

between the state and White Earth Reservation any of the state's federally recognized tribal governments. The model shall include the provision of tribal waiver case management, assessment for personal care assistance, and administrative requirements otherwise carried out by counties but shall not include tribal financial eligibility determination for medical assistance.

Presented to the governor May 19, 2005

Signed by the governor May 23, 2005, 11:50 a.m.

CHAPTER 69—S.F.No. 767

An act relating to corporations; recodifying and modernizing the law regulating the formation, structure, and operation of certain corporations; making miscellaneous technical and clarifying changes; amending Minnesota Statutes 2004, sections 47.12; 47.15; 47.16; 48.02; 48.03; 48.033; 48.04; 48.06; 48.07; 48A.01, subdivision 1; 48A.04, subdivisions 1, 3; 49.41; 50.001; 50.06; 50.085, subdivision 1; 51A.03, subdivision 2b; 51A.131; 51A.17; 51A.21, subdivision 1; 60A.07, subdivision 1, by adding subdivisions; 60A.075, subdivision 6; 60A.077, subdivision 6; 60B.23; 61A.14, by adding a subdivision; 61A.35; 61A.36; 61B.31; 66A.01; 66A.02; 66A.03; 66A.06; 66A.07; 66A.08, subdivision 1; 67A.06; 67A.40, subdivision 3; 117.232, subdivision 1; 161.433, subdivision 3; 181.970, subdivision 2; 237.81; 301.75; 302A.011, subdivision 4; 302A.021, subdivision 10, by adding a subdivision; 302A.031, by adding a subdivision; 303.02, subdivision 2; 317A.021, subdivision 9; 322B.02; 398A.04, subdivision 6; 453.55, subdivision 11; 453A.05, subdivision 11; proposing coding for new law in Minnesota Statutes, chapters 47; 48; 50; 66A; repealing Minnesota Statutes 2004, sections 48.056, subdivision 3; 60A.07, subdivision 8; 61A.32; 66A.04; 66A.05; 66A.075; 300.01; 300.02; 300.025; 300.05; 300.06; 300.08; 300.081; 300.083; 300.09; 300.12; 300.13; 300.131; 300.14; 300.16; 300.17; 300.18; 300.19; 300.20; 300.21; 300.22; 300.23; 300.24; 300.25; 300.26; 300.27; 300.28; 300.29; 300.30; 300.31; 300.32; 300.33; 300.34; 300.35; 300.36; 300.37; 300.38; 300.39; 300.40; 300.41; 300.42; 300.43; 300.44; 300.45; 300.451; 300.46; 300.49; 300.51; 300.52; 300.53; 300.54; 300.55; 300.57; 300.58; 300.59; 300.60; 300.61; 300.62; 300.63.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1

FINANCIAL CORPORATIONS

Section 1. Minnesota Statutes 2004, section 47.12, is amended to read:

47.12 **FINANCIAL CORPORATIONS.**

New language is indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. PURPOSES. Corporations may be formed for any one of the following purposes:

(1) carrying on the business of banking, by receiving deposits, buying, selling, and discounting notes, bills, and other evidences of debt legal for investment, domestic or foreign, dealing in gold and silver bullion and foreign coins, issuing circulating notes, and loaning money upon real estate or personal security or upon the creditworthiness of the borrower;

(2) establishing and conducting clearinghouses, for effecting, in one place, the speedy and systematic daily exchange and adjustment of balances between banks and bankers in any municipality, town, or county, establishing and enforcing uniform methods of conducting the banking business in such locality, and adjusting disputes or misunderstandings between members of such clearinghouse engaged in the banking business;

(3) creating and conducting savings banks for the reception, on deposit, of money offered for that purpose, the investment thereof, and the declaring, crediting, and paying of dividends or interest thereon, as authorized and provided by law;

(4) transacting business as a trust company in conformity with the laws relating thereto; and

(5) carrying on, in accordance with law, the business of savings associations.

Subd. 2. ORGANIZATION. (a) Three or more persons may form a corporation for any of the purposes specified in this section by applying to the Department of Commerce and complying with all applicable organizational requirements and the conditions set out in clauses (1) to (7). The incorporators must subscribe a certificate specifying:

(1) the corporation's name, which must distinguish it from all other corporations authorized to do business in this state, and must contain the word "company," "corporation," "bank," "trust," "association," or "incorporated";

(2) the general nature of the corporation's business and its principal place of business;

(3) the period of its duration, if limited;

(4) the names and places of residence of the incorporators;

(5) the board in which the management of the corporation will be vested, the date of the annual meeting at which it will be elected, and the names and addresses of the board members until the first election, a majority of whom must always be residents of this state or reside within 50 miles of the main office of the corporation;

(6) the amount of capital stock, if any, how the capital stock is to be paid in, the number of shares into which it is to be divided, and the par value of each share; and, if there is to be more than one class, a description and the terms of issue of each class, and the method of voting on each class; and

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(7) the highest amount of indebtedness or liability to which the corporation will at any time be subject. However, a corporation subject to section 48.27 may show its highest amount of indebtedness to be 30 times the amount of its capital and actual surplus.

The certificate may contain any other lawful provision defining and regulating the powers and business of the corporation, its officers, directors, trustees, members, and stockholders.

(b) A person doing business in this state may contest the subsequent registration of a name with the office of the secretary of state as provided in section 5.22.

Subd. 3. POWERS. (a) A corporation formed under this chapter may:

(1) be known by its corporate name for the time stated in its certificate of incorporation;

(2) sue and be sued in any court;

(3) have, use, and alter a common seal, but a seal must not be required;

(4) acquire, by purchase or otherwise, and hold, enjoy, improve, lease, encumber, and convey all real and personal property necessary for the purposes of its organization, subject to the limitations hereafter declared;

(5) elect or appoint in any manner it determines all necessary or proper officers, agents, boards, and committees, to fix their compensation, and to define their powers and duties;

(6) make and amend consistently with law bylaws providing for the management of its property and the regulation and government of its affairs; and

(7) wind up and liquidate its business in the manner provided by law.

(b) A corporation formed under this chapter shall indemnify persons against certain expenses and liabilities only as provided in section 302A.521.

Sec. 2. [47.13] APPLICATION OF BUSINESS CORPORATION ACT.

The provisions of chapter 302A, other than sections 302A.471, 302A.473, 302A.671, 302A.673, 302A.675, and 302A.701 to 302A.791, apply to corporations formed for any of the purposes specified in section 47.12, except:

(1) that section 302A.215, subdivisions 2 and 3, only apply if the corporation's certificate of incorporation provides cumulative voting; and

(2) to the extent those provisions are inconsistent with any of the provisions of this chapter and chapters 46 to 50.

Sec. 3. Minnesota Statutes 2004, section 47.15, is amended to read:

47.15 BYLAWS; WHERE FILED STATEMENTS.

Subdivision 1. ADOPTION OF BYLAWS. Initial bylaws may be adopted pursuant to section 302A.171 by the incorporators. If not adopted by the incorporators,

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the bylaws must be adopted by the first board. Unless reserved by the articles to the shareholders, the power to adopt, amend, or repeal the bylaws is vested in the board. The power of the board is subject to the power of the shareholders, exercisable in the manner provided in section 302A.181, subdivision 3, to adopt, amend, or repeal bylaws adopted, amended, or repealed by the board. The bylaws may be amended by the shareholders at a regular or special meeting called for that purpose. After the adoption of the initial bylaws, the board shall not adopt, amend, or repeal a bylaw fixing a quorum for meetings of shareholders, prescribing procedures for removing directors or filling vacancies in the board, or fixing the number of directors or their classifications, qualifications, or terms of office, but may adopt or amend a bylaw to increase the number of directors.

Subd. 2. FILING. Within 90 days after the adoption of bylaws or any amendment thereof, a certified copy of the same shall be filed with the commissioner of commerce.

Sec. 4. Minnesota Statutes 2004, section 47.16, is amended to read:

47.16 CERTIFICATION BY COMMISSIONER.

Subdivision 1. FILING. The certificate of a corporation must be filed for record with the secretary of state. If the secretary of state finds that it conforms to law and that the required fee has been paid, the secretary of state must record it and certify that fact on it. The secretary of state may not accept a certificate for filing unless the certificate also contains the endorsement of the commissioner of commerce.

Subd. 2. CERTIFICATE OF AUTHORITY. If the commissioner of commerce is satisfied that the corporation has been organized for legitimate purposes, and under such conditions as to merit and have public confidence, and that all provisions of law applicable to every branch of business in which, by the terms of its certificate, it is authorized to engage, have been complied with, the commissioner shall so certify. When the original certificate and the certificate of incorporation from the secretary of state is filed with the commissioner of commerce, the commissioner shall, within 60 days thereafter, execute and deliver to it a certificate of authority.

