

# REVISED LAWS

# MINNESOTA

## 1905

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CHAPTER 19

INSURANCE

INSURANCE COMMISSIONER

1592. Appointment—Term, salary, bond—The governor, by and with the advice and consent of the senate, shall appoint an insurance commissioner, for the term of two years from the first Monday in January of the year of his appointment and until his successor qualifies. Vacancies shall be filled by like appointment for the unexpired term. He shall give bond to the state in the sum of twenty-five thousand dollars, to be approved by the state treasurer; conditioned for the faithful discharge of his official duties, and shall receive in full compensation for his services a salary of twenty-five hundred dollars per year, payable monthly by the state. ('95 c. 175 s. 4)

See 1905 c. 229 s. 1

1593. General duties—Deputy—Clerks, etc.—Salaries—Standing appropriation—The commissioner shall have general supervision of the business of insurance within the state, and shall see that the laws relating to the conduct thereof are enforced and obeyed. He may appoint a deputy commissioner to assist him in his duty, who shall receive an annual salary of two thousand dollars, and who in the absence or disability of the insurance commissioner shall perform his duties; an actuary, who shall receive an annual salary of two thousand dollars; a chief clerk who shall receive an annual salary of fifteen hundred dollars; a bookkeeper and cashier who shall receive an annual salary of twelve hundred dollars; one stenographer at an annual salary of nine hundred dollars; and two clerks at an annual salary of nine hundred dollars each, and such additional clerks and assistants as the public business in his charge may require, and as provided by law. All salaries hereunder shall be paid in monthly instalments. The insurance commissioner may also, whenever he deems it necessary, employ a competent person to make an examination of the affairs of any insurance company, admitted or applying to be admitted to do business under the laws of this state, or to make valuations of the outstanding policies of any life insurance company authorized to insure lives in this state, as hereinafter provided. There is annually appropriated the amount required to pay the salaries named in this section and § 1592, besides a contingent fund of eight hundred dollars. ('95 c. 175 s. 5; '03 c. 285 s. 2 subd. 38)

See 1905 cc. 235, 229 ss. 2, 3

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GENERAL PROVISIONS

1594. Definitions—In this subdivision, unless the context otherwise requires, "company" or "insurance company" shall include every corporation or association engaged in insurance as principal. "Domestic" shall designate those incorporated in this state, and "foreign," when used without limitation, those in any other state or country. "Beneficiary association" shall mean a corporation, society, or voluntary association organized and carried on for the sole benefit of its members and their families, relatives or dependents, but not for profit, and insure the lives of its members only upon the whole life assessment plan, so called, and in which organization admission to membership, by a vote of the members or some governing body thereof, is a prerequisite to being entitled to such relief or policy of insurance and which association sells neither endowments nor annuities. "Fraternal beneficiary association" shall mean a corporation, society, or voluntary association organized and carried on for the sole benefit of the members and their beneficiaries, but not for profit, and having a lodge system and ritualistic form of work and representative form of government. "Net assets" shall mean that portion of the excess of the entire assets of an insurance company over its entire

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102-M - 15  
112-NW 1050

liabilities, exclusive of capital and inclusive of policy liability, available for the payment of its obligations, including capital stock in this state, and including as assets, in case of a mutual company, its deposit notes or other contingent funds, and the contingent liability of its policyholders, and, in case of a mutual marine or fire and marine company, its subscription funds and premium notes already absolutely due and uncollected, and deferred premiums not more than three months overdue on policies actually in force. "Unearned premiums," "insurance reserve," "net value policies," and "premium reserve" shall severally refer to the liability of an insurance company upon its insurance contracts, other than accrued claims, computed by rules of valuation hereinafter established. "Profits" of a mutual insurance company shall mean that portion of its cash earnings not required for payment of losses and expenses, nor set apart for any lawful purpose; and "commissioner" shall mean insurance commissioner. ('95 c. 175 s. 1; '01 c. 166 s. 1; '03 c. 276 s. 1, c. 296)

Statute applicable to copartnerships and individuals (88-20, 92+472).

1596  
111-NW 396

**1595. Application of provisions**—Every company, domestic or foreign, shall file with the commissioner its acceptance of the provisions hereof, and, by such changes, if any, as may be necessary, conform its charter or certificate of incorporation thereto, so far as same relate to such a company; and it and every company hereafter organized shall obtain from the commissioner his certificate that such charter or certificate of incorporation, and all proceedings thereunder, comply with law, which he shall indorse thereon when approved, and thereupon each shall be governed by such provisions and those relative to corporations in general, so far as applicable and not otherwise specially provided. (3193; '95 c. 175 ss. 2, 21, 22; '01 cc. 81, 143)

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100-M - 495

**1596. Insurance defined—Unlawful contracts—Contracts deemed made in this state**—Insurance within the meaning of this chapter is any agreement whereby one party, for a consideration, undertakes to indemnify another to a specified amount against loss or damage from specified causes, or to do some act of value to the assured in case of such loss or damage. It shall be unlawful for any insurance company or its agent to solicit or make any contract of insurance not authorized by the provisions of this chapter. All contracts of insurance on property, lives or interests in this state, shall be deemed to be made in this state. ('95 c. 175 s. 3)

Insurance defined (48-110, 111, 50+1028; 88-20, 21, 92+472). Unlawful contract. Conflict of laws (66-205, 68+1065. See 67-245, 250, 69+916).

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111-NW 396

**1597. Classification and purposes**—Insurance corporations shall be authorized to transact in any state or territory in the United States, and in the Dominion of Canada, any of the following kinds of business, upon either the stock or mutual plan, when specified in their charters or certificates:

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1. To insure against loss or damage to property on land by fire, lightning, hail, or tempest, or any or all of them.

2. To insure vessels, freight, goods, money, effects, and money lent on bottomry or respondentia against the perils of the sea and other perils usually insured against by marine insurance, including risks of inland navigation and transportation.

3. To insure property of the assured, or life, person, or property of another for which the assured is liable, against loss or damage caused by the explosion of steam boilers.

4. To make contracts of life or endowment insurance, and grant, purchase, or dispose of annuities or endowments of any kind; but not including authority to any corporation transacting the business of life insurance in this state to take any other kinds of risks except those connected with or appertaining to insurance on life, or against accidents to or sickness of persons, and the granting, purchasing, and disposing of annuities and endowments.

5. To insure against loss or damage by the sickness, bodily injury, or death by accident of the assured, or of any other person for whom the assured is responsible.

6. To guarantee the fidelity of persons in fiduciary positions, public or

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private, or to act as surety on official and other bonds, and for the performance of official or other obligations.

7. To insure owners and others interested in real estate against loss or damage by reason of defective titles, incumbrances, or otherwise.

8. To insure against loss or damage by breakage of plate glass, located or in transit.

9. To insure against loss or damage by burglary or theft, or attempt thereof, or loss of money or securities in course of transportation.

10. To insure against loss or damage by water, caused by accidental breakage of automatic sprinkler heads.

11. To insure against loss or damage by death of live stock.

12. To guarantee merchants and those engaged in business, and giving credit, from loss by reason of giving credit to those dealing with them; this shall be known as credit insurance.

