—Mutual companies organized under this act shall be required to maintain on deposit with the insurance commissioner, approved securities of a value not less than the reserve liability upon all its outstanding policy contracts, not to exceed, however, a deposit of two hundred and fifty thousand dollars (\$250,000).

Mutual companies, deposits.

SEC. 8. That section 7, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 7. Corporate Powers.—A corporation organized or doing business under the provisions of this act, shall, by its corporate name, be capable of suing or being sued; and may have power to make and enforce contracts in relation to the regular authorized business of such corporation; may have and use a common seal, and may change or alter the same at pleasure; it may in its corporate name be capable of taking, purchasing, holding and disposing of real and personal property, as authorized

Powers, regulations.

by this act, for carrying into effect the purposes of its organization. Such corporation may, if a stock company, by its board of directors or trustees, make by-laws and amendments thereto not inconsistent with the purposes for which the organization was created, nor with the constitution and laws of this state, or of the United States. And such corporation, if it be a mutual company, may by its board of directors or trustees, make by-laws and amendments thereto not inconsistent with the purposes for which it was created, nor with the constitution and laws of this state or of the United States; *provided always*, that such by-laws and amendments shall not be operative in a mutual company until duly approved by at least four-fifths of its members, who may be present or represented at the regular annual meeting at which same shall be considered; and *further provided*, that no amendment so adopted shall be retroactive nor in any way affect any policy contract previously made or issued.

Stock companies.

Mutual companies.

Approval by 4-5 of members.

Amendments not retroactive.

Qualifications, duties of directors and officers.

Such by-laws may also define the qualifications and duties of the board of directors and officers, with terms of office and mode of succession; *provided*, that no such company shall have less than eleven members upon its board of directors or trustees. And no person shall qualify as an officer of any such corporation unless he shall be both a stockholder and a policy holder, if it be a stock company; or a policy holder, if it be a mutual company. Directors or trustees shall be elected only at the regular annual meeting of the stockholders, if it be a stock company, or at the regular annual meeting of the policy holders, if it be a mutual company; *provided*, that in case a vacancy shall occur upon the board of directors or trustees, the remaining directors or trustees may fill such vacancy by appointment; and such appointee shall hold office until the next regular annual meeting only.

Elections.

Vacancy.

Powers.

Any such corporation shall have all the powers, rights, privileges, immunities and franchises conferred by this act, together with all implied powers necessary or convenient for the execution and exercise thereof, and the ordinary and incidental powers of life insurance corporations.

SEC. 9. That section 10, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 10. Verification of Annual Report. Valuation of Policies. Deposit of Securities with Insurance

Filing annual statement.

Commissioner.—As soon as practicable after the filing of said annual statement of any company organized and doing business under the provisions of this act, the insurance commissioner shall proceed to verify such statement and to ascertain the net cash value of each policy in force on the 31st day of December immediately preceding, upon the basis of the American experience table of mortality and 4% interest, or combined experience table and same rate of interest. For the purpose of making such valuation the insurance commissioner may employ a competent actuary to do the same, who shall be paid by the company for which the services are rendered at the rate of not to exceed one cent per thousand dollars of insurance so valued, but nothing herein shall prevent any company from making said valuation herein contemplated which may be received by the insurance commissioner upon such proof as he may determine.

Cash values
of policies
Dec. 31st.

Actuary.

The expense of verifying the report and of making the valuation shall in no case exceed the actual expenses thereof, including the cost of the clerical help employed in the conduct of same, and shall be charged to and collected from such company by the insurance commissioner. It shall be the duty of the commissioner to furnish such company with an itemized statement of such expenses, and to file and record in his office an exact copy thereof.

Expense.