Sec. 5. [47.171] CERTIFICATES OF INCORPORATION, AMENDMENT; EXCEPTIONS.

The certificate of incorporation of a financial corporation organized and existing under the laws of this state may be amended to change its name; to increase or decrease its capital stock; to change the number and, subject to section 48.02, the par value of the shares of its capital stock; to eliminate or limit a director's personal liability; or in respect to another matter which an original certificate of a corporation of the same kind might lawfully have contained. The change must be accomplished by the adoption of a resolution specifying the proposed amendment at a regular meeting or at a special meeting called for that expressly stated purpose, in either of the following ways:

(1) by a majority vote of all its shares; or

(2) by a majority vote of its entire board of directors within one year after authorization by specific resolution duly adopted at a meeting of shareholders. The

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resolution must be included in a certificate duly executed by its president and secretary, or other presiding and recording officers, and approved and filed in the manner prescribed for the execution, approval, and filing of a like original certificate.

Sec. 6. [47.172] RESTATED CERTIFICATES OF INCORPORATION.

Subdivision 1. PROCEDURE. A financial corporation may by action taken in the same manner required for amendment of certificates of incorporation adopt a restated certificate of incorporation consisting of the certificate of incorporation as amended to date. The restated certificate of incorporation may be adopted in connection with an amendment to the certificate of incorporation. The restated certificate of incorporation must contain all the statements required by section 47.12, subdivision 2, to be included in the original certificate of incorporation except that: in lieu of setting forth the names and addresses of the first board of directors, the restated certificate of incorporation must include the names and addresses of the directors at the time of the adoption of the restated certificate of incorporation; and no statement need be made with respect to the names and addresses of the incorporators.

Subd. 2. EFFECT. The certificate to be filed to accomplish a restated certificate of incorporation must be entitled "restated certificate of incorporation of (name of financial corporation)" and must contain a statement that the restated certificate supersedes and takes the place of the existing certificate of incorporation and all amendments to it. The restated certificate of incorporation when executed, filed and recorded in the manner prescribed for certificate of amendment supersedes and takes the place of an existing certificate of incorporation and amendments to it. The secretary of state upon request must certify the restated certificate of incorporation.

Sec. 7. Minnesota Statutes 2004, section 48.02, is amended to read:

48.02 CAPITAL AND SURPLUS; PREPAYMENT OF CAPITAL.

(a) The capital and surplus of every state bank hereafter organized shall be at least \$250,000. The capital stock of a state bank must be divided into shares of not less than \$1. In addition thereto undivided profits shall be provided for in such an amount as the commissioner shall determine to be adequate under the circumstances to avoid any possible impairment of capital and surplus. The total of these outlays shall be known as capital funds, and payment thereof shall be made in full, in cash or authorized securities, deposited in an approved custodial bank, and certified to the commissioner, under oath of the president, and cashier or other chief financial officer, as well as the custodial bank, before the proposed state bank shall be authorized to commence business. The capital funds of a proposed bank shall not be less than a total amount which the commissioner considers necessary, having in mind the deposit potential for such a proposed bank and current banking industry standards of capital adequacy.

(b) The directors of a state bank may issue shares of its unissued, authorized capital stock and may fix the amount of money or the actual value of the consideration for which the stock is issued.

Sec. 8. Minnesota Statutes 2004, section 48.03, is amended to read:

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48.03 STOCK LIST; STOCKHOLDERS' LIABILITY SHARES.

Subdivision 1. **SHAREHOLDER LIST.** The president and cashier of any bank of discount and deposit shall at all times keep an accurate verified list of all its ~~stockholders~~ shareholders, with the amount of ~~stock~~ shares held by each, the dates of all transfers and names of transferees.

Subd. 2. **SHAREHOLDER LIABILITY.** Except as provided in section ~~300.27~~ 302A.425, no ~~stockholder~~ shareholder in any bank of discount and deposit or in any banking or trust corporation or association shall be personally liable for debts of such bank, corporation or association.

Subd. 3. **EFFECT OF TRANSFER; SHARE BOOKS.** The transfer of shares is not binding upon the company until it is regularly entered on the books of the company to show the names of the persons by and to whom transferred, the number or other designation of the shares, and the date of the transfer. The books of the company must be kept to show intelligibly the original shareholders, their respective interests, the amount which has been paid in on their shares, and all transfers of the shares.

Subd. 4. **RECORD OF SHARES.** The directors must cause accurate and complete records to be kept of all corporate proceedings and of all shares subscribed, transferred, canceled, or retired and proper books, accounts, files, and records of all other business transacted.

Sec. 9. [48.032] PREEMPTIVE RIGHTS.

(a) Unless otherwise denied or limited in the certificate of incorporation or by the board pursuant to section 302A.401, subdivision 2, paragraph (b), a shareholder of a banking institution has the preemptive rights provided in section 302A.413.

(b) If preemptive rights are denied or limited pursuant to paragraph (a) after a shareholder has acquired shares, the shareholder has the rights of a dissenting shareholder under paragraph (c).

(c) A shareholder may dissent from and obtain payment for the value of the shareholder's shares in the event that preemptive rights are denied or limited pursuant to paragraph (a) by objecting to the action and demanding payment for the shareholder's shares at a meeting of the shareholders held on the action or within 20 days after the meeting. If the denial or limitation of preemptive rights takes effect at any time after this demand, the shareholder may, at any time within 60 days after the demand, apply to the district court in the county of the banking institution's principal place of business for the appointment of three persons to appraise the value of that person's shares. The court shall appoint the appraisers and designate the time and the place of their first meeting, give directions with regard to their proceedings the court considers proper, and direct the time and manner in which payment must be made of the value of that person's shares to the shareholder. The appraisers shall meet at the time and place designated, after being duly sworn to discharge their duties honestly and faithfully, make and certify a written estimate of the value of the stock at the time of the appraisal, and deliver one copy to the banking institution and another to the

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shareholder. The shareholder and the banking institution shall each pay one-half of the charges and expenses of the appraisers.

Sec. 10. Minnesota Statutes 2004, section 48.04, is amended to read:

48.04 INCREASE AND REDUCTION OF CAPITAL.

No increase or reduction of the capital of any banking institution shall be valid until the entire new capital has been paid in cash, and certified to the commissioner under oath of the president, vice-president, or cashier. The commissioner shall thereupon issue a certificate of that fact and of approval thereof. No reduction of the surplus of any banking institution shall be valid until such reduction has been approved by the commissioner of commerce. No reduction shall affect the liability of any ~~stockholder~~ shareholder for any indebtedness incurred prior thereto.

For purposes of this section, directors have the authority granted under section 48.02, paragraph (b).

Sec. 11. Minnesota Statutes 2004, section 48.06, is amended to read:

48.06 BOARD OF DIRECTORS; QUALIFICATIONS.

Subdivision 1. SIZE. The business of a bank must be managed by a board of at least five directors, unless a greater number is otherwise required by law. A board of directors of a financial institution referred to in section 47.12 which has fewer than five members on August 1, 1995, is not subject to this requirement but may be increased to not more than five members by order of the commissioner of commerce.

If the number of directors exceeds nine, they may designate, semiannually, by resolution, nine of their number, a majority of whom constitutes a quorum for the transaction of business. Every director of a bank shall take and subscribe an oath to faithfully perform the official duties of a director, and not knowingly violate, or permit to be violated, any provision of law. The taking of this oath must be duly certified in the minutes of the records of the bank.

Subd. 2. CLASSES. In its certificate of incorporation, a corporation may establish classes of its directors and the terms for each class. No class may be elected for a term of less than one year, or more than five years, and the term of office of at least one class must expire each year.

Subd. 3. VACANCIES. If the certificate of incorporation or the bylaws so provides, a vacancy in the board of directors may be filled by the remaining directors. Not more than one-third of the members of the board may be so filled in any one year except any number may be appointed to provide for at least five directors until any subsequent meeting of the shareholders.

Subd. 4. QUORUM TO DO BUSINESS. Except as otherwise provided in subdivision 1, a majority of the directors constitutes a quorum for the transaction of business.

Subd. 5. ACTION WITHOUT MEETING. Any action which might be taken at a meeting of the board of directors may be taken without a meeting if done in writing signed by all of the directors.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 12. Minnesota Statutes 2004, section 48.07, is amended to read:

48.07 OFFICERS; APPOINTMENT, REMOVAL.

The board of directors of a bank or trust company organized under the laws of this state shall have full power and authority at any time to appoint and remove any officer or employee.