The capital stock of every such corporation shall be not less than one hundred thousand dollars, except that of one of subdivision 9 when organized solely to insure bicycles against loss by theft, which shall be not less than twenty-five thousand dollars. But any company having an actual paid-up capital of not less than the aggregate capital required of two companies transacting the business specified in subdivisions 1 and 2, respectively, or that specified in subdivisions 4 and 5, respectively, by so providing in its certificate of incorporation or amendment thereto, may combine the business of the two first mentioned or of the two last mentioned, and transact the same as one corporation; and any corporation having an actual paid-up capital and surplus of at least three hundred thousand dollars, and authorized to transact business other than the kinds specified in subdivisions 1, 2 and 4, respectively, may also engage in any and all other kinds of insurance except those last above specified. The certificate of incorporation, in addition to the general requirements, shall specify the territory in which it may do business, and except in stock corporations, the qualifications of members, the method of providing corporate funds, and the classes of property which it may insure. ('95 c. 175 s. 27; '01 c. 143; '02 c. 8)

Subd. 2 (90-383, 386, 97+110). See 1905 c. 118

**PUBLIC SUPERVISION**

**1598. Examination of domestic and foreign companies**—Before granting a certificate of authority to any company, the commissioner shall examine its certificate of incorporation, and also satisfy himself that it is otherwise duly qualified to transact business. At least once in every two years, personally or by deputy, he shall visit each domestic company, and carefully examine its affairs, and ascertain its financial condition and ability to fulfil its obligations, and whether it has complied with all provisions of law. He shall also make such examination at any other time on request of any stockholder, creditor, policyholder, or other person pecuniarily interested therein, who shall make affidavit that he believes that such company is in an unsound condition, or has violated, or is about to violate, some provision of law to the prejudice of the rights of the policyholders, and specifying the grounds for such belief. He may also examine the affairs of any foreign company doing business in this state or applying for a certificate authorizing it so to do. The commissioner, or person making the examination by his direction, shall have free access to all books and papers of any company, and of any of its agents relating to its business, and may summon and examine under oath its directors, officers, agents, trustees, or other persons in relation to its affairs and condition. ('95 c. 175 s. 6)

See 1905 c. 229 ss. 4, 5

**1599. Suspension of authority—Agent for unauthorized company**—If the commissioner is of the opinion, upon examination or other evidence, that a foreign insurance company is in an unsound condition, or if a life insurance company, that its actual funds are less than its liabilities, or that it is insolvent; or if a foreign insurance company has failed to comply with the law, or if it, its officers or agents, refuse to submit to examination, or to

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perform any legal obligation in relation thereto, he shall revoke or suspend all certificates of authority granted to it or its agents, and shall cause notification thereof to be published in a newspaper authorized by this chapter to publish annual statements of insurance companies, and no new business shall thereafter be done by it or its agents in this state while such default or disability continues, nor until its authority to do business is restored by the commissioner: Provided, however, that unless the ground for revocation or suspension relates only to the financial condition or soundness of the company or to a deficiency in its assets, he shall notify the company not less than ten days before revoking its authority to do business in this state; and he shall specify in the notice the particulars of the supposed violation. The district court of any county, upon petition of said company, brought within the ten days aforesaid, shall summarily hear and determine the question whether such violation has been committed, and shall make any proper order or decree therein, and enforce the same by any appropriate process. If the order or decree is adverse to the petitioning company, an appeal therefrom may be taken to the supreme court; and in the case of such appeal the commissioner may issue his order revoking the right of said petitioning company to do business in this state until the final determination of the question by the supreme court aforesaid. Neither this act nor any proceedings thereunder shall affect any criminal prosecution or proceeding for the enforcement of any fine, penalty or forfeiture. If, upon examination, he is of the opinion that any domestic insurance company is insolvent, or has exceeded its powers or has failed to comply with any provisions of law, or that its condition is such as to render its further proceedings hazardous to the public or to its policyholders, he shall apply to a judge of any district court to issue an injunction restraining it in whole or in part from further proceeding with its business. Such judge may, in his discretion, issue the injunction forthwith or upon notice and hearing thereon, and after a full hearing of the matter may dissolve or modify such injunction or make it perpetual, and make all orders and decrees needful in the premises, and may appoint agents or receivers to take possession of the property and effects of the company, and to settle its affairs, subject to such rules and orders as the court may from time to time prescribe, according to the course of proceedings in equity. Service of process in such proceedings shall be sufficient if made upon any person authorized by such company to write policies or accept premiums. In case any agent shall directly or indirectly make any contract of or for insurance, for or in behalf of any company not authorized to do business in this state, save as herein otherwise expressly provided, such agent shall be personally liable thereon. ('95 c. 175 s. 7)

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**1600. Notice to restore capital**—Whenever it appears that the capital of any company is impaired to the extent of one-fourth or more, on the basis in this chapter provided, the commissioner shall notify it to repair the same by assessment, and if, within three months after such notice, it shall not satisfy him that it has done so, or reduced it as hereinafter provided, he shall proceed against it as required in § 1599. ('95 c. 175 s. 8)

**1601. Notice to cease business**—If the actual funds of a domestic life company are not of a net cash value equal to its liabilities, including the net value of its policies, computed by the rule of valuation hereinafter established, the commissioner shall notify it thereof, and thereafter neither such company nor any of its agents shall issue any new policies until he is satisfied that its funds equal its liabilities, and shall have so notified it. ('95 c. 175 s. 9)

**1602. To report violations**—Whenever, upon examination or other evidence or information, it appears to him that any company, or any officer or agent thereof, has violated any provision of this subdivision, he shall report the facts to the governor, who shall cause proper proceedings to be taken in the premises. ('95 c. 175 s. 10)

**1603. Unsatisfied judgment**—Whenever a judgment has been rendered by any court in this state against any company holding the commissioner's certificate, and an execution issued thereon has been returned unsatisfied in

whole or in part, and a certified transcript of the docket entry and the clerk's certificate of those facts is filed with the commissioner, he shall forthwith revoke its certificate and give one week's published notice thereof. No new certificate shall issue until such judgment has been fully satisfied and proof thereof filed with him, and the expenses and fees incurred are paid. During such revocation neither such company, nor any of its officers or agents, shall issue any new policy, take any risk, or transact any business, except such as is absolutely necessary in closing up its affairs in this state. ('95 c. 175 s. 95)

**1604. Computation of net value**—The commissioner shall compute, yearly, the net value on the last day of the preceding year of all outstanding policies in every company authorized to insure lives in this state, calculated upon the basis of the American experience table of mortality, with interest at not exceeding four per cent. per annum. Such net value shall be deemed its liability on account of its unaccrued policy obligations, to provide for which it shall hold funds in authorized investments, approved by the commissioner, to an amount equal to such net value above and free from all other liabilities. In computing such net value, assessment policies, or certificates of any assessment company reincorporated to transact life insurance business, shall be valued as one-year term policies. In every case in which the actual premium charged is less than the net premium computed as aforesaid, the company shall also be charged with the value of an annuity, the amount of which shall equal the difference, and the term of which in years shall equal the number of future annual payments due on the insurance at the date of the valuation. ('95 c. 175 s. 11; '01 c. 143)

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**1605. Valuation in other state**—The commissioner may accept the valuation made by the insurance commissioner of the state under whose authority a life company was organized, whenever such valuation has been made on sound and recognized principles and on the legal basis provided in § 1604, or its equivalent, when furnished with a certificate of such commissioner setting forth such value on the last day of the preceding year. Every such life company which fails to promptly furnish such certificate shall on demand furnish such commissioner detailed lists of all its policies and securities, and shall be liable for all charges and expenses resulting therefrom. ('95 c. 175 s. 11; '01 c. 143)

**1606. Fees for examination—Valuation, etc.**—In case of an examination as provided for in § 1598, the company so examined shall pay all proper charges of such examination. In the case of a valuation of its policies as provided for in § 1604, the company, the outstanding policies of which are so valued, shall also pay all proper charges of such valuation. When any such examination or valuation is made by a person connected with said insurance department, and receiving a salary from the state, the proper charges so to be paid by the company shall be ten dollars per day for each and every day necessarily occupied by such person in making such examination or valuation. The company shall pay said charges to the insurance department, and it shall account for the same and turn them into the state treasury. But the state shall pay therefrom on proper vouchers all expenses necessarily incurred by said department in making such examinations or valuations. When the person employed to make such examination or valuation is not a salaried employee of said department, the proper charges therefor shall be his reasonable compensation and expenses. The amount thereof shall be determined by the insurance commissioner with the approval of the governor, and a duplicate receipt therefor shall be filed in the office of the insurance commissioner and entered upon the books of said department. ('95 c. 175 s. 69)