If it shall appear from the annual statement as filed, or from the verification and valuation herein authorized, that the net value of all policies in force on the 31st day of December immediately preceding is in excess of the amount on deposit in his office as required by section four, and less than the maximum deposit of two hundred and fifty thousand dollars, he shall forthwith notify said company of the amount thereof; and within ninety days after the date of such notification the officers of said company shall deposit with the insurance commissioner for the security and benefit of its policy holders an amount of securities of the character described in section 23 of this act, the value of which, together with the sum already deposited with said insurance commissioner, shall not be less than the amount of such ascertained value of all policies in force, minus cash loans which may have been made by the company to its policy holders: *provided that no company shall be required to deposit with the insurance commissioner a greater amount than two hundred and fifty thousand dollars (\$250,000), if it be a mu-*

Value of
policies being
in excess of
deposit, and
less than
maximum,
further de-
posits, equal
to value of
policies in
force.

Limitations.

tual company; nor a greater amount than two hundred and fifty thousand dollars (\$250,000), if it be a stock company, unless its stock capital shall exceed two hundred and fifty thousand dollars (\$250,000), and in such event such stock company shall be required to deposit an amount equal to its entire capital stock.

Liabilities.

The liabilities of all such companies shall be deemed to consist of all matured policy claims, whether due or not due, adjusted or unadjusted, and of all other claims, due or not due, for which it could be held liable, and of the net cash value of all policy contracts in force; but same shall not include the company's capital stock, nor the amount on deposit with the insurance commissioner of this state. And the sum total of all such liabilities shall not exceed the cash and approved invested assets of the company as herein provided.

SEC. 10. That section 11, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Insurance commissioner to keep securities safely, etc.

Section 11. Duty of Insurance Commissioner to Receive and Safely Keep Securities.—It shall be the duty of the insurance commissioner of this state to receive all moneys, bonds and securities offered or tendered to him by any insurance company in accordance with the provisions of this act, or for the purposes specified herein; and said insurance commissioner shall have charge of and safely keep the same when delivered to him, and shall not redeliver same, or any portion thereof, to the insurance company depositing them, except in accordance with the provisions of this act. The insurance commissioner shall, upon the receipt by him of any moneys, bonds or securities from any insurance company, issue and deliver to such depositing company a receipt stating in detail all moneys, bonds or securities then held by him, or received by him from such company, and a minute description thereof; and shall cause a copy of such receipt to be recorded and filed in his office.

Receipt in detail.

SEC. 11. That section 12, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Certificate of authority.

Section 12. Certificate of Insurance Commissioner.—Upon the filing and approval of the annual statement of any insurance company, as provided in the preceding sections, and if it shall appear that such company has also made the required deposit, it shall be the duty of the insurance commissioner to issue to such company a certificate authorizing it to transact its appropriate business;

provided that such certificate shall expire upon the first day of May of the succeeding calendar year. The insurance commissioner shall also issue to such insurance company, upon request thereof, certificates as to the amount on deposit with him under the provisions of this act.

Expiration.

SEC. 12. That section 13, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 13. Failure of Company to Make Statement or Deposit.—Upon the failure of any company organized or doing business under this act to make the deposit or file the statement in the time stated herein, the insurance commissioner shall notify such company to issue no new policies until there shall have been compliance with said requirements.

Failure to make deposits, or file statement.

Provided that the insurance commissioner may if good cause be shown, extend the time for filing such annual statement or for making the required deposit, to not later than April 1st, upon request of the company. But if no such request is made, or if full compliance is not made within the extended time granted, he shall immediately take charge of the company's affairs and proceed as provided in sections ten and fifteen of this act.

Extension.

SEC. 13. That section 15 of chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 15. Impairment of Company's Solvency. Appointment of Receiver. Distribution of Assets. Charter Annulled and Dissolution Decreed.—If the insurance commissioner shall at any time find, upon any report, examination or otherwise, that the assets of any company organized or doing business under this act are less than its liabilities, including valuation of its policies as fixed by paragraph ten (10) hereof, and exclusive of its capital stock, he shall notify it to cease the issue of any insurance policies or the payment of dividends to stockholders or policy-holders, or both, until the deficiency be made good; and he may, and whenever it is ascertained by him that the assets of such company are less than eighty-five per cent (85%) of such liabilities exclusive of capital stock he shall immediately communicate the facts to the attorney general, who shall, if deemed advisable by himself and the insurance commissioner, after a personal investigation of the matter and a hearing of which both the insurance commissioner and the company shall have notice, and at which both may be present and have the right

Assets less than liability.