Every bank or trust company organized under the laws of this state, except when otherwise specially provided, must have a president, secretary, and treasurer, and may have one or more vice-presidents and other officers, as its certificate of incorporation or bylaws may provide. Their respective duties must be prescribed in the certificate of incorporation or in the bylaws. Only one president of record may act on behalf of the bank or trust company; however, additional officers may be titled president for purposes of empowering those additional officers to function as managing officers of detached facilities of banks.

Sec. 13. Minnesota Statutes 2004, section 49.41, is amended to read:

49.41 RIGHTS OF DISSENTING STOCKHOLDERS SHAREHOLDERS.

~~Any stockholder~~ shareholder not voting in favor of the agreement of consolidation or merger at the meeting prescribed in section 49.37 may, at that meeting, or within 20 days thereafter, object to the consolidation or merger and demand payment for that person's ~~stock~~ shares. If the consolidation or merger takes effect at any time after this demand, the ~~stockholder~~ shareholder may, at any time within 60 days thereafter, apply to the district court in the county wherein is situated the principal place of business of the corporation with which the other or others are consolidated or merged, for the appointment of three persons to appraise the value of that person's ~~stock~~ shares. The court shall thereupon appoint these appraisers and designate the time and place of their first meeting, with such directions in regard to their proceedings as shall be deemed proper, and also direct the time and manner in which payment shall be made of the value of that person's ~~stock~~ shares to the ~~stockholder~~ shareholder. The appraisers shall meet at the time and place designated, after being duly sworn to discharge their duties honestly and faithfully, make and certify a written estimate of the value of the ~~stock~~ shares at the time of the appraisal, and deliver one copy to the corporation and another to the ~~stockholder~~ shareholder, if demanded. The charges and expenses of the appraisers shall be paid one-half by the ~~stockholder~~ shareholder and one-half by the corporation. When the corporation shall have paid the appraised value of ~~this stock~~ the shares, the ~~stock~~ shares shall be canceled and this ~~stockholder~~ shareholder shall cease to be a member of the corporation or to have any interest in ~~this stock~~ the shares or in the corporation or in the corporate property, and ~~this stock~~ the shares may be held and disposed of by the corporation for its own benefit.

Sec. 14. Minnesota Statutes 2004, section 50.06, is amended to read:

50.06 DIRECTORS; FIRST BOARD.

Subdivision 1. AUTHORITY AND QUALIFICATIONS. The business of every such stock savings bank shall be managed by a board of not less than seven directors

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who are residents of this state. Each director must file a written acceptance of the position before the director is authorized to act. The persons named in the certificate of authorization shall constitute the first board.

Subd. 2. CLASSES. In its certificate of incorporation, a corporation may establish classes of its directors and the terms for each class. No class may be elected for a term of less than one year, or more than five years, and the term of office of at least one class must expire each year.

Subd. 3. VACANCIES. Each vacancy shall be filled by the board as soon as practicable, at a regular meeting thereof, except when a resolution reducing the number of directors named in its charter to a number not less than seven shall have been incorporated into its bylaws, and a copy thereof filed with the commissioner of commerce, in which case vacancies shall not be filled until the number has been reduced to that specified in this resolution. The number may be increased to any number specified in a like resolution, consented to, in writing, by the commissioner of commerce.

Subd. 4. QUORUM TO DO BUSINESS. A majority of the directors constitutes a quorum for the transaction of business.

Subd. 5. ACTION WITHOUT MEETING. Any action which might be taken at a meeting of the board of directors may be taken without a meeting if done in writing signed by all of the directors.

Sec. 15. [50.065] OFFICERS.

Every savings bank, except when otherwise specially provided, must have a president, secretary, and treasurer, and may have one or more vice-presidents and other officers, as its certificate of incorporation or bylaws may provide. The time and manner of their election and their respective duties must be prescribed in the certificate of incorporation or in the bylaws. Only one president of record may act on behalf of the savings bank; however, additional officers may be titled president for purposes of empowering those additional officers to function as managing officers of detached facilities of banks.

Sec. 16. Minnesota Statutes 2004, section 302A.011, subdivision 4, is amended to read:

Subd. 4. ARTICLES. "Articles" means, in the case of a corporation incorporated under or governed by this chapter, articles of incorporation, articles of amendment, a resolution of election to become governed by this chapter, a demand retaining the two-thirds majority for shareholder approval of certain transactions, a statement of change of registered office, registered agent, or name of registered agent, a statement establishing or fixing the rights and preferences of a class or series of shares, a statement of cancellation of authorized shares, articles of merger, articles of abandonment, and articles of dissolution. In the case of a foreign corporation, the term includes all documents serving a similar function required to be filed with the secretary of state or other officer of the corporation's state of incorporation. In the case of a corporation formed under chapter 300, the term means the certificate of incorporation.

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Sec. 17. Minnesota Statutes 2004, section 302A.021, is amended by adding a subdivision to read:

Subd. 7a. CHAPTER 300 CORPORATION SUBJECT TO LAW AS OF AUGUST 1, 2006. A corporation incorporated under chapter 300 in existence on August 1, 2006, becomes governed by this chapter on August 1, 2006, as fully as though the corporation had been incorporated under this chapter, except as specifically otherwise provided by law.

Sec. 18. Minnesota Statutes 2004, section 302A.021, subdivision 10, is amended to read:

Subd. 10. LAWS NOT TO APPLY. Sections 222.19, and 222.23, 300.01, 300.02, 300.06 to 300.09, 300.12 to 300.68, and chapters 301, 316, and 556 do not apply to a corporation incorporated under or governed by this chapter.

Sec. 19. Minnesota Statutes 2004, section 302A.031, is amended by adding a subdivision to read:

Subd. 3. PERPETUAL DURATION GRANTED FOR CHAPTER 300 CORPORATIONS. (a) All corporations formed under chapter 300 and governed by this chapter pursuant to section 302A.021, subdivision 7a, are granted perpetual duration irrespective of the period of duration set forth in their articles of incorporation. This grant may be modified in the articles as authorized under section 302A.111, subdivision 2, paragraph (b).

(b) All corporations formed under chapter 300 and governed by this chapter pursuant to section 47.13, are granted perpetual duration irrespective of the period of duration set forth in their certificates of incorporation. This grant may be modified in the certificate of incorporation as authorized under section 47.12, subdivision 2, paragraph (a), clause (3).

Sec. 20. CORRECTION OF STATUTORY REFERENCE IN CORPORATE DOCUMENTS.

As of August 1, 2006, all references in corporate documents to Minnesota Statutes, section 300.64, in connection with the elimination of, or limitations on, the personal liability of directors are deemed to be references to Minnesota Statutes, section 302A.251, and all references to Minnesota Statutes, section 300.083, are deemed to be references to Minnesota Statutes, section 302A.521.

Sec. 21. REVISOR'S INSTRUCTION.

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

<u>Column A</u>	<u>Column B</u>
<u>300.026</u>	<u>302A.92</u>
<u>300.03</u>	<u>301B.01</u>
<u>300.04</u>	<u>301B.02</u>

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<u>300.045</u>	<u>301B.03</u>
<u>300.10</u>	<u>301B.04</u>
<u>300.11</u>	<u>301B.05</u>
<u>300.111</u>	<u>336B.01</u>
<u>300.112</u>	<u>336B.02</u>
<u>300.113</u>	<u>336B.03</u>
<u>300.114</u>	<u>507.327</u>
<u>300.115</u>	<u>507.328</u>

ARTICLE 2

INSURANCE CORPORATIONS

Section 1. Minnesota Statutes 2004, section 60A.07, subdivision 1, is amended to read:

Subdivision 1. **INCORPORATION.** ~~Except when the manner of organization is specifically otherwise provided in sections dealing with these insurers, domestic insurance corporations shall be organized under and governed by chapter 300. The articles or certificate of incorporation must meet the requirements of section 300.025, other than Three or more persons may form a domestic insurance corporation for any of the purposes specified in subdivision 2 by applying to the Department of Commerce and complying with all applicable organizational requirements and the conditions set out in clauses (1) to (6). The incorporators must subscribe a certificate specifying:~~

~~(1) the requirement that a majority of board members shall always be residents of this state the corporation's name, which must distinguish it from all other corporations authorized to do business in this state, and must contain the word "company," "corporation," or "incorporated"; and~~

~~(2) the requirements of section 300.025, clause (7); the general nature of the corporation's business and its principal place of business;~~

~~(3) the period of its duration, if limited;~~

~~(4) the names and places of residence of the incorporators;~~

~~(5) the board in which the management of the corporation will be vested, the date of the initial annual meeting at which it will be elected, and the names and addresses of the board members until the first election; and~~

~~(6) whether the corporation is organized on the stock plan, mutual plan, or otherwise; and, if organized as a stock company, the amount of capital stock, how the capital stock is to be paid in, the number of shares into which it is to be divided, and the par value of each share; and, if there is to be more than one class, a description and the terms of issue of each class and the method of voting on each class.~~

New language is indicated by underline, deletions by strikeout.