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**1607. Reserve for reinsurance**—To determine the policy liability of any company, other than life or title insurance, and the amount such company shall hold as reserve for reinsurance, the commissioner shall take fifty per cent. of the aggregate premiums, or the actual unearned portion thereof, except upon inland and marine risks, which he shall compute by charging sixty per cent. of the amount of premiums written in its policies upon yearly risks and upon risks covering more than one passage not terminated, and the

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full amount of premiums written in policies upon all other inland and marine risks not terminated. In case of any fire and marine company with less than two hundred thousand dollars capital, admitted to transact in this state fire business only, the full amount of premiums written in its marine and inland navigation and transportation policies shall be charged as liability. ('95 c. 175 s. 11; '01 c. 143)

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**1608. What assets admissible**—In valuing the assets which compose the legal reserve of a life company, its real estate, stocks, and bonds shall be so rated that the average annual income thereof shall not be less than three per cent., and if any asset produces less it shall be rated at its value upon a three per cent. basis. Loans and credits shall not be allowed for more than their face value, nor shall any asset be appraised for more than its market value. Only such assets shall be allowed as are available for payment of losses in this state; but any deposit or fund set apart as security for a particular liability may be set off to an amount not exceeding such liability. The amount of any interest bearing lien against any policy or loan thereon, not exceeding the net value or premium reserve of such policy, computed under the provisions of this chapter, may likewise be allowed against liability thereunder. Stockholders' obligations of any description shall not be rated as part of the assets of any company, unless secured by sufficient approved collateral. ('95 c. 175 s. 11; '01 c. 143)

**1609. Increase or decrease of capital**—Upon application, the commissioner shall examine the proceedings of any domestic company to increase or reduce its capital stock, and when found conformable to law shall revoke the old and issue a new certificate of authority to such company to transact business upon such increased or reduced capital. ('95 c. 175 s. 12)

**1610. Accounts of assignees, etc.**—The commissioner or his deputy, annually, or oftener when deemed necessary, shall examine the transactions and accounts of all assignees and receivers of insolvent companies; and also the accounts of such assignees or receivers referred to him under the provisions of this chapter, and in each case shall make report thereof to the court. For this purpose, he or his deputy shall have free access to the official papers of such assignees or receivers relative to their transactions, and may examine them under oath as to all matters connected therewith. Whenever in his opinion any assignee or receiver has violated his official duty, or further proceedings to collect an assessment will not afford substantial relief to creditors, he shall report the facts to the court. ('95 c. 175 s. 13)

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**1611. Fees**—Domestic and foreign companies shall pay to the commissioner fees as follows:

1. Domestic companies: For filing certificates of incorporation and accompanying documents, twenty dollars.

For filing annual statement, ten dollars.

For each certificate, including certified copy of authority, renewal, valuation of life policies, corporate condition, or qualification, one dollar.

2. Foreign companies: For filing certificate, copy of charter, or certificate of incorporation and by-laws, thirty dollars.

For filing statement of its financial condition, twenty dollars.

Each agent's certificate of authority, one dollar.

Receiving and filing each annual statement, twenty dollars.

3. For each copy of paper on file in his office, twenty cents per folio and one dollar for certifying the same.

4. For license to procure fire insurance in unadmitted foreign company, ten dollars.

5. Township mutual companies: For filing articles of incorporation, two dollars.

For filing each annual statement, one dollar.

For issuing certificate of authority and each annual renewal thereof, one dollar.

6. Brokers: For each certificate of authority to act as an insurance broker, ten dollars.

All the foregoing fees shall be paid in the first instance to the insurance commissioner, and by him shall be accounted for and turned into the state treasury. ('95 c. 175 ss. 15, 77; '99 c. 234 s. 3; '97 c. 164 s. 11; '03 c. 271 ss. 19, 21)

See 1905 c. 229 s. 6

**1612. Report to governor**—The annual report of the commissioner shall include a statement of the receipts and expenditures of his department, a statement of the financial condition and business transactions of the several insurance companies doing business in the state, as disclosed by official examinations and by their annual statements, abstracts of such statements, the valuation of life policies, the condition of the receiverships of insolvent companies, and such other information as he thinks proper. ('95 c. 175 s. 16)

**1613. Deposits of securities**—He shall receive and hold in official trust deposits made by any domestic company in compliance with the laws of any other state, to enable it to do business in such state, and in like manner hold deposits made by a foreign company under any law of this state. The company making such deposit shall be entitled to the income thereof, and from time to time, with his consent, when not inconsistent with the law under which it was made, may exchange, in whole or in part, the securities composing such deposit for other approved securities of equal value. Upon application by any such domestic company, he may return the whole or any portion of the securities so deposited by it, if satisfied that they are subject to no liability. Upon like application, he may return to a foreign company any deposit made by it whenever it appears that such company has ceased to do business in this state or the United States, and he is satisfied that it is not subject to any liability in this state, or upon the order of any court of competent jurisdiction. A foreign company which has made such deposit, its trustees, receiver, resident manager, or any creditor or policyholder thereof, may at any time institute in the district court of Ramsey county an action against the state and other proper parties to enforce or terminate the trust created by such deposit. The commissioner shall immediately notify the governor of such action, and furnish the necessary information to answer in behalf of the state, and shall carry out such order and decree as the court shall make therein. ('95 c. 175 s. 92)

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**PROVISIONS COMMON TO ALL COMPANIES**

**1614. Corporate name—Advertisements**—Every company, domestic or foreign, shall conduct its business, display all signs and advertisements, and issue all policies, circulars, and other documents and publications in this state in its own corporate name, and every foreign company shall state conspicuously upon a sign at each agency the state or country of its organization. Whenever a company publishes its assets, it shall in the same connection, and with equal conspicuousness, publish its liabilities, computed on the basis allowed for its annual statements; and any publication purporting to show its capital shall state only the amount thereof which has been actually paid in cash. ('95 c. 175 s. 17)

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**1615. Real estate**—The real estate acquired or held by any domestic company for the convenience and accommodation of its business shall not exceed in value twenty-five per cent. of its cash assets; nor shall any foreign company acquire or hold for like purposes real property in this state in greater proportion. All other real estate shall be disposed of within five years after title thereto is acquired, unless the company obtains a certificate from the commissioner that its interests will be materially prejudiced by such sale, and extending the time to a date named, and then within the time so specified. ('95 c. 175 s. 75)

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**1616. Policy to embrace conditions**—A statement in full of the conditions of insurance shall be incorporated in or attached to every policy, and neither the application of the insured nor the by-laws of the company shall be considered as a warranty or a part of the contract, except in so far as they are so incorporated or attached. ('95 c. 175 s. 52)

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105-M - 481

Conditions in application not in policy inoperative. Policy alone constitutes the

contract. Description of property in policy not limited by description in application (77-31, 79+588; 92-234, 236, 99+892).

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06 - 303  
07 - 321

**1617. Reinsurance—Report—Penalty**—If any company other than life shall, directly or indirectly, effect the reinsurance of any risk taken by it, or any part thereof, it shall make a sworn report thereof to the commissioner, at the time of filing its annual statement or at such other time as he may request; and such reinsurance, except that made in companies authorized to do business in this state, shall not reduce the taxes to be paid by such company. No fire company shall insure or reinsure in a single risk a larger sum than one-tenth of its net assets. Every company effecting any reinsurance in violation of the foregoing provision, and every agent effecting or negotiating the same, shall severally be guilty of a gross misdemeanor. ('95 c. 175 ss. 19, 105)

1618  
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07 - 243

**1618. Annual statement**—Every fire company shall transmit to the commissioner annually, on or before February 1, and every other company on or before February 15, unless for good cause shown the commissioner extends the time within which any such statement may be filed to March 1, upon blanks furnished by him, a verified statement of its entire business and condition during the preceding calendar year, including, in case of a fire company, the amount of premiums received in each municipality having an organized, or a partly paid, or a voluntary fire department, but limited in case of a foreign company, except one engaged in life insurance, to its business and condition in the United States. Such statement shall also contain, in a separate verified schedule, all details required by law for assessment for taxation. If approved by the commissioner, a summary of such statement, together with his certificate of approval, shall be published, and proof of publication filed with him before May 1 following, in default whereof he shall have such publication and proof made at the expense of the company. Thereupon he shall issue a renewal license for the succeeding year, beginning on said May 1. In the case of a domestic mutual company, such license shall not be effective until filed for record with the register of deeds, and shall contain a condition to that effect. No company or agent thereof shall transact any new business in this state after March 1 in any year unless it shall have previously transmitted such statement to the commissioner; but no fraternal beneficiary association, nor any social corporation paying only "sick benefits" not exceeding two hundred and fifty dollars in any one year, or "funeral benefits," or aiding those dependent on a member not more than three hundred and fifty dollars, nor any subordinate lodge or council which is, or whose members are, assessed for benefits which are payable by a grand body, shall be required to make such statement. (3245, 3274; '95 c. 175 ss. 74, 94; '97 c. 164 s. 8; '99 c. 357 s. 4; '03 c. 327)

See 1905 c. 248

Indictment for perjury in verifying statement (78-311, 81+3).