Make good deficiency.

Application
for receiver,
hearing.

to be heard, at once apply to the district court of the county where the principal office of the said company is located, or to a judge of said court, for a receiver for said company, and said court or judge shall forthwith issue a citation to said company to appear at a day and place to be named therein and answer to said application, and if upon the hearing to such application said court or judge shall find the assets of said company to be less than its liabilities as aforesaid, said court or judge may, if practicable, and it is considered by him to be advisable and in the interest of the policy-holders of such company, order and direct the reinsurance of its outstanding policies in some solvent company authorized to do business in this state, or said court or judge may, if deemed advisable for the interest of the policy-holders, appoint some disinterested person or persons to be receiver or receivers of said company, and said court or judge may provide a mode for proving claims against said company and may limit and extend the time for the presentation of such claims, and may make all necessary orders in reference to the delivery to and possession of such receiver or receivers of the assets and property of said company, and the sale and conveyance of the same by him, and may direct the application of the avails of such assets and property equitably in satisfaction of the claims proven against such company and the payment of the ascertained value of its outstanding policies to policy-holders, either in whole or in part; and said court or judge shall annul the charter and decree the dissolution of said company, and make all other orders and decrees necessary and proper in reference to winding up the affairs of said company and the disposition of its property. *Provided*, that no person shall be eligible to act as receiver of any such company who shall have been a director or trustee thereof at any time within two years prior to the application for such receivership.

Reinsurance
in solvent
company, or
receiver.

Proving
claims.

Annul
charter.

Who not
eligible as
receiver.

SEC. 14. That section 19, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Notice of
voluntary
dissolution.

Section 19. Voluntary Dissolution—Notice to Insurance Commissioner.—If at any time any company organized under this act shows to the district court of the county where its principal offices are located that it wishes to retire from business, that it has reinsured all of its policies, and that it has no unpaid liabilities of any character, such court shall, if it finds such facts are true, enter an

order directing the insurance commissioner to surrender to said company all funds or securities theretofore deposited with him by such company. No such order shall be made until the insurance commissioner shall have been notified of the pendency of such application at least ten days before the time set for the hearing thereof, and until after a full hearing by said court.

SEC. 15. That section 20, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 20. Company may collect interest on deposits. The insurance commissioner shall permit companies having on deposit with him stocks, bonds or other securities to collect the interest or income accruing on such deposits, delivering to their authorized agents, respectively, the coupons or other evidences of interest as the same becomes due; but upon default by any company to deposit additional security as called for by the insurance commissioner, or pending any proceedings to close up or enjoin it, the insurance commissioner shall collect the interest as it becomes due and add the same to the securities in his hands belonging to such company. *Provided*, that any deposit heretofore made by any such company with the state treasurer of this state shall be, upon written application of the company, duly signed by a majority of its directors or trustees, transferred to the custody of the insurance commissioner of this state, whose duty it shall be to receive and receipt for same in the manner as provided in section eleven of this act.

Interest on
deposited
securities.

Securities
deposited
with state
treasurer.