The certificate may contain any other lawful provision defining and regulating the powers and business of the insurance corporation, its officers, directors, trustees, members, or stockholders.

A person doing business in this state may contest the subsequent registration of a name with the Office of the Secretary of State as provided in section 5.22.

Domestic insurance corporations established in this manner are organized under and governed by chapter 302A, except as otherwise provided in subdivision 1d and chapter 66A.

Sec. 2. Minnesota Statutes 2004, section 60A.07, is amended by adding a subdivision to read:

Subd. 1a. **FILING.** The certificate of an insurance corporation must be filed for record with the secretary of state. If the secretary of state finds that it conforms to law and that the required fee has been paid, the secretary of state must record it and certify that fact on it. The secretary of state may not accept a certificate for filing unless the certificate also contains the endorsement of the commissioner of commerce.

Sec. 3. Minnesota Statutes 2004, section 60A.07, is amended by adding a subdivision to read:

Subd. 1b. **CERTIFICATE OF AUTHORITY.** If the commissioner of commerce is satisfied that the corporation has been organized for legitimate purposes, and under such conditions as to merit and have public confidence, and that all provisions of law applicable to every branch of business in which, by the terms of its certificate, it is authorized to engage, have been complied with, the commissioner shall so certify. When the original certificate and the certificate of incorporation from the secretary of state are filed with the commissioner of commerce, the commissioner shall, within 60 days thereafter, execute and deliver to it a certificate of authority.

Sec. 4. Minnesota Statutes 2004, section 60A.07, is amended by adding a subdivision to read:

Subd. 1c. **BYLAWS.** Bylaws may be adopted by the insurance corporation in the manner set forth in section 302A.181. Within 90 days after the adoption of the bylaws or any amendment thereof, a certified copy of the same must be filed with the commissioner of commerce.

Sec. 5. Minnesota Statutes 2004, section 60A.07, is amended by adding a subdivision to read:

Subd. 1d. **CERTIFICATE OF INCORPORATION; AMENDMENTS.** The certificate of incorporation of an insurance corporation organized and existing under the laws of this state may be amended in the manner set forth in section 302A.135. Amendments must be filed with the secretary of state in the manner set forth in section 302A.151, except the secretary of state may not accept a certificate of filing unless the certificate also contains the endorsement of the commissioner of commerce.

Sec. 6. Minnesota Statutes 2004, section 60A.07, is amended by adding a subdivision to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 1e. APPLICATION OF BUSINESS CORPORATION ACT. The provisions of chapter 302A apply to domestic stock corporations formed to carry on the business of insurance, except to the extent those provisions are inconsistent with any provisions contained in this chapter or to the extent in conflict with any provisions contained in chapters 60A to 79A. The provisions of chapter 302A apply to domestic mutual corporations formed to carry on the business of insurance only to the extent provided for in chapter 66A.

Sec. 7. Minnesota Statutes 2004, section 60A.075, subdivision 6, is amended to read:

Subd. 6. **CONVERSION.** (a) ~~FILING.~~ Following approval by the eligible members, the converting mutual company shall file a copy of the company's amended or restated articles of incorporation with the commissioner, together with a certified copy of the minutes of the meeting at which the plan was adopted and a certified copy of the plan. The commissioner shall review and, if appropriate, approve the amended or restated articles. After approval by the commissioner, a converting mutual insurer company shall file the articles with the secretary of state as provided by section 60A.07, subdivision 1d, and chapter 300, or a converting mutual holding company shall file the articles with the secretary of state as provided by chapter 302A.

(b) **EFFECTIVE DATE.** The reorganization of a converting mutual company is effective on the date of filing an amendment or restatement of the articles of incorporation with the secretary of state, or on a later date if the plan so specifies.

Sec. 8. Minnesota Statutes 2004, section 60A.077, subdivision 6, is amended to read:

Subd. 6. **INCORPORATION.** A mutual insurance holding company shall be incorporated pursuant to section 60A.07, subdivision 1, and this chapter 300. The articles of incorporation and any amendments to the articles of the mutual insurance holding company are subject to approval of the commissioner in the same manner as those of an insurance company. Members of a mutual insurance holding company shall be entitled to vote on all matters required to be submitted to domestic mutual insurance company members under chapter 300 and shall additionally be treated as shareholders for purposes of the voting approval requirements of section 300.09 in accordance with the requirements of this chapter and chapter 302A.

Sec. 9. Minnesota Statutes 2004, section 60B.23, is amended to read:

60B.23 DISSOLUTION OF INSURER.

The commissioner may petition for an order dissolving the corporate existence of a domestic insurer or the United States branch of an alien insurer domiciled in this state at the time the commissioner applies for a liquidation order. If the court issues a liquidation order, it also shall order dissolution if the commissioner has petitioned for it. The court shall order dissolution of the corporation upon petition by the commissioner at any time after a liquidation order has been granted. If the dissolution has not previously occurred, it shall be effected by operation of law upon the discharge of the liquidator. The commissioner shall file a dissolution with the secretary of state

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pursuant to section 302A.711, subdivision 2, paragraphs (a), clauses (1), (2), and (5), and (b); and subdivisions 3 and 4.

Sec. 10. Minnesota Statutes 2004, section 61A.14, is amended by adding a subdivision to read:

Subd. 9. LIFE INSURANCE COMPANIES. A domestic life insurance company having a separate account or accounts pursuant to this section in connection with variable contracts or other separate account products may indemnify a person who is serving or has served as a member of the managing committee of that separate account, and may purchase and maintain insurance for that purpose, in accordance with section 302A.521.

Sec. 11. Minnesota Statutes 2004, section 66A.01, is amended to read:

66A.01 SCOPE OF CHAPTER.

This chapter shall apply to mutual insurance companies other than: life insurance companies, assessment benefit associations, fraternal benefit societies, township mutual insurance companies and title insurance companies. Sections 66A.08 to 66A.31 and 66A.20 do not apply to mutual life insurance companies.

Sections 60A.07, subdivision 1, clauses (1) and (2); 61A.26; 61A.321; 61A.33; 61A.34; 61A.35; and 61A.36, do not apply to mutual property and casualty insurance companies.

Sec. 12. Minnesota Statutes 2004, section 66A.02, is amended to read:

66A.02 APPLICABILITY OF GENERAL BUSINESS CORPORATION STATUTES.

Subdivision 1. GENERAL. Chapter ~~300~~ 302A shall apply to domestic mutual insurance companies except where to the extent inconsistent with any provisions in this chapter or section 60A.07, or otherwise in conflict with the express provisions of this chapter and the reasonable implication of such provisions any provisions in chapters 60A to 79A. Provisions of chapter 302A relating to share certificates, classes of shares, share values, or any other provisions relevant only to stock companies do not apply to mutual insurance companies.

Subd. 2. MUTUAL HOLDING COMPANIES. For purposes of sections 66A.01 to 66A.07 and 66A.21, the term "domestic mutual insurance company" is deemed to include domestic mutual insurance holding companies organized under section 60A.077 and the term "member" is deemed to include members of a domestic mutual insurance holding company as specified in section 60A.077, subdivision 1, paragraph (b). For purposes of section 60A.07, subdivisions 1, 1a, 1b, 1c, 1d, and 1e, a domestic mutual insurance holding company is deemed to be an insurance corporation.

Subd. 3. TERMS. For purposes of applying chapter 302A to domestic mutual insurance companies, members of a domestic mutual insurance company must be treated in the same manner as shareholders of a stock corporation, except as otherwise provided in this chapter. Every member of the mutual insurance company shall be

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deemed to hold one share of the company for purposes of applying provisions of chapter 302A relating to voting. Mutual insurance companies are not included in the definitions of "closely held corporation," "publicly held corporation," or "issuing public corporation." The term "distribution" does not include dividends paid on participating policies issued by the mutual insurance company or any insurance company subsidiary in the case of a mutual insurance holding company.