07 1619

**1619. Place of publication**—The publication required by § 1618 shall be made in the place of the company's home office, if within the state, otherwise in each of the two most populous counties of the state, and in all cases at least three times, and in a daily newspaper if there be one, and if not in a weekly having a general circulation in the county of its publication. ('03 c. 327)

1620  
104-M - 80  
116-NW 223

**1620. Agents and brokers—Certificate—Revocation**—Whosoever, not being the appointed agent or officer of the insuring company, for compensation acts for or in any manner aids another in effecting insurance or reinsurance, shall be deemed an insurance broker; but no person shall act as such except as hereinafter provided. The commissioner, upon payment of the prescribed fee, may issue to any person a license to act as an insurance broker for one year, unless revoked, to effect insurance and reinsurance with any authorized company. Whenever the holder of any such license is convicted of a violation of any of the provisions of the insurance law, or it appears to the commissioner upon due proof, after hearing, upon such notice as he may direct, that any such licensee has unreasonably failed to pay over to the company or

agent entitled thereto the whole or any part of any premium collected by him, the commissioner shall revoke his license, and give notice thereof in such manner as he deems will best protect the public. ('95 c. 175 s. 91)

94-86, 102+213.

**1621. Liability of officers**—No director or other officer of any company shall either officially or privately guarantee a policy holder thereof against an assessment to which he would otherwise be liable. Whenever the directors of any company fail for thirty days after entry of any judgment, or for six months after the accruing of any other indebtedness against it, to levy and deliver for collection any assessment required by law for payment thereof, or to apply the proceeds thereof in either case, each shall be personally liable for the amount thereof, and for all debts and claims then outstanding or which may accrue until such assessment shall be levied and put in process of collection. Whenever the treasurer unreasonably fails to collect and properly apply the proceeds of any such assessment he shall be personally liable, not exceeding the total assessment, to any person entitled thereto, and shall be repaid only out of funds thereafter collected thereon. ('95 c. 175 s. 45)

**1622. Compensation of person accepting risks**—No officer or other person employed to determine the character of a risk, and decide the question of its acceptance by any mutual fire company, other than a town or farmers' company, shall receive a commission or other payment therefrom, but his compensation shall be by fixed salary and such share, if any, of the net profits as the directors may determine; and such officer or person shall not be an employee of any other officer or agent of the company, nor interested in his business. ('99 c. 198)

**1623. Misrepresentation by applicant**—No oral or written misrepresentation made by the assured, or in his behalf, in the negotiation of insurance, shall be deemed material, or defeat or avoid the policy, or prevent its attaching, unless made with intent to deceive and defraud, or unless the matter misrepresented increases the risk of loss. ('95 c. 175 s. 20)

90-264, 95+1118; 77-474, 480, 80+630; 71-338, 73+849; 94-293, 102+715.

**1624. Receivers—Accounts—Deposit of records**—All accounts of receivers or assignees of insolvent companies rendered to the district court shall be referred to the commissioner, before allowance, for examination and report thereon, and at the completion of their duties they shall deposit with him all books, records, and papers relating to such insolvency. ('95 c. 175 s. 93)

**1625. Taxation—Salvage corps**—Every domestic and foreign company, except town and farmers' mutual insurance companies, shall pay to the state treasurer on or before March 1, annually, a sum equal to two per cent. of all premiums received by it in this state, or by its agents for it, in cash or otherwise (except deposit notes representing its dividends, and assessable premium notes of mutual fire insurance companies), during the preceding calendar year. In the case of every domestic company such sums shall be in lieu of all other taxes except those upon real property owned by it in this state, which shall be taxed the same as like property of individuals, and in the case of every foreign company such sums shall be in lieu of all other taxes, except those upon real and personal property owned by it in this state, which shall be taxed the same as like property of individuals, and except that, in addition thereto, every foreign fire company, doing business in any city wherein a salvage corps has been established pursuant to law, for which such company, or its agents for it, are not otherwise subject to taxation, shall at the same time pay to the treasurer of the duly authorized board of underwriters therein a tax equal to two per cent. of the gross amount of premiums received by it, or for it, in such city, which shall be used by such board for the equipment and maintenance of such corps. ('95 c. 175 ss. 84, 96)

	1625	
07	-	318
07	-	321
07	-	420

	1625	
104-M	-	179
116-NW	-	572

### CERTAIN MUTUAL COMPANIES

**1626. Membership—Meetings—Notice**—Every policyholder in a mutual fire, hail, tornado, cyclone and hurricane insurance company shall be a

member thereof while his policy is in force, and entitled to one vote for each policy he holds, and shall be notified of the time and place of holding its meetings, either personally or by imprint upon the back of every policy, receipt, and certificate of renewal, substantially as follows, viz.: "The beneficiary hereunder is hereby notified that he is a member of the..... Insurance Company, and that its annual meetings are held at its home office in the.....(town or city) of....., on the..... day of.....in each year, at.....o'clock, ....m." ('95 c. 175 s. 37)

90-9, 11, 95+579.

07 1627  
- 321

**1627. Premiums—Contingent liability**—Every mutual fire company shall charge and collect on each policy a premium, in cash or in notes absolutely payable. Every such company shall also provide in its by-laws, and specify in its policies, the maximum contingent mutual liability of its members for the payment of losses and expenses not provided for by its cash fund. Such contingent liability of a member shall not be less than a sum equal to, and in addition to, the cash premium written in his policy, nor more than a sum equal to three times the amount of such cash premium. The total amount of the liability of the policyholder shall be plainly and legibly stated upon each policy. Whenever any reduction shall be made in the contingent liability of members, such reduction shall apply proportionally to all policies in force. ('95 c. 175 s. 40)

87-392, 92+227; 90-9, 11, 95+579.