SEC. 16. That section 23, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 23. Investment of Funds.—The capital stock, funds and accumulations of any insurance company organized or reorganized under the provisions of this act shall be invested in bonds or treasury notes of the United States; or state or national bank stock; or interest-bearing bonds of this state, or any other state of the United States, or of any city, town, village, school district or county of this state, or any other state of the United States having legal authority to issue the same; or in mortgages of unincumbered and improved real estate in this or any other state of the United States worth at least twice the amount loaned thereon, exclusive of buildings, except when such buildings are insured and the policy duly assigned as additional security; or loaned on pledges of any of the securities above named, *provided*, always,

Kind of
investments.

that the current market value of such pledged securities shall be at all times during the continuance of such loans at least twenty per cent more than the sum loaned on them, and all such loans are subject to the power of the company to terminate the same in case of the depreciation of the securities below said limit; and *provided* that in all investments made upon mortgaged securities the evidence of the debt shall accompany the mortgage or deed of trust; *provided, further*, that none of the bonds, securities or investments above mentioned shall ever be bought, contracted for or received at a greater price than their known marked value; nor shall any such bonds, securities or investments be contracted for, bought or received when any interest has been defaulted and is unpaid thereon. Any such company may also make loans upon its policies, but in the computation of the value of the assets of such company a loan upon a policy of such company shall never be valued at more than an amount equal to the net reserve against such policy; and whenever a cash loan is made thereon the policy must in all cases be assigned to and held by the company as security.

And *provided further*, that except loans on policies not to exceed the actual reserve held to the credit thereof, no such company shall, directly or indirectly, purchase any of such securities from, or loan money to any officer, director, trustee, agent or salaried employe thereof; and any violation of this provision shall be deemed to constitute embezzlement.

Provided, that until the same shall be sold or exchanged for other authorized securities, any securities acquired previous to the passage of this act, but not authorized hereby, shall be valued at their actual value in determining the assets of the company.

SEC. 17. That section 24, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 24. Right to Purchase, Hold and Convey Real Estate.—No company organized under this act shall be permitted to purchase, hold or convey real estate except for the purpose and in the manner herein set forth:

1. For the erection and maintenance of a home office building at least ample and adequate for the transaction of its own business.

2. Such as shall have been mortgaged to it in good faith by way of security for loans for money due, or

3. Such as shall have been conveyed to it in satisfaction of debts previously contracted in the course of its dealings, or

4. Such as shall have been purchased at sales upon judgments, decrees or mortgages obtained or made for such debts. And no company incorporated as aforesaid shall purchase, hold or convey real estate in any other cases or for any other purpose.

SEC. 18. That section 25, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 25. When Must Sell Real Estate.—All real estate acquired as aforesaid, except that occupied by the company in whole or in part as its home office building shall, except as hereinafter provided, be sold and disposed of within ten years after such company shall have acquired title to the same. No such company shall hold such real estate for a longer period than that above mentioned unless the said company shall procure a certificate from the insurance commissioner setting forth that the interests of the company will suffer materially by a forced sale of such real estate, in which event the time for the sale may be extended to such time as the said insurance commissioner shall direct in said certificate.

Time limit
for the
holding of
real estate.

Provided, further, that if the home office building, owned and occupied by any such company, be occupied by it only in part, the remaining portion thereof shall be upon the same foundation and under the same roof, and be equipped for, and readily adapted to the company's use for office purposes.

Home office
building.

Provided, further, that buildings for other than home office purposes erected by any such company prior to the passage of this act may be retained and disposed of in the same manner as provided in this act for the disposition of real estate acquired by foreclosure of mortgages.

Other
buildings.

SEC. 19. That section 26, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 26. Contracts for Reinsurance.—Any insurance company organized or doing business under this act may by contract of reinsurance assume the risks of any other company, society or association engaged in the business of life insurance, only on the following conditions:

Insuring
risks of
other com-
panies,
conditions.

First: That the company which proposes to retire shall be, upon the date of the reinsurance, authorized to transact business in this state; and that it shall have been legally transacting business in this state for at least one year prior thereto; and that all its members shall have ac-

tually been paying in cash a rate of premium at least equal to that required by the provisions of this act, exclusive of expense loading; and that it shall be possessed of sufficient assets to at least equal all liabilities, including the valuation of its policies according to the provisions of this act; and that such condition shall have been duly verified or ascertained by the insurance commissioner of this state by examination concluded within sixty days of the date of retirement, and shall have been duly certified to by that official.