Subd. 4. EXCEPTIONS. The following provisions of chapter 302A do not apply to domestic mutual insurance companies: sections 302A.011, subdivisions 2, 6, 6a, 7, 10, 20, 21, 25, 26, 27, 28, 29, 31, 32, and 37 to 59; 302A.105; 302A.137; 302A.161, subdivision 19; 302A.201, subdivision 2; 302A.401 to 302A.429; 302A.433, subdivisions 1, paragraphs (a), (b), (c), and (e), and 2; 302A.437, subdivision 2; 302A.445, subdivisions 3 to 6; 302A.449, subdivision 7; 302A.453 to 302A.457; 302A.461; 302A.463; 302A.471 to 302A.473; 302A.553; 302A.601 to 302A.651; 302A.671 to 302A.675; 302A.681 to 302A.691; and 302A.701 to 302A.791. Those clauses of section 302A.111 that refer to any of the sections previously referenced in this subdivision do not apply to domestic mutual insurance companies. The following sections of chapter 302A are modified in their application to domestic mutual insurance companies in the manner indicated:

(1) with regard to section 302A.133, the articles may be amended pursuant to section 302A.171 by the incorporators or by the board before the issuance of any policies by the company;

(2) with regard to section 302A.135, subdivision 2, a resolution proposing an amendment to the certificate of authority must be filed with the corporate secretary no less than 30 days before the meeting to consider the proposed amendment;

(3) with regard to section 302A.161, subdivision 19 of that section does not apply, except this must not be construed to limit the power of a mutual insurance company from issuing securities other than stock;

(4) with regard to section 302A.201, the references in subdivision 1 of that section to "subdivision 2" and "section 302A.457" do not apply;

(5) with regard to section 302A.203, the board shall consist of no less than five directors;

(6) with regard to section 302A.215, subdivisions 2 and 3 of that section only apply if the corporation's certificate of incorporation provides cumulative voting;

(7) with regard to section 302A.433, subdivision 1 of that section, special meetings of the shareholders may be called for any purpose or purposes at any time by a person or persons authorized in the articles or bylaws to call special meetings, and with regard to subdivision 3 of that section, special meetings must be held on the date and at the time and place fixed by a person or persons authorized by the articles or bylaws to call a meeting; and

(8) with regard to section 302A.435, if the company complies substantially and in good faith with the notice requirements of section 302A.435, the company's failure to

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give any member or members the required notice does not impair the validity of any action taken at the members' meeting.

Sec. 13. Minnesota Statutes 2004, section 66A.03, is amended to read:

66A.03 INCORPORATION.

Domestic mutual insurance companies ~~are~~ must be incorporated under in accordance with the provisions of ~~chapter 300 section 60A.07, subdivision 1. Except as otherwise provided in this chapter, the certificate or articles of incorporation shall comply with section 300.025, other than:~~

(1) ~~the requirement that a majority of board members must always be residents of this state; and~~

(2) ~~the requirements of section 300.025, paragraph (a), clause (7).~~

Sec. 14. Minnesota Statutes 2004, section 66A.06, is amended to read:

66A.06 RENEWAL OF CORPORATE EXISTENCE.

The procedure for renewal of corporate existence for mutual companies having a limited period of existence is governed by section 60A.07, subdivision 8, clause (2). Any domestic mutual insurance company, 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 the 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.

Sec. 15. Minnesota Statutes 2004, section 66A.07, is amended to read:

66A.07 MEMBERSHIP; MEETINGS; NOTICES; VOTING.

Subdivision 1. **PROPERTY/CASUALTY COMPANIES.** Every policyholder in a mutual insurance company, other than a life insurance company, shall be a member thereof while the policy is in force, entitled to one vote for each policy held, and notified of the time and place of holding its meetings either personally or by imprint upon the front or back of every policy, or in the premium notice, receipt or certificate of renewal, substantially as follows:

“NOTICE OF ANNUAL MEETING

The policyholder named herein is hereby notified: while this policy is in force you are by virtue thereof a member of the (name of company) and that the annual meeting of said company is held at its home office at (address) on the day of each year

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at o'clock m.”

Notice given in this manner is deemed to comply with the requirements of section 302A.435.

Subd. 2. LIFE INSURANCE COMPANIES. (a) Unless otherwise approved by the commissioner of commerce, a domestic mutual life insurance company member is any person who is listed on the records of the company as the owner of an in-force policy, and each member is entitled to one vote regardless of the number of policies owned by the member or the amounts of coverage provided to the member. “Policy” means a policy or contract of insurance, including an annuity contract issued by the company. Except as otherwise provided in the company’s certificate or bylaws, a person insured under a group policy is not a member by virtue of such coverage, unless (1) the person is insured or covered under a group life policy or group annuity contract under which funds are accumulated and allocated to the respective covered persons; (2) the person has the right to direct the application of the funds so allocated; (3) the group policyholder makes no contribution to the premiums or deposits for the policy or contract; and (4) the company has the names and addresses of the persons covered under the group life policy or group annuity contract.

(b) Every member must be notified of its annual meetings by a written notice mailed to the member’s address, or by an imprint on the front or back of the policy, premium notice, receipt, or certificate of renewal, substantially as follows:

“The policyowner is hereby notified that by virtue of his or her ownership of this policy, the policyowner is a member of the Insurance Company, and that the annual meetings of said company are held at its home office on the day of in each year, at o’clock.”

For mutual insurance holding companies, the notice of the annual meeting may be modified to reflect that the policyowner, by virtue of his or her ownership of a policy issued by a subsidiary insurance company reorganized under section 60A.077, is a member of the mutual insurance holding company. Notice given in this manner is deemed to comply with the requirements of section 302A.435.

Subd. 3. PROXIES. (a) Except as otherwise provided in paragraphs (b) and (c), proxies for voting at meetings of members of domestic mutual insurance companies are governed by the provisions of section 302A.449, subdivisions 1 to 6 and 8.

(b) A member may vote by proxy at any regular or special meeting of the members by filing a written proxy appointment with the secretary of the company at its home office at least five days before the first meeting at which it is to be used, unless a different time period is specified in the company’s bylaws.

(c) A member may cast or authorize the casting of a vote by telephonic transmission or authenticated electronic communication, in accordance with section 302A.449, if permitted by the bylaws of the company.

Subd. 4. MEMBERSHIP INTEREST. A domestic mutual insurance company must keep a list of members as part of its books and records. Membership interest in a domestic mutual insurance company must be uncertificated. A membership interest in a domestic mutual insurance company does not constitute a security as defined in

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section 80A.14, subdivision 18. No member of a mutual insurance company may transfer or pledge membership in the mutual insurance company or any right arising from the membership except as attendant to the valid transfer or assignment of the member's policy issued by the mutual insurance company. A member of a mutual insurance company is not, as a member, personally liable for the acts, debts, liabilities, or obligations of the company. No assessments of any kind may be imposed upon the members of a mutual insurance company by the directors or members, or because of any liability of any company owned or controlled by the mutual insurance company or because of any act, debt, or liability of the mutual insurance company, except as may otherwise be provided in the company's articles or bylaws. A member's interest in the mutual insurance company shall automatically terminate upon cancellation, nonrenewal, expiration, or termination of the member's policy with the insurance company that gave rise to the member's membership interest.

Sec. 16. Minnesota Statutes 2004, section 66A.08, subdivision 1, is amended to read:

Subdivision 1. **CASUALTY LINES.** No mutual insurance company hereafter organized shall be licensed to transact any of the kinds of business specified in section 60A.06, subdivision 1, clause (3), (5), (6), (8), (9), (10), (12), (13), (14), or (15), except upon compliance with the following conditions:

(1) It shall have not less than 300 bona fide applications for policies of insurance of each kind sought to be written, signed by at least 300 members, covering at least 300 separate risks, each risk, within the maximum net single risk described in clause (2) and one year's premiums thereon paid in cash, and admitted assets of not less than \$100,000, which admitted assets shall not be less than five times the maximum net single risk, and shall have on deposit with the commissioner in accordance with section 60A.10, subdivision 4, as security for all of its policyholders, stock 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 percent per annum, to an amount the actual market value of which, exclusive of interest, shall never be less than \$100,000.