07 1628  
- 321

**1628. Requirements when note given**—Except as provided in § 1627, whenever a note or other written evidence of indebtedness is given for any premium due, or to become due, upon any insurance of property, except marine, the same shall be full payment therefor, and operate to continue the same in full force during the term thereof, whether paid at maturity or not, and any provision in a policy or other contract to the contrary shall be void. No note given for premiums, or deposit for assessment, or both, or for any part of either, shall be transferable, and every assignment thereof shall be subject to all existing defences. Nor shall any such note be valid, for any purpose, unless the words "Not transferable" are plainly and legibly written or printed across the face thereof. (3203; '02 c. 10)

**1629. Provisions as to policies lapsing**—Any mutual company insuring property may provide by its certificate or by-laws that upon failure by any member for sixty days after notification thereof to pay any premium or assessment made upon his policy such policy shall lapse and become void without notice or further act by or on behalf of the company. Such condition shall be plainly and legibly specified in each policy. Whereupon such company may recover the amount of earned premium or assessment, or both, but no more. Nothing herein contained shall prevent the reinstatement of such lapsed policy by voluntary acceptance of any delinquent assessment before suit. ('02 c. 10)

07 1630  
- 321

**1630. Assessments, when and how made**—Whenever the cash funds of any such company are insufficient for the payment of incurred losses and expenses above all its reinsurance reserve, it shall make an assessment for the amount required ratably upon its members liable thereto. The order for assessment shall be duly entered upon its records, with a statement of its condition at the date thereof, including all cash assets, deposit notes, and contingent amounts liable to such assessment, the amount of the assessment, and the particular losses or other liabilities for which it is made. Such record shall be signed by each director voting for the order before any part of the assessment is collected, and any person liable thereto may inspect and take a copy thereof. ('95 c. 175 s. 42)

07 1631  
- 321

**1631. Same**—Whenever, by reason of depreciation, loss, or otherwise, the net assets, after providing for other debts, are less than the required premium reserve upon policies, the deficiency shall be restored by assessment as above provided, notice of which shall be filed with the commissioner. Whenever

the board of directors, or the commissioner, shall be of opinion that the insolvency of any company is probable, such board, or, upon their failure so to do, the commissioner, may order two assessments made, the first to determine what each policyholder should equitably pay or receive in case of withdrawal from the company and cancelation of his policy; the second, such further sum as each should pay to reinsure the unexpired term at the same rate as the first insurance. The directors shall forthwith cause written notice and demand of payment to be served personally or by mail upon each policyholder subject thereto. After adjustment of the first assessment, every policy upon which the second assessment shall not be paid shall be canceled; but in no case shall there be credited upon a policy more than if canceled by the board of directors under the by-laws. If within two months after the last assessment is payable, the amount of the policies whose holders have paid the same is less than five hundred thousand dollars, all other policies shall be void, and the company shall continue only for the purpose of adjusting the deficiency or excess of premiums and settling outstanding claims. ('01 c. 166 s. 3)

### DOMESTIC COMPANIES

**1632. Deposits with commissioner**—No domestic company, except a fire, marine, or fire and marine, hail, farmers' mutual, town mutual, or real estate title insurance company, shall do any insurance business in this state unless it has on deposit with the insurance commissioner, as security for all its policyholders, approved securities to the amount of not less than one hundred thousand dollars: Provided, that in case of bicycle companies the insurance deposit may be ten thousand dollars. Such deposit shall be retained by the commissioner as long as any policies of such company remain in force. ('99 c. 234 s. 4)

See 1905 c. 181

Interest of policyholders and creditors in securities (78-214, 80+966; 79-486, 82+976; 65-283, 68+28). Transfer of securities held unauthorized (67-245, 69+916). Action by commissioner for receiver to administer trust fund of insolvent company. Intervention by stockholders denied (72-364, 75+596).

**1633. Management of company**—The secretary and the treasurer of every such company shall give bond, which shall be approved by resolution of the directors. All of its funds shall be invested in its corporate name, and no officer, director, or member of any committee passing on investments shall borrow any of such funds, or become directly or indirectly liable as a surety or indorser for or on account of loans thereof to others, or receive to his own use any fee, brokerage, commission, gift, or other consideration for, or on account of, any loan made by or on behalf of such company. All its policies shall be signed by the secretary, or, in his absence, by a secretary pro tem., and by its president or vice-president, or, in their absence, by two directors. Whenever it establishes any agency in a place other than that of its principal place of business, all signs, cards, pamphlets, or other printed matter issued shall designate such principal place. ('95 c. 175 s. 24; '01 c. 143 s. 1)

**1634. Agents and persons authorized to act**—Every such company shall file with the commissioner the name and residence of each person employed as its agent in this state. Such agent, or any officer of the company, or other person who is acting without compensation, may, without license or other qualification, act in its behalf in the negotiation of insurance. ('95 c. 175 s. 86)

### STOCK COMPANIES

**1635. Capital, when paid in—Funds, how invested**—The capital of every stock company shall be paid in full in cash within six months from the date of its certificate of incorporation, and thereupon a majority of the directors shall certify under oath to the commissioner that such payment in cash has been made by the stockholders for their respective shares, and is held as the capital of the company, and until then no policy shall be issued. Except as otherwise provided by law, the funds of every domestic company shall be invested in, or loaned upon, one or more of the following kinds of securities or property, and under the restrictions and conditions herein specified, viz.:

1632  
05 - 235

1633  
07 - 40  
07 - 162  
07 - 163

1635  
05 - 235  
07 - 162  
07 - 163

1. Bonds or treasury notes of the United States, national bank notes or stock, interest bearing bonds at market value of this or any other state, or of any city, town, or county in this or any other state, or of the Dominion of Canada or any province thereof, having legal authority to issue the same, at market value, subject in every case to the same limitations and restrictions, according to the last assessment for taxation, which exist in this state upon issue of securities by such or like municipalities at the date of the investment.

2. Notes or bonds, approved by the commissioner, secured by first mortgage on improved real estate in this or any other state, worth at least twice the amount loaned thereon, not including buildings unless insured by policies payable to and held by the security holder.

3. Stock or bonds, at market value, approved by the commissioner, upon which interest or dividends of not less than three per cent. have been regularly paid for three years immediately preceding the investment, of any public service corporation incorporated by or under the laws of the United States, or any state, or the Dominion of Canada, or any province thereof.

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

5. Loans on pledge of any such securities, but not exceeding eighty per cent. of the market value of any of those specified in subd. 3; and in all loans reserving the right at any time to declare the indebtedness due and payable when in excess of such proportion or upon depreciation of security. ('95 c. 175 s. 32; '01 c. 143)

**1636. Reduction, how made**—Whenever the capital of any such company is impaired, it may, upon a vote of the majority of the stock, reduce the same to not less than the legal minimum. In such case no part of its assets shall be distributed to the stockholders. Any such company whose capital is not impaired may, by a two-thirds vote of its stock and with the consent of the commissioner, reduce the same to not less than one hundred thousand dollars. In either case, within ten days after the meeting at which such reduction was made, the company shall submit to the commissioner a certified statement of the proceedings thereof, including the amount of such reduction and its assets and liabilities, verified by its president, secretary, and a majority of its directors. The commissioner shall examine the facts, and if they conform to law, and he is of opinion that injury to the public will not result, he shall indorse his approval upon the statement. Upon filing the same with the secretary of state, and paying a filing fee of five dollars, and duly amending its certificate of incorporation in conformity therewith, it may transact business upon such reduced capital as though the same were its original capital, and the commissioner shall issue a license to that effect. Such company may thereafter, by a majority vote of its directors, require the return of every original stock certificate in exchange for a new certificate for such number of shares as each stockholder is entitled to, in the proportion that the reduced capital bears to the original. ('95 c. 175 s. 34; '99 c. 334)

**1637. Liability of directors and officers**—If a company be at any time under liability for losses exceeding its net assets, and the president and directors, or any of them, knowing it, directly or indirectly issue or consent to the issue of further insurance, each shall be personally liable for any loss under such insurance; and if any of them insures or allows to be insured on a single risk a larger sum than is authorized by law, he shall be personally liable for any loss thereon above the amount which might lawfully be insured. ('95 c. 175 s. 31)

**1638. Impairment of assets—Assessments**—Whenever the net assets of a company, other than life, do not exceed three-fourths of its original capital, it may restore such capital by assessment. Shares on which such assessment is not paid within sixty days after demand shall be forfeited and may be canceled by the directors and new shares issued in place thereof. If it shall not, within three months after notice from the commissioner to that effect, so restore its capital or reduce it as provided by law, its authority to transact new business shall cease. ('95 c. 175 s. 33)