Second: That the contract of transfer or reinsurance shall have been first submitted to and approved by the insurance commissioner of the State of Minnesota, and subsequently by a three-fourths vote of the stockholders or members of the company, society or association which proposes to retire, present in person or by proxy at any regular meeting of such corporation, or at a special meeting thereof called to consider the same; and further *provided* that a written or printed notice setting forth the proposed reinsurance contract in detail shall have been mailed to each stockholder or member at least sixty days before the date fixed for such meeting.

Third. That the proposition to reinsure and assume the risks of such other company shall have in like manner been submitted to the stockholders or members of the company which proposes to so reinsure and assume such risks, and shall have been duly adopted by a three-fourths vote of such stockholders or members in regular or special meeting assembled, and after a written or printed notice setting forth the proposition in detail shall have been mailed to each of such stockholders or members at least sixty days before the date fixed for such meeting.

No mutual company organized under this act shall be permitted to reinsure its risks in any stock company of this or any other state; nor shall any company organized under this act, reinsure its risks in any company that is permitted by law to charge a less rate, or maintain a less reserve, than as required by the provisions of this act. Nothing in this section, however, shall prevent any insurance company from reinsuring any fractional part of any individual policy in other solvent companies of the same character authorized to do business in this state by paying therefor agreed premiums payable in such installments as are required of the assured under such policy by the terms and conditions thereof. In the case of the

Mutual
companies,
prohibitions.

Reinsuring
fractional
policies.

reinsurance of mutual companies all of the assets of the retiring company shall be turned over to, and become the absolute property of, the assuming or reinsuring company; and in case of the reinsurance of a stock company which has been issuing participating policies, and has such policies outstanding, all of the assets of the retiring company, except an amount not in excess of the face value of its capital stock, shall be turned over to and become the absolute property of the assuming or reinsuring company. Any officer, director, trustee, agent or salaried employe of either company becoming a party to such reinsurance contract, who shall give or take any commission, consideration, or benefit in connection with, or by reason of, such reinsurance, shall be deemed guilty of embezzlement if such commission, consideration or benefit be paid from the funds of either company; and if otherwise paid such person or persons shall be deemed guilty of the crime of bribery.

Assets of retiring company.

Officers, etc., may not take commissions in case of reinsurance.

SEC. 20. That section 28, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 28. Existing Companies May Reincorporate or Reorganize Hereunder—Certificate of Reincorporation—Any corporation, association or society organized under the laws of this state for the purpose of doing the business of life insurance upon any plan and now transacting such business, may at any time be reincorporated or reorganized, either as a stock or mutual company, under the provisions of this act, either under its then existing name or under any other name approved by the insurance commissioner.

Reincorporation or reorganization.

To so incorporate or reorganize it shall be necessary:

Requirements.

1. That a resolution be passed by the board of directors, managers or trustees authorizing and directing such reinsurance or reincorporation.

2. That such resolution be adopted by a three-fourths vote of the members or majority of the stock represented and present at any regular meeting or at any special meeting called for that purpose, whereof a written or printed notice shall have been duly given not less than sixty days previously.

3. That a declaration be signed and acknowledged by two officers and by a majority of the remaining directors, showing

(a) The passage and adoption of such resolution as above prescribed.

(b) That there are sufficient lives insured to comply with the provisions of section four (4) of this act.

(c) All matters required to be set forth in articles of incorporation as provided by section two (2) of this act.

(d) That all its members are and have been paying in cash stated premiums at least equal to those required by the provisions of this act, exclusive of the expense loading.

(e) That its cash assets shall be at least equal to its total liabilities, including the value of its policies or certificates according to the standard adopted by this act.