~~No such company shall be authorized to insure against loss or damage by the bodily injury or death by accident of any person employed by the insured, for which the insured is liable under the workers' compensation law, unless and until the company complies with the provisions of subdivision 4;~~

(2) It shall not expose itself to any loss on any one risk or hazard, except as provided in this clause, in an amount exceeding ten percent of its net assets, actual and contingent. For the purposes of this section contingent assets mean the aggregate amount of the contingent liability of its members for the payment of loss and expenses not provided for by its cash funds. Contingent liability, for the purposes of this section, means an amount not to exceed one annual premium as stated in the policy. No portion of any risk or hazard which has been reinsured, as authorized by the laws of this state, shall be included in determining the limitation of risk prescribed by this section. For

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the purpose of transacting employers' liability and workers' compensation insurance, each employee shall be considered a separate risk for determining the maximum single risk;

(3) It shall maintain unearned premiums and other reserves, separately for each kind of business, upon the same basis as that required of domestic stock insurance companies transacting the same kind of business;

(4) Except as expressly provided in this chapter, it shall comply with all the provisions of the laws of this state relating to the organization and internal management of mutual fire insurance companies in so far as the same may be applicable and not inconsistent with chapter 66A.

Sec. 17. [66A.215] SPECIAL PROVISIONS RELATING TO HAIL, TORNADO, AND CYCLONE COMPANIES.

Sections 66A.22 to 66A.31 apply only to hail, tornado, and cyclone companies.

Sec. 18. REVISOR'S INSTRUCTION.

The revisor of statutes shall renumber the provisions of Minnesota Statutes listed in column A to the references in column B. The revisor shall also make the necessary cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the renumbering. The revisor shall also change the reference to section 61A.03(6) in Minnesota Statutes, section 61A.26, subdivision 5, to section 61A.03, subdivision 1, paragraph (f).

Column A	Column B
<u>60A.07, subd. 10, clause (1)</u>	<u>66A.32</u>
<u>60A.07, subd. 10, clause (2)</u>	<u>66A.33</u>
<u>60A.075</u>	<u>66A.41</u>
<u>60A.077</u>	<u>66A.40</u>
<u>61A.26</u>	<u>66A.34</u>
<u>61A.321</u>	<u>66A.35</u>
<u>61A.33</u>	<u>66A.36</u>
<u>61A.34</u>	<u>66A.37</u>
<u>61A.35</u>	<u>66A.38</u>
<u>61A.36</u>	<u>66A.39</u>
<u>61A.37</u>	<u>66A.42</u>
<u>61A.38</u>	<u>66A.43</u>
<u>66A.20</u>	<u>66A.311</u>
<u>66A.22</u>	<u>66A.221</u>

Sec. 19. REPEALER.

Minnesota Statutes 2004, sections 60A.07, subdivision 8; 61A.32; 66A.04; 66A.05; and 66A.075, are repealed.

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ARTICLE 3

CONFORMING CHANGES

Section 1. Minnesota Statutes 2004, section 48.033, is amended to read:

48.033 STATE BANKS, LIABILITY OF ~~STOCKHOLDERS~~ SHAREHOLDERS.

Notwithstanding sections 48.03, and 49.24, and ~~300.27,~~ any ~~stockholder~~ shareholder of a state bank whose deposits are not insured by the Federal Deposit Insurance Corporation, shall be personally liable for the debts of said bank to the extent of the par value of the ~~stock shares held by such stockholder~~ the shareholder.

Sec. 2. Minnesota Statutes 2004, section 48A.01, subdivision 1, is amended to read:

Subdivision 1. **ARTICLES OF INCORPORATION.** (a) Subject to the other provisions of this chapter, three or more persons may organize and charter a state trust company for purposes of transacting business as a trust company in conformity with the applicable laws.

(b) A state trust company may be organized under section ~~300.025~~ 47.12. If the trust company does not exercise banking powers, it may exercise the powers of a Minnesota business corporation reasonably necessary or helpful to enable exercise of its specific powers under this chapter.

(c) A state trust company may be organized as a limited liability company if it does not exercise banking powers.

(d) The articles of incorporation or articles of organization of the company must be signed and acknowledged by each organizer and must contain:

- (1) the name of the state trust company;
- (2) the period of its duration, which may be perpetual;
- (3) the powers of the state trust company, which may be stated as:
 - (i) all powers granted to a state trust company in this state; or
 - (ii) a list of the specific powers that the state trust company chooses and is authorized to exercise;
- (4) the aggregate number of shares or membership interests that the state trust company will be authorized to issue, the number of classes of shares or membership interests, which may be one or more, the number of shares or membership interests of each class if more than one class, and a statement of the par value of the shares of each class or that the shares or membership interests are to be without par value;
- (5) if the shares or membership interests are to be divided into classes, the designation of each class and statement of the preferences, limitations, and relative

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rights of the shares or membership interests of each class, which in the case of a limited trust association may be more fully set forth in the statement of membership interest;

(6) a provision limiting or denying to participants the preemptive right to acquire additional or treasury membership interests or shares of the state trust company;

(7) a provision granting the right of members or shareholders to cumulative voting in the election of directors or managers;

(8) the aggregate amount of consideration to be received for all shares or membership interests initially issued by the state trust company, and a statement that all authorized contributions or shares have been subscribed and that all subscriptions received provide for the consideration to be fully paid in cash before the charter is issued;

(9) a provision consistent with law that the organizers elect to set forth in the articles of incorporation or articles of organization for the regulation of the internal affairs of the state trust company or that is otherwise required by this chapter to be set forth in the articles;

(10) the street address of the state trust company's principal office; and

(11) the number of directors or governors constituting the initial board, which must not be fewer than five or more than 25, and a statement that management is vested in a board.

Sec. 3. Minnesota Statutes 2004, section 48A.04, subdivision 1, is amended to read:

Subdivision 1. **AUTHORITY.** Upon complying with the terms of this section, a trust company organized under section ~~300.025~~ 47.12 has all the powers and privileges of a state bank not otherwise granted to trust companies and is subject to and must comply with all the laws of this state applicable to state banks.

Sec. 4. Minnesota Statutes 2004, section 48A.04, subdivision 3, is amended to read:

Subd. 3. **CERTIFICATES TO BE AMENDED.** In order to exercise the powers granted under this subdivision, the trust company shall amend its certificate of incorporation to include the additional powers of a state banking corporation. This amendment may include the change of the corporate name of the trust company. The trust company shall display in its place of business the certificate of the authorization issued by the commissioner of commerce.

Amendments to the certificate of incorporation must be made under section ~~300.45~~ 47.171. Before becoming effective, these amendments must be approved by the department and the approval must be endorsed upon the certificate of amendment.

Sec. 5. Minnesota Statutes 2004, section 50.001, is amended to read:

50.001 APPLICATION FOR CERTIFICATE OF AUTHORITY; PROCEDURE.

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The procedures for the application and issuance of a certificate of authority to a savings bank organized pursuant to section ~~300.025~~ 47.12 shall be those applicable to a state bank in sections 46.041 to 46.045.

Sec. 6. Minnesota Statutes 2004, section 50.085, subdivision 1, is amended to read:

Subdivision 1. **GENERALLY.** Every savings bank incorporated pursuant to or operating under this chapter shall be a body corporate; shall have all the powers enumerated, authorized, and permitted by this chapter and other applicable law; shall have other rights, privileges, and powers as may be incidental to or reasonably necessary or appropriate for the accomplishment of the objects and purposes of the savings bank; and shall have those powers possessed by corporations organized under chapter ~~300~~ 302A.

Sec. 7. Minnesota Statutes 2004, section 51A.03, subdivision 2b, is amended to read:

Subd. 2b. **REGULATION OF CAPITAL STOCK ASSOCIATIONS.** The incorporation, formation, and corporate governance of capital stock associations are governed by chapter ~~300~~ 302A, except to the extent the provisions of this chapter conflict with the provisions of chapter ~~300~~ 302A, in which case the provisions of this chapter govern.

Sec. 8. Minnesota Statutes 2004, section 51A.131, is amended to read:

51A.131 DIRECTORS OF CAPITAL STOCK ASSOCIATIONS.

The duties and qualifications required of directors of capital stock associations are governed by chapter ~~300~~ 302A.

Sec. 9. Minnesota Statutes 2004, section 51A.17, is amended to read:

51A.17 INDEMNIFICATION OF OFFICERS, DIRECTORS AND EMPLOYEES.

The indemnification of officers, directors, and employees of associations is governed by section ~~300.083~~ 302A.521.