**1639. Dividends—When and how made—**No domestic company shall declare a dividend either in cash or stock, except from its actual net surplus computed as required by law in its annual statement; nor shall any such company which has ceased to do new business divide any portion of its assets, except surplus, until it shall have performed or canceled its policy obligations. It may declare and pay, annually or semiannually, from its surplus, cash dividends of not more than ten per cent. of its capital stock in any year, and if the dividends in any one year are less than ten per cent. the difference may be made up in any subsequent year or years from surplus accumulations. But it may pay such dividend as the directors deem prudent out of any surplus remaining after charging in addition to all liabilities except unearned premiums, an amount equal to the whole amount of premiums on unexpired risks, and deducting from the assets all securities and accounts receivable on which no part of the principal or interest has been paid within the preceding year, or for which foreclosure or suit has been commenced, or upon which judgment obtained has remained more than two years unsatisfied and on which interest has not been paid, and also deducting all liens due and unpaid on any of its property. ('95 c. 175 s. 35)

1639  
07 - 162

**FIRE INSURANCE COMPANIES**

**1640. Standard policy—**No fire company shall issue on property in this state any policy other than the standard form herein set forth, the blanks for which may be filled in print or in writing, and no condition, stipulation, or term, other than those therein provided for, whether as to jurisdiction, limitation, magistrate, certificate, or otherwise, shall be valid if inserted in any such policy, except as follows:

1640-1666  
09 - - 345  
09 - - 437  
- 1610

1. It may print on or in its policy its name, location, and date of incorporation, the amount of its paid-up capital, the names of its officers and agents, the number and date of the policy, and, if it is issued through an agent, the words, "This policy shall not be valid until countersigned by the duly authorized agent of the company at ....."

2. It may print or use in its policy printed forms of description and specification of the property insured, including permits for the use of electricity, gasoline, or storage of other extra hazardous product or material, for repairs and improvements; for the operation or ceasing to operate, and for the maintenance of sprinkling or other improvements.

1640 (2)  
09 - - 331

3. If insuring against damage by lightning, it may print in the clause enumerating the perils insured against the additional words, "also any damage by lightning, whether fire ensues or not," and, in the clause providing for apportionment of loss in case of other insurance, the words, "whether by fire, lightning or both."

1640 (3)  
111-NW 400  
1640 (3)  
100-M - 533

4. If incorporated or formed in the state, it may print in its policy any provision which it is authorized or required by law to insert therein; if not incorporated in this state, it may, with the approval of the commissioner, so print any provision required by its charter or deed of settlement, or by the laws of its own state or country, not contrary to the laws of this state.

5. It may print upon any policy issued in compliance herewith the words "Minnesota Standard Policy."

6. No provision shall be attached to or included in such policy limiting the amount to be paid in case of total loss on buildings to less than the amount of insurance on the same.

7. When two or more authorized companies unite in the issue of a joint policy, the heading thereof may show the severalty of the contract, and also the proportion of premium to be paid to each, and the proportion of liability which each assumes.

In the printed conditions of such standard policy the necessary changes may be made from the singular to the plural number when reference is had to the companies issuing such policy. It shall be plainly printed, no portion thereof in smaller than long primer type, and shall be as follows, to wit:

No. .... \$.....  
 (Corporate name of the company or association, its principal place or places of business.)

In consideration of ..... dollars, to be paid by the insured herein-after named, the receipt whereof is hereby acknowledged, does insure..... and ..... legal representatives, against loss or damage by fire, to the amount of ..... dollars.

(Description of property insured.)

Bills of exchange, notes, accounts, evidences and securities of property of every kind, books, wearing apparel, plate, money, jewels, metals, patterns, models, scientific cabinets and collections, paintings, sculpture, and curiosities are not included in said insured property unless specially mentioned.

Said property is insured for the term of ....., beginning on the ..... day of ....., in the year nineteen hundred and ....., at noon, and continuing until the ..... day of ....., in the year nineteen hundred and ....., at noon, against all loss or damage by fire originating from any cause except invasion, foreign enemies, civil commotions, riots, or any military or usurped power whatever; the amount of said loss or damage to be estimated according to the actual value of the insured property at the time when such loss or damage happens, except in case of total loss on buildings; but not to include loss or damage caused by explosion of any kind, unless fire ensues, and then to include that caused by fire only.

The policy shall be void if any material fact or circumstance stated in writing has not been fairly represented by the insured, or if the assured now has or shall hereafter make any other insurance on the said property without the assent of the company, or if without such assent the property shall be removed, except that, if such removal shall be necessary for the preservation of the property from fire, this policy shall be valid without such assent for five days thereafter, or if without such assent the situation or circumstances affecting the risk shall, by or with the knowledge, advice, agency, or consent of insured, be so altered as to cause an increase of such risks, or if, without such assent, the property shall be sold or this policy assigned, or if the premises hereby insured shall become vacant by the removal of the owner or occupant, and so remain vacant for more than thirty days without such assent, or if it be a manufacturing establishment running in whole or in part extra time, except that such establishment may run in whole or in part extra hours, not later than 9 o'clock p. m., or if such establishment shall cease operations for more than thirty days without permission in writing indorsed hereon, or if the insured shall make any attempt to defraud the company, either before or after the loss, or if gunpowder or other articles subject to legal restrictions shall be kept in quantities or manner different from those allowed or prescribed by law, or if camphene, benzine, naphtha, or other chemical oils or burning fluids shall be kept or used by the insured on the premises insured, except that what is known as refined petroleum, kerosene, or coal oil may be used for lighting, and in dwelling houses kerosene oil stoves may be used for domestic purposes, to be filled when cold, by daylight, and with oil of lawful fire test only.

If the insured property shall be exposed to loss or damage by fire, the insured shall make all reasonable exertions to save and protect the same.

In case of any loss or damage under this policy, a statement in writing, signed and sworn to by the insured, shall be forthwith rendered to the company, setting forth the value of the property insured, except in case of total loss on buildings the value of said buildings need not be stated, the interest of the insured therein, all other insurance thereon, in detail, the purposes for which and the persons by whom the building insured, or containing the property insured, was used, and the time at which and manner in which the fire originated, so far as known to the insured.

The company may also examine the books of account and vouchers of the insured, and make extracts from the same.

In case of any loss or damage, the company, within sixty days after the insured shall have submitted a statement as provided in the preceding clause,

shall either pay the amount for which it shall be liable, which amount, if not agreed upon, shall be ascertained by award of referees, as hereinafter provided, or replace the property with other of the same kind and goodness, or it may, within fifteen days after such statement is submitted, notify the insured of its intention to rebuild or repair the premises or any portion thereof separately insured by this policy, and shall thereupon enter upon said premises and proceed to rebuild or repair the same with reasonable expedition.

It is moreover understood that there can be no abandonment of the property insured to the company, and that the company shall not in any case be liable for more than the sum insured, with interest thereon from the time when the loss shall become payable, as above provided.

If there shall be any other insurance on the property insured, whether prior or subsequent, the insured shall recover on this policy no greater proportion of loss, except in case of total loss on buildings, sustained than the sum hereby insured bears to the whole amount insured thereon.

And whenever the company shall pay any loss the insured shall assign to it, to the extent of the amount so paid, all rights to recover satisfaction for the loss or damage from any person, town, or other corporation, excepting other insurers, or the insured, if requested, shall prosecute therefor at the charge and for the account of the company.

If this policy shall be made payable to a mortgagee of the insured real estate, no act or default of any person other than such mortgagee, or his agents or those claiming under him, shall affect such mortgagee's right to recover in case of loss on such real estate.

Provided, that the mortgagee shall, on demand, pay according to the established scale of rates for any increase of risks not paid for by the insured; and whenever this company shall be liable to a mortgagee for any sum for loss under this policy, for which no liability exists as to the mortgagor or owner, and this company shall elect by itself, or with others, to pay the mortgagee the full amount secured by such mortgage, then the mortgagee shall assign and transfer to the company interested, upon such payment, the said mortgage, together with the note and debts thereby secured.

This policy may be canceled at any time at the request of the insured, who shall thereupon be entitled to a return of the portion of the above premium remaining, after deducting the customary monthly short rates for the time this policy shall have been in force.

The company also reserves the right, after giving written notice to the insured, and to any mortgagee to whom this policy is made payable, and tendering to the insured a ratable proportion of the premium, to cancel this policy as to all risks subsequent to the expiration of ten days from such notice, and no mortgagee shall then have the right to recover as to such risks.