And in addition thereto, the provisions of sections 2, 3 and 4 of this act must be complied with. When such a resolution shall have been so passed and adopted as above provided by any corporation now existing under the laws of the State of Minnesota, and such a declaration shall have been made and filed with the insurance commissioner, together with amended articles of incorporation and the required deposit of securities, he shall issue a certificate of reincorporation or reorganization under the seal of his office and attach thereto copies of all documents so filed with him and authorizing the company to do the business of life insurance upon the plan and basis set forth in such papers; and such corporation, association or society shall thereupon be deemed to be and shall be a company organized under the provisions of this act and shall have all the corporate rights and privileges of and be subject to like duties and liabilities as a similar company originally incorporated hereunder.

SEC. 21. That section 29, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 29. Effect of Reincorporation—Such reincorporation or reorganization shall not affect or change the corporate identity of such company, nor shall it affect in any manner its corporate rights or liabilities, all of which shall after such reincorporation or reorganization remain vested in or continue against the said company, as reincorporated or reorganized, as they would if there had been no reincorporation or reorganization. *Provided*, that nothing in this act shall be held to in any way validate or invalidate any lien heretofore lawfully imposed under the laws of this state.

SEC. 22. That section 31, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Certificate
of reincorporation,
or reorganization.

Corporate
identity not
affected.

Prior liens
not affected.

Consolidation
only
by reinsurance.

Section 31. Consolidation of Companies—No life insurance company organized and doing business under the provisions of this act shall consolidate with any other company except by reinsurance as provided in section 26 of this act.

SEC. 23. That section 32, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 32. Foreign Companies—Nothing in this act shall be construed as affecting life insurance companies organized under the laws of any other state or country, and companies organized or doing business under the provisions of this act shall be subject only to its provisions; *provided*, that any solvent foreign life insurance company possessing assets in excess of one hundred thousand dollars invested in accordance with the provisions of section 23 of this act and which shall have deposited with the insurance commissioner of this state or with the proper officer of some other state authorized to receive the same, securities invested as aforesaid to the extent, amount and value required to be deposited with the insurance commissioner by a domestic company under this act, of which deposit the certificate of such proper officer shall be evidence, and which shall have deposited with the insurance commissioner a certified copy of its articles of incorporation or charter and a statement of its financial condition and business in such form and detail as he may require, signed and sworn to by its president and secretary may by paying the fees and charges herein designated and by filing such documents and statements as are required of domestic companies operating under the provisions hereof, and by filing a power of attorney or certificate authorizing the insurance commissioner to accept service of process issued by any of the courts of this state for and in behalf of said company so long as a policy issued by said company is in force in said state, be licensed to transact the business of life insurance as if incorporated under the provisions hereof.

Foreign companies not affected by this act, but may be licensed in this state.

Before granting certificate of authority to an insurance company to issue policies or make contracts of insurance in the State of Minnesota, the insurance commissioner shall be satisfied by such examination and evidence that he sees fit to make and require, that, such company is otherwise qualified under the laws of this state to transact business therein.

SEC. 24. That section 33, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Fees
charged.

From
domestic
corporations.

Section 33. Fees to Be Charged and Collected by the Insurance Commissioner—For the Use and Benefit of the State.—From domestic life insurance companies organized under this act, the insurance commissioner shall charge and collect for the use and benefit of the state, the following fees:

Foreign
companies.

For filing articles of incorporation, thirty dollars; for issuing a certificate of authority to do business, one dollar; for filing each annual statement, twenty dollars; for each copy of any document or statement on file in his office, twenty cents a folio, and one dollar for certifying the same. From any foreign life insurance company seeking admission to or authorized to transact business in this state, the insurance commissioner shall charge and collect the following fees: For filing articles of incorporation, thirty dollars; for filing financial statement, with application for admission, twenty dollars; for filing each annual statement after admission, twenty dollars; for issuing certificate of authority and each annual renewal thereof, one dollar; for each agent of such company licensed to transact business in this state, one dollar; for each copy of any document on file in his office, twenty cents a folio, and one dollar for certifying same.