Sec. 10. Minnesota Statutes 2004, section 51A.21, subdivision 1, is amended to read:

Subdivision 1. **GENERALLY.** Every association incorporated pursuant to or operating under the provisions of sections 51A.01 to 51A.57 shall have all the powers enumerated, authorized, and permitted by sections 51A.01 to 51A.57 and such other rights, privileges, and powers as may be incidental to or reasonably necessary or appropriate for the accomplishment of the objects and purposes of the association, and in addition shall have those powers possessed by corporations organized under chapter ~~300~~ 302A. Among others, and except as otherwise limited by the provisions of sections 51A.01 to 51A.57, every association shall have the powers set forth in this section.

Sec. 11. Minnesota Statutes 2004, section 61A.35, is amended to read:

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61A.35 VOTING RIGHTS.

Unless otherwise provided in the certificate of incorporation or an amendment thereto adopted as provided by section ~~300.45~~ 60A.07, subdivision 1d, or 61A.36, each stockholder of a stock and mutual life insurance company shall, at all meetings, be entitled to one vote for each share of stock held and, except as otherwise provided by law, each holder of a policy entitled to participate in profits or savings shall be a member and, as such, shall be entitled to the number of votes to which that person would be entitled in a mutual company.

Sec. 12. Minnesota Statutes 2004, section 61A.36, is amended to read:

61A.36 CONVERSION OF EXISTING COMPANIES; AMENDMENT OF CERTIFICATES OF INCORPORATION.

Any existing stock or mutual insurance company authorized to do the kinds of business referred to in section 61A.33 may amend its certificate of incorporation so as to become a stock and mutual company; provided, that no such amendment shall deprive any stockholder or member or policyholder of the right, at any and all meetings of stockholders and members or policyholders held thereafter, to cast as many votes for directors as are provided by the certificate of incorporation in force at the time of the adoption of such amendment, or by the law in force at such time. No such amendment shall be construed to change the identity of the corporation and it shall thereafter continue to be governed by the laws applicable thereto at the time of such amendment and as amended hereafter and not inconsistent with sections 61A.33 to 61A.36, as well as those relating to the added characteristic of capital stock or mutuality which it shall have acquired by such amendment.

The certificate of incorporation of a stock and mutual life insurance company may be amended in any respect therein provided by section ~~300.45~~ 60A.07, subdivision 1d, in the manner therein provided. The certificate of incorporation of a stock and mutual life insurance company may also be amended in respect to any matter which an original certificate of incorporation of a stock and mutual life insurance company might lawfully have contained, or so as to vest in its board of directors authority to make and alter bylaws subject to the power of the stockholders and members to change or repeal such bylaws, by the affirmative vote, at a regular meeting of stockholders and members or at a special meeting of stockholders and members called for that expressly stated purpose by the board of directors which shall first have proposed the amendment and declared it to be advisable, of (1) a majority of the total number of votes to which all stockholders are entitled, and (2) at least one-fifth of the total number of votes to which all participating policyholder members are entitled, provided the proposed amendment does not receive the negative vote of more than five percent of the total number of votes to which all participating policyholder members are entitled. The certificate of incorporation of a stock and mutual life insurance company may also be amended so as to increase or decrease its capital stock, or so as to change the number and par value of the shares of its capital stock, or so as to limit or deny to stockholders the preemptive right to subscribe to any or all shares of stock which may be authorized to be thereafter issued, by a majority vote of all its shares but without the vote of its members, at a

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regular meeting or at a special meeting of stockholders called for that expressly stated purpose by the board of directors which shall first have proposed the amendment and declared it to be advisable and not adverse to or in conflict with the rights and interests of the members, provided that if the proposed amendment is to increase or decrease the capital stock or to change the number of the shares of the capital stock, the resolution specifying the proposed amendment and the certificate of amendment shall expressly provide (1) that the stockholders holding all its shares shall, at all meetings, be entitled to the same number of total votes after the amendment is adopted as they were entitled to before the amendment, and (2) that each stockholder shall, at all meetings, be entitled to a fraction of one vote for each share of stock held, the numerator of which fraction shall be the number of shares outstanding before the first such amendment is adopted and the denominator of which fraction shall be the number of shares outstanding. The resolution specifying the amendment shall 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 for the execution, approval, filing, recording, and publishing of an original certificate of incorporation.

Sec. 13. Minnesota Statutes 2004, section 61B.31, is amended to read:

61B.31 INDEMNIFICATION.

The association has authority to indemnify certain persons against certain expenses and liabilities as provided in section ~~300.083~~ 302A.521, including the power to purchase and maintain insurance on behalf of these persons as provided by section ~~300.083~~ 302A.521, subdivision 7. In applying section ~~300.083~~ 302A.521 for this purpose, the term "member insurers" shall be substituted for the terms "shareholders" and "stockholders" and the term "association" shall be substituted for the term "corporation."

Sec. 14. Minnesota Statutes 2004, section 67A.06, is amended to read:

67A.06 POWERS OF CORPORATION.

Every corporation formed under the provisions of sections 67A.01 to 67A.26, shall have power:

- (1) to have succession by its corporate name for the time stated in its certificate of incorporation;
- (2) to sue and be sued in any court;
- (3) to have and use a common seal and alter the same at pleasure;
- (4) to acquire, by purchase or otherwise, and to hold, enjoy, improve, lease, encumber, and convey all real and personal property necessary for the purpose of its organization, subject to such limitations as may be imposed by law or by its articles of incorporation;
- (5) to elect or appoint in such manner as it may determine all necessary or proper officers, agents, boards, and committees, fix their compensation, and define their powers and duties;

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(6) to make and amend consistently with law bylaws providing for the management of its property and the regulation and government of its affairs;

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

(8) to indemnify certain persons against expenses and liabilities as provided in section ~~300.083~~ 302A.521. In applying section ~~300.083~~ 302A.521 for this purpose, the term "members" shall be substituted for the terms "shareholders" and "stockholders."

Sec. 15. Minnesota Statutes 2004, section 67A.40, subdivision 3, is amended to read:

Subd. 3. **CORPORATE POWERS.** In addition to the powers conferred by sections 67A.40 to 67A.44, every such association shall have the power to reinsure any part or all of any risk or risks assumed by it, and every such association shall have the corporate powers which are granted to corporations under the general corporation laws of this state. Any such association having a surplus of at least \$300,000 may, at any regular meeting or at a special meeting called for that purpose, transform itself into a mutual insurance company by amending its articles of incorporation to provide for the doing of one or more of the kinds of business specified in section 60A.06, subdivision 1, clauses (1) to (14). Such transformed company shall be subject to the general corporation laws contained in chapter ~~300~~ 302A, and subject to the conditions and restrictions as to the kinds of insurance which may be combined by a like stock insurance company and to all restrictions contained in the laws of this state with reference to general mutual insurance companies transacting the same kinds of business. The bylaws may also provide for voting rights to be based on one vote for each policyholder, plus one vote for each \$100 of premium paid within 12 months prior to the meeting at which the votes are cast.

Sec. 16. Minnesota Statutes 2004, section 117.232, subdivision 1, is amended to read:

Subdivision 1. When acquisition of private property is accomplished by the state Department of Transportation by direct purchase the owner shall be entitled to reimbursement for appraisal fees, not to exceed a total of \$1,500. When acquisition of private property is accomplished by any other acquiring authority, the owner is entitled to reimbursement for appraisal fees, not to exceed \$1,500, if the owner is otherwise entitled to reimbursement under sections 117.50 to 117.56. The purchaser in all instances shall inform the owner of the right, if any, to reimbursement for appraisal fees reasonably incurred, in an amount not to exceed \$1,500, together with relocation costs, moving costs and any other related expenses to which an owner is entitled by sections 117.50 to 117.56. This subdivision does not apply to acquisition for utility purposes made by a public service corporation organized pursuant to section ~~300.03~~ 301B.01 or electric cooperative associations organized pursuant to chapter 308A.

Sec. 17. Minnesota Statutes 2004, section 161.433, subdivision 3, is amended to read:

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Subd. 3. **APPLICATION TO CERTAIN PROVISIONS.** Laws 1967, chapter 214 shall not apply to or affect the rights and privileges referred to in sections 161.45; and 222.37; and 300.03.

Sec. 18. Minnesota Statutes 2004, section 181.970, subdivision 2, is amended to read:

Subd. 2. **EXCEPTION.** Subdivision 1 does not apply to:

- (1) employees of the state or a municipality governed by section 3.736 or 466.07;
- (2) employees who are subject to a contract or other agreement governing indemnification rights;
- (3) employees and employers who are governed by indemnification provisions under section ~~300.083~~; 302A.521, 317A.521, or 322B.699, or similar laws of this state or another state specifically governing indemnification of employees of business or nonprofit corporations, limited liability companies, or other legal entities; or
- (4) indemnification rights for a particular liability specifically governed by other law.