In case of loss, except in case of total loss on buildings, under this policy, and a failure of the parties to agree as to the amount of loss, it is mutually agreed that the amount of such loss shall be referred to three disinterested men, the company and the insured each choosing one out of three persons to be named by the other, and the third being selected by the two so chosen. The award in writing by a majority of the referees shall be conclusive and final upon the parties as to the amount of loss or damage, and such reference, unless waived by the parties, shall be a condition precedent to any right of action, in law or equity, to recover for such loss; but no person shall be chosen or act as referee, against the objection of either party, who has acted in a like capacity within four months.

No suit or action against the company for the recovery of any claim by virtue of this policy shall be sustained in any court of law or equity in this state, unless commenced within two years from the time the loss occurred.

In witness whereof the said ..... Company has caused this policy to be signed by its president and attested by its secretary (or by such proper officers as may be designated), at its office in .....

Date .....

('95 c. 175 s. 53; '97 c. 254)

1. In general.—To be construed as similar contracts voluntarily entered into (92-234, 99+892). "Legal representatives" include a receiver (88-478, 93+517). When inter-

est begins to run on loss (91-210, 218, 97+875, 98+100). Form of policy to be used by mutual company (87-392, 92+227). Misstatement as to interest in property (71-338, 73+849). Effect of statement in policy that premium has been paid (78-284, 80+976). A policy insuring the "estate of A. B., deceased" is valid (86-486, 91+5).

2. **Notice and proof of loss**—"Forthwith" means within a reasonable time (79-337, 82+647; 78-46, 80+839). Waiver by insurer (80-527, 83+409; 104+560). Claim as to amount of loss need not be specific. Substantial compliance with policy sufficient (83-398, 86+425). Failure to furnish proof of loss within prescribed time does not forfeit rights of insured but merely postpones payment (82-336, 85+13; 84-116, 119, 86+888). Misrepresentation in proof of loss (68-335, 71+388). Books of account as evidence of value of stock. When company objects to sufficiency of proof of loss on specified grounds other objections are waived (66-138, 68+855).

3. **Increased risk**—78-240, 80+971; 88-231, 92+952; 104+687.

4. **Limitation of actions**—Two year limitation runs from time of fire (84-116, 86+888).

5. **Requisite exertions to save property**—84-419, 87+932.

6. **Other insurance**—Prohibition against (86-371, 90+766; 86-486, 91+5; 92-390, 100+88; 104+687; 29-347, 13+164; 54-162, 167, 55+909). Where a person suffering a partial loss was insured by several companies it was held that he might join them all in a single action to determine their liability (94-486, 103+495).

7. **Mortgage clause**—Rights of mortgagee—86-486, 91+5; 81-478, 84+334; 68-170, 70+979.

8. **Vacancy**—Provision as to vacancy unaffected by § 1642 (77-474, 80+630). Effect (53-549, 55+740).

9. **What constitutes total loss**—85-48, 88+265; 85-65, 88+272; 85-118, 88+438.

10. **Arbitration**—Not a condition precedent to action on policy when no disagreement as to amount of loss (79-337, 82+647; 94-141, 102+380). When a building is destroyed by fire, if the total insurance thereon, exclusive of foundation, is less than its insurable value as designated by the insurer in its policy the insured is not required to submit to arbitration (82-426, 85+212. See 85-48, 63, 88+265). In an action on a policy it is unnecessary, when there is no disagreement as to the amount of loss, to allege in the complaint that an arbitration was or was not had or was waived by the insurer (94-141, 102+380; 94-486, 103+495). Insured is entitled to appear before referees and submit evidence of his loss (92-306, 99+886). Referees not bound by the same strict rules as courts in their investigations. Presumption that referees did their duty. Must be impartial and disinterested (91-210, 214, 97+875, 98+100). Board of referees a quasi court subject to rules governing common law arbitration. Should sit in a body and receive evidence offered by the parties with right of cross-examination but are not limited to such evidence. May examine locus in quo and within reasonable limits pursue their investigations independently (84-526, 530, 88+16. See 50-341, 52+932). Notice of refusal to accept reward. Procedure (84-526, 88+16). Requisites of pleading to charge fraud and misconduct in referees. Compensation of referees (83-21, 85+824). Waiver of right to arbitration by insurer (68-335, 71+388; 77-291, 79+1005; 104+900. See 66-138, 68+855). A refusal by the insured to submit to arbitration held a waiver of his right to an appraisal but not to extinguish his right to recover on the policy (77-291, 79+1005). Effect of refusal of referee to serve (104+900). Actions to set aside award (92-306, 99+886; 91-210, 97+875, 98+100; 84+526, 88+16; 66-138, 68+855).

**1641. Violation of preceding section**—Every company and every agent who shall wilfully make, issue, or deliver a policy in violation of § 1640 shall be guilty of a gross misdemeanor; but every stipulation of such policy in favor of the insured shall nevertheless be binding upon the company issuing the same. ('95 c. 175 s. 107)

**1642. Whole amount collectible—Co-insurance, etc.**—Every company insuring any building or other structure against loss or damage by fire, lightning, or other hazard, by the issue of a policy or renewal of one theretofore issued, or otherwise, shall cause such structure to be previously examined, a full description thereof to be made, and its insurable value to be fixed, all by the insurer or his agent, and the amount thereof to be stated in the policy. In the absence of any change increasing the risk, without the consent of the insurer, of which the burden of proof shall be upon it, and in the absence of intentional fraud on the part of the insured, the whole amount mentioned in the policy or renewal upon which the insurer receives a premium shall be paid in case of total loss, and in case of partial loss the full amount thereof. If there are two or more policies upon the property, each shall contribute to the payment of the whole or partial loss in proportion to the amount specified. No co-insurance clause shall be valid except with the written assent or request of the insured, and when a reduction in the rate of premium is the consideration named in the policy for taking such co-insurance it shall be optional with the

1642  
07 - 446  
111-NW 260

1042  
100-M - 378  
104-M - 77  
116-NW 221

insured to accept such policy; but when such written assent or request is made, of which fact the writing itself shall be the only evidence, and is accepted by the insured, it shall be binding on both the company and the insured. In no case shall co-insurance apply to any risk wherein the total insurance shall be less than twenty-five thousand dollars on any one risk, except grain elevators and warehouses and contents of same. Every person who solicits insurance and procures an application therefor shall be held to be the agent of the party afterwards issuing insurance thereon or a renewal thereof. ('95 c. 175 s. 25; '03 c. 245)

Nature of duty to examine premises defined. Insurer not charged with notice of vacancy by failure to examine. "Occupied as a dwelling" in a policy are words of warranty (92-337, 100+8). Provision in standard policy as to vacancy not affected by second sentence of this section (77-474, 88+630). Effect of valuation fixed under this section on right of arbitration (82-426, 85+212). Cited as to who is an "agent" (94-86, 102+213).