SEC. 25. That section 34, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Amend-
ments.

Section 34. Amendments to Articles.—Any insurance company organized or doing business under this act may at any annual meeting of its stockholders or members, or at any special meeting after sixty days' notice to all stockholders or members thereof of such proposed amendment, by a three-fourths vote of those represented and present, amend its articles of incorporation in any respect not in violation of the laws of this state or of the United States.

Filing.

Such company shall cause a certificate of such amendment to be sworn to by the president or vice president and secretary or assistant secretary and thereupon such certificate shall be filed the same as original articles; upon such filing such amendment (and upon the approval thereof as in the case of original articles) shall become a part of such original articles and supersede conflicting provisions thereof.

SEC. 26. That section 35, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 35. Restrictions, Fines and Penalties.—Every insurance company complying with the provisions of this act shall on all policies issued by it subsequent to incorporation or reorganization under this act, as original policies or in exchange for or readjustment of any policies previously issued or assumed by it, charge and collect as a premium consideration for each of such policies a sum which shall not be less than the net premium required by the actuaries' combined experience table of mortality, and four per cent interest, or the American experience table of mortality, with the same rate of interest, together with a reasonable charge added thereto as an expense loading.

Premium.

And no insurance company organized or authorized under this act shall own, operate or engage in any other business than that of life insurance, as herein specifically defined and authorized.

Life insurance business only.

And it is further *provided*, to-wit:

1. Every such company organized or authorized to transact business under this act shall conduct its business in this state in its own corporate name, and the policies and contracts of insurance issued by it shall be headed, or entitled, only by its proper or corporate name. And when any such 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 in case of a stock company any publication purporting to show its capital shall exhibit only the amount of such capital as has actually been paid in cash. Any company or agent thereof, issuing or circulating advertisements in violation of this provision shall be punished by a fine of not less than twenty-five dollars, or more than five hundred dollars.

Use corporate name.

Publish assets and liabilities.

Stock company.

Violation, penalty.

2. Any company that neglects to make and file its annual statement in the form and within the time as provided in this act shall forfeit one hundred dollars for each day's neglect, and upon notice by the insurance commissioner to that effect, its authority to do new business shall cease while such default continues.

Failure to file annual statement.

For wilfully making a false annual, or other statement, which it is required by law to make, an insurance company and the persons making oath to, or subscribing, the same shall severally be punished by a fine of not less than one hundred dollars nor more than five thousand dollars. And *provided further*, that any person

False statement.

Perjury.

making oath to such false statement shall be deemed guilty of the crime of perjury.

Not to issue policies after notice to cease business.

3. Any officer or agent of any life insurance company organized or authorized under the provisions of this act, who shall issue a new policy after notice has been issued by the insurance commissioner to cease business, or to the effect that its license has been revoked, shall for each offense forfeit a sum not exceeding one hundred dollars.

Examination under oath.

4. The insurance commissioner shall have power to examine under oath any person or persons who may have been employed by such company, or who may have sold securities to or purchased securities from any such company, or who may have obtained loans from, or negotiated loans for, any such company, or who may have sustained any other business relations with the company at any time within five years prior thereto, and relative to any such transaction; and any person who shall refuse to testify thereto shall be punished by a fine not exceeding one thousand dollars for each offense.

Neglect to appear when summoned.

5. Whoever without justifiable cause neglects upon due summons to appear and testify before the commissioner as provided by this act, and whoever obstructs the commissioner, his deputy, or examiner, in making his examination of an insurance company, shall be punished by a fine of not more than one thousand dollars, or by imprisonment for not more than one year.

False entry, contributory.

6. Any employe or clerk of any such company who shall knowingly make any false entry or record upon the books or records of any such company shall be punished by a fine of not more than one hundred dollars for each offense; and any such clerk or employe who shall knowingly contribute to the making of any false annual statement or other statement that such company is required by law to make under oath, and which statement shall subsequently be issued under oath, shall be deemed guilty of the crime of subornation of perjury.