Sec. 19. Minnesota Statutes 2004, section 237.81, is amended to read:

237.81 SCOPE.

To the extent they regulate telecommunications right-of-way users, sections 237.04; 237.16, subdivision 1; 237.162; 237.163; and 237.74, subdivision 5, supersede sections section 222.37, 300.03, and 300.04, and any ordinance, regulation, or rule to the contrary.

Sec. 20. Minnesota Statutes 2004, section 301.75, is amended to read:

301.75 ADDITIONAL POWERS.

In addition to the powers enumerated in section 300.08, subdivision 1, Subdivision 1. GENERAL POWERS. (a) A corporation formed under the provisions of this chapter may:

- (1) be known by its corporate name for the time stated in its certificate of incorporation;
- (2) sue and be sued in any court;
- (3) have, use, and alter a common seal;
- (4) acquire, by purchase or otherwise, and hold, enjoy, improve, lease, encumber, and convey all real and personal property necessary for the purposes of its organization, subject to the limitations hereafter declared;
- (5) elect or appoint in any manner it determines all necessary or proper officers, agents, boards, and committees, to fix their compensation, and to define their powers and duties;

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(6) make and amend consistently with law bylaws providing for the management of its property and the regulation and government of its affairs; and

(7) wind up and liquidate its business in the manner provided by law.

(b) A corporation formed under this chapter shall indemnify those persons identified in section 302A.521 against certain expenses and liabilities only as provided in section 302A.521 and may indemnify other persons.

Subd. 2. ADDITIONAL POWERS. In addition to the powers in subdivision 1, the corporation may:

(a) Borrow money and otherwise incur indebtedness for any of the purposes of the corporation; to issue its bonds, debentures, notes or other evidences of indebtedness, whether secured or unsecured, therefore and to secure the same by mortgage, pledge, deed or trust or other lien on its property, franchises, rights and privileges of every kind and nature or any part thereof.

(b) Lend money to, and to guarantee, endorse, or act as surety on the bonds, notes, contracts or other obligations of, or otherwise assist financially, any person, firm, corporation or association, and to establish and regulate the terms and conditions with respect to any such loans or financial assistance and the charges for interest and service connected therewith.

(c) Purchase, receive, hold, lease, or otherwise acquire, and to sell, convey, mortgage, lease, pledge, or otherwise dispose of, upon such terms and conditions as the board of directors may deem advisable, real and personal property, together with such rights and privileges as may be incidental and appurtenant thereto and the use thereof, including, but not restricted to, any real or personal property acquired by the corporation from time to time in the satisfaction of debts or enforcement of obligations.

(d) Acquire, by purchase or otherwise, the good will, business, rights, real and personal property and other assets, or any part thereof, of such persons, firms, corporations, joint stock companies, associations or trusts as may be in furtherance of the corporate purposes provided herein, and to assume, undertake, guarantee or pay the obligations, debts and liabilities of any such person, firm, corporation, joint stock company, association or trust; to acquire improved or unimproved real estate for the purpose of constructing industrial plants or other business establishments thereon or for the purpose of disposing of such real estate to others for the construction of industrial plants or other business establishments, and, in furtherance of the corporate purposes provided herein, to acquire, construct or reconstruct, alter, repair, maintain, operate, sell, lease, or otherwise dispose of industrial plants or business establishments.

(e) Acquire, subscribe for, own, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of the stock, shares, bonds, debentures, notes or other securities and evidences of interest in, or indebtedness of, any person, firm, corporation, joint stock company, association or trust, and, while the owner or holder thereof, to exercise all the rights, powers and privileges of ownership, including the right to vote thereon.

(f) Cooperate with and avail itself of the facilities of the commissioner of employment and economic development and any similar governmental agencies; and

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to cooperate with and assist, and otherwise encourage, local organizations in the various communities of the state the purpose of which shall be the promotion, assistance, and development of the business prosperity and economic welfare of such communities and of this state.

Sec. 21. Minnesota Statutes 2004, section 303.02, subdivision 2, is amended to read:

Subd. 2. **CORPORATION.** In addition to the meaning set forth in section 300.02, subdivision 2, "Corporation" means a corporation formed for profit and includes a cooperative.

Sec. 22. Minnesota Statutes 2004, section 317A.021, subdivision 9, is amended to read:

Subd. 9. **APPLICABILITY OF OTHER LAWS.** (a) Except as provided in paragraphs (b) and (e), Chapters 300, 316, 317, and 556 do not apply to corporations.

(b) Sections 300.60, 300.61, and 300.63 apply to corporations.

(e) This subdivision does not affect the applicability of chapter 300 to a corporation that elected to reject Laws 1951, chapter 500, sections 1 to 25.

Sec. 23. Minnesota Statutes 2004, section 322B.02, is amended to read:

322B.02 LAWS NOT TO APPLY.

Sections 222.19, 222.23, 300.01, 300.02, 300.06 to 300.09, 300.12 to 300.68, and chapters 301, 316, and 556 do not apply to a limited liability company organized under this chapter.

Sec. 24. Minnesota Statutes 2004, section 398A.04, subdivision 6, is amended to read:

Subd. 6. **INSURANCE AND INDEMNITY.** (a) The authority shall be subject to tort liability to the extent provided in chapter 466 and may procure insurance against the liability, and may indemnify and purchase and maintain insurance on behalf of any of its commissioners, officers, employees, or agents, in connection with any threatened, pending, or completed action, suit, or proceeding, as provided in chapter 466, and to the same extent and in the same manner and with the same force and effect as provided in the case of a private corporation by section ~~300.083~~ 302A.521. It may also procure insurance against loss of or damage to property in the amounts, by reason of the risks, and from the insurers as it deems prudent.

(b) A railroad leasing its tracks and right-of-way to a railroad authority that is created under this chapter and affiliated with a railroad museum is subject to tort liability only to the extent provided for municipalities in chapter 466 as to any claims arising out of fare-paying passenger operations carried on by the railroad authority primarily for the purpose of promoting tourism on tracks and right-of-way leased from the railroad.

Sec. 25. Minnesota Statutes 2004, section 453.55, subdivision 11, is amended to read:

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Subd. 11. **LIABILITY; INDEMNIFICATION.** Neither the officials, the directors, nor the members of a municipal power agency nor any person executing bonds or notes shall be liable personally on the bonds or notes or be subject to any personal liability or accountability by reason of the issuance thereof. A municipal power agency shall have power to indemnify and to purchase and maintain insurance on behalf of any director, officer, employee, or agent of the municipal power agency, in connection with any threatened, pending, or completed action, suit, or proceeding, to the same extent and in the same manner and with the same force and effect as provided in the case of a private corporation under the provisions of section ~~300.083~~ 302A.521.

Sec. 26. Minnesota Statutes 2004, section 453A.05, subdivision 11, is amended to read:

Subd. 11. **LIABILITY, INDEMNIFICATION.** Neither the officials, the directors, nor the members of a municipal gas agency nor any person executing bonds or notes shall be liable personally on the bonds or notes or be subject to any personal liability or accountability by reason of the issuance thereof. A municipal gas agency shall have power to indemnify and to purchase and maintain insurance on behalf of any director, officer, employee, or agent of the municipal gas agency, in connection with any threatened, pending, or completed action, suit, or proceeding, to the same extent and in the same manner and with the same force and effect as provided in the case of a private corporation under the provisions of section ~~300.083~~ 302A.521.

ARTICLE 4

MISCELLANEOUS

Section 1. **REPEALER.**

(a) Minnesota Statutes 2004, sections 300.01; 300.02; 300.025; 300.05; 300.06; 300.08; 300.081; 300.083; 300.09; 300.12; 300.13; 300.131; 300.14; 300.16; 300.17; 300.18; 300.19; 300.20; 300.21; 300.22; 300.23; 300.24; 300.25; 300.26; 300.27; 300.28; 300.29; 300.30; 300.31; 300.32; 300.33; 300.34; 300.35; 300.36; 300.37; 300.38; 300.39; 300.40; 300.41; 300.42; 300.43; 300.44; 300.45; 300.451; 300.46; 300.49; 300.51; 300.52; 300.53; 300.54; 300.55; 300.57; 300.58; 300.59; 300.60; 300.61; 300.62; and 300.63, are repealed.

(b) Minnesota Statutes 2004, section 48.056, subdivision 3, is repealed.

Sec. 2. **EFFECTIVE DATE.**

This act is effective August 1, 2006.

Presented to the governor May 19, 2005

Signed by the governor May 23, 2005, 12:00 p.m.

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