Other violations.

7. For violating any provisions of this act, the nature of which violation is not defined by the laws of this state, or by this act, and the penalty whereof is not specifically provided for herein, the offender shall be punished by a fine of not more than five hundred dollars.

SEC. 27. That section 38, chapter 178, Laws of 1901, be and the same is hereby amended to read as follows:

Section 38. Annual Meetings.—Special Meetings.—Proxies.—There shall be held an annual meeting of the members or stockholders of any company organized or reorganized under the provisions of this act, of which annual meeting the members or stockholders shall have notice at least thirty days in advance either by way of a written or printed notice. *Provided* that if it shall be proposed to amend the articles of incorporation or enter into any reinsurance contract, then such notices shall be mailed to the members or stockholders at least sixty days in advance, as provided by other sections of this act.

Meetings,
notice.

Special meetings of the members or stockholders of any such company may be called by order of the board of directors or trustees at any time provided that written or printed notice be given the members or stockholders at least thirty days in advance of the day upon which such meeting is to be held.

Special
meetings,
notice.

If, however, it be proposed to amend the articles of incorporation, or enter into any reinsurance contract, then the notices of such special meeting shall be mailed to the members or stockholders at least sixty days in advance, as provided by other sections of this act.

It shall be the duty of the directors or trustees, or president and secretary, of any such company to call a special meeting of members or stockholders whenever they may be required to do so by the insurance commissioner. And of such special meetings written or printed notice shall be given only in such form and under such restrictions as the insurance commissioner may require or approve.

Insurance
commissioner
may
demand
meeting.

Any member or stockholder of any such company may be represented by proxy at any such annual or special meeting, but no proxy shall be valid for a period of more than one year from date thereof. No person other than a member or stockholder of any such company shall be permitted to hold or vote a proxy; and no such person shall procure, hold, or vote proxies representing more than one-tenth of the capital stock, if it be a stock company or more than one-tenth of the total membership, if it be a mutual company, except as hereafter provided. The board of directors or trustees may collectively hold and vote any number of proxies; *provided, however*, that any member of the board of directors or trustees shall have the right, upon demand, to vote, in addition to the

Proxies,
limitations.

Proviso.

proxies held by him individually, such a portion of all those held by the board of directors or trustees collectively, as shall equal an exact apportionment of same among those directors or trustees actually present and participating in such meeting. [And further provided, that any proxy given before the passage of this act shall remain in force for the period provided by its terms, unless sooner revoked by the person executing the same, and the restrictions herein placed upon the number of proxies which may be held and voted by any one person shall not apply to said proxies already executed so long as they shall remain unrevoked.]

SEC. 28. This act shall supersede all provisions of any existing law in conflict herewith.

SEC. 29. This act shall take effect and be in force from and after the date of its passage.

Approved April 17, 1905.

S. F. No. 242.

CHAPTER 236.

An act authorizing physicians from other states to practice medicine in Minnesota.

Be it enacted by the Legislature of the State of Minnesota:

Physicians
from other
states.

SECTION 1. That the state medical examining board, either with or without examination, may grant and license to any physician licensed to practice by a similar board of another state, and who holds a certificate of registration showing that an examination has been made by the proper board of any state in which an average grade of not less than seventy-five (75) per cent was awarded the holder thereof, the said applicant and holder of such certificate having been at the time of said examination the legal possessor of a diploma from a medical college in good standing in this state, which said diploma may be accepted in lieu of an examination as evidence of qualification. In case the scope of said examination was less than that prescribed by this state the applicant may be required to submit to an examination in such subjects as have not been covered. The fee for such examination shall be fifty (\$50) dollars.

Fee for ex-
amination.

License.

A certificate of registration or license issued by the proper board of any state may be accepted as evidence of qualification for registration in this state; *provided*, the