**1643. Insurance in excess of value**—No company shall knowingly issue any policy upon property in this state for an amount which, together with any existing insurance thereon, exceeds the fair value of the property, nor for a longer term than five years. Any company wilfully insuring property for more than its real value shall forfeit to the state, for the benefit of the school fund, double the premium collected on such policy. ('95 c. 175 s. 50)

**1644. Payment to mortgagee**—Whenever the whole or any part of the loss is payable, in terms or otherwise, to or for one or more mortgagees, upon proof before payment of the rights of the parties the company shall pay the same in the order of priority to the extent of its liability, and every such payment to such extent shall be payment and satisfaction of its liability under the policy. ('95 c. 175 s. 51)

**1645. Adjustment—Reference**—Any person who shall not, within five days after written request, appoint a qualified referee as provided in the policy, shall be deemed to have waived the right to reference, and, if it be the insurer, shall be liable to suit. If any two such referees fail for ten days to agree upon a third, either party may within the next ten days make written application to a judge of the district court of the county wherein the fire occurred, setting forth the facts; whereupon said judge shall make the appointment. No person shall be a qualified referee who is not a resident of the state, disinterested, and willing to act. ('95 c. 175 s. 55)

**1646. Liability of company**—Notwithstanding any penalty prescribed for the making, issuing, or delivery of any policy in violation of any provision of law, every such policy shall be binding upon the company issuing the same. ('95 c. 175 s. 107)

**1647. "Lloyd's"—Authority to do business**—Any association of citizens of the United States, organized upon the plan known as "Lloyd's," whereby each underwriter becomes liable for a proportionate part of the whole amount insured by a policy, shall be authorized to transact insurance, other than life, in this state, in such manner and on such terms as the commissioner may direct: Provided, that if such association shall be possessed of not less than fifty thousand dollars in cash on hand and guaranty subscriptions of the underwriters, after deducting all liabilities except reinsurance reserve, and that such net cash on hand shall be equal to the reinsurance reserve calculated on a basis of fifty per cent. of the premiums in force, and that satisfactory evidence shall be furnished to the commissioner that the underwriters are men of good financial standing, responsible for their obligations, and that the association does not issue policies of insurance on any one risk to a greater aggregate amount than one-fifth of the total subscriptions of the several underwriters, or of the amount to which they may become liable, the commissioner shall license them under requirements similar to those prescribed in this act for the admission of foreign mutual fire companies, so far as the same may reasonably apply. ('95 c. 175 s. 85) See 1905 c. 130

**1648. Mutual companies—When permitted**—No policy shall be issued by a mutual fire company, other than a town or farmers' company, until not less than seven hundred and fifty thousand dollars of insurance, in not less than

three hundred separate risks upon property in this state, has been subscribed for and entered upon its books, except in the following cases:

1. Those organized to insure creamery and cheese factory buildings, their contents and equipments, exclusively, which may issue policies when not less than fifty thousand dollars, in not less than twenty-five separate risks, upon such buildings and contents in this state have been subscribed for and so entered. The name of every such company shall include the words "Mutual Creamery Fire Insurance Company," and it shall issue no policy except upon the class of risks aforesaid.

2. Those organized to insure the stock in trade, tools, and fixtures of retail hardware dealers, or the buildings containing the same, when owned by the owner of the stock, tools, and fixtures, or both, which may issue policies when not less than five hundred thousand dollars of insurance, in not less than two hundred separate risks, upon such property in this state, has been subscribed for and entered upon its books. The name of every such company shall include the words "Mutual Retail Hardware Fire Insurance Company," and it shall issue no policy except as above specified.

3. Those organized to insure dwelling houses, their contents, barns, live stock, and vehicles, which may issue policies when not less than two hundred and fifty thousand dollars of insurance, in not less than two hundred separate risks, upon such property located within the state, has been subscribed for and entered upon their books. The name of every such company shall include the words "Mutual Dwelling House Fire Insurance Company," and it shall issue no policy except upon the class of risks aforesaid.

4. Those organized to insure printing material, machinery and stock in trade of newspaper publishers and printers, or the building containing same, or the dwelling house and contents when owned by the owner of the printing material, machinery and stock in trade, or both, which may issue policies when not less than two hundred thousand dollars of insurance, in not less than two hundred separate risks upon such property located within this state, has been subscribed for and entered upon their books. ('95 c. 175 s. 36; '97 c. 258; '99 c. 198; '03 cc. 92, 347) See 1905 c. 117

1649. Insurance from unlicensed foreign companies—Whenever any person, firm, or corporation desires to obtain insurance upon any property in this state in companies not authorized to do business therein, he or they shall give bond to the commissioner in such sum as he shall deem reasonable, with satisfactory resident sureties, conditioned that the obligors, on the expiration of a license to obtain such insurance, shall pay to the commissioner, for the use of the state, a tax of two per cent. upon the gross premiums paid by such licensee. Thereupon the commissioner shall issue such license, good for one year, and all insurance procured thereunder shall be lawful and valid, and the provisions of all policies thereof shall be deemed in accordance, and construed as if identical in effect, with the standard policy prescribed in this chapter, and the insurers may enter the state to perform any act necessary or proper in the conduct of such business. Such bond may be enforced by the commissioner in his own name in any district court. The licensee shall file with the commissioner, on June 30 and December 31 annually, a verified statement of the aggregate premiums paid and return premiums received on account of such insurance. ('95 c. 175 s. 82)

#### FIRE DEPARTMENT AID

1650. Certificate of municipal officer—On or before October 31, annually, the clerk of every municipality having an organized fire department, or a partly paid or volunteer department, shall file with the commissioner his certificate stating such fact, the system of water supply in use in such department, the number of its organized companies, steam, hand, or other engines, hook and ladder trucks, hose carts, and feet of hose in actual use, and such other facts as the commissioner may require. ('03 c. 20 s. 2)

1651. Report of premiums—Certificate of commissioner—The commissioner shall include in the blank form furnished to each fire insurance company

for its annual statement a list of all such municipalities, and each company shall report therein the amount of premiums received by it during the preceding year in each municipality. Before July 1 following the commissioner shall certify to the state auditor the name of each municipality which has had for not less than one year an organized fire department, and which has been so reported to him, and the amount of premiums received in each municipality and taxes paid on account thereof in such year by each company. ('03 c. 20 s. 3)

**1652. Auditor's warrant**—At the end of the fiscal year the state auditor shall issue and deliver to the treasurer of every such municipality his warrant for an amount equal to the total amount of the existing two per cent. tax so paid upon premiums received therein, and the same shall be paid out of the general revenue fund. ('03 c. 20 s. 4)

**1653. Disposition of such funds—Relief association**—Such amount shall be kept as a special fund, and disbursed only for the following purposes:

1. For the relief of sick, injured, or disabled members of such fire department, their widows and orphans.

2. For the equipment and maintenance of such department.

But if there shall be a duly incorporated fire department relief association in such municipality, organized with consent of the governing body thereof, such amount shall be paid to the treasurer of said relief association, to be disbursed as herein above prescribed for municipalities, and as hereinafter provided for service pensions. ('03 c. 20 s. 6)

**1654. Annual report—Examination of books**—The secretary and treasurer of every such association shall annually prepare a detailed report of its receipts and expenditures for the preceding year, showing to whom and for what purpose the money has been paid and expended, and file it with the clerk of the municipality and a duplicate with the state auditor. No money shall be paid to such municipality until such report is so filed. No one serving as a substitute or on probation, nor any fireman in a municipality having such association who is not a member thereof, shall be deemed a fireman within the meaning of this subdivision. No treasurer of any such association shall enter upon his duties until he shall have given to the association a good and sufficient bond for the faithful discharge of his duty according to law. All the financial books and accounts of such association and municipality shall be subject at all times to examination by the public examiner, and he is hereby authorized and empowered to make such examination when complaint is duly made to him that the money, or any part thereof, paid under the provisions of this chapter to the treasurer of any municipality or relief association, has been or is being expended for an unauthorized purpose, shall so report to the governor, upon whose direction to the auditor no further warrants shall be issued to such municipality until the money so expended has been replaced. ('03 c. 20 s. 6)

**1655. Service pensions**—Every fire department relief association organized under any law of this state, whenever its certificate of incorporation or by-laws so provide, may pay out of any funds received from the state or other source a service pension, in such amount, not exceeding forty dollars per month, as may be provided by its by-laws, to each of its retired members who has reached the age of fifty years, and has done active duty for twenty years or more, including the two years immediately preceding his retirement, as a member of a paid fire department in the municipality where such association exists, and who has been a member thereof at least ten years prior thereto, who complies with such additional conditions as to age, service, and membership as may be prescribed by its certificate or by-laws. Such pensions shall be uniform in amount, but all may be decreased or increased, within the amount above specified, whenever the amount of funds on hand render such action advisable. No such pension shall be paid to any person while he remains a member of a fire department, and no person receiving such pension shall be entitled to further relief from such association. Whenever there exists in such municipality a volunteer or partially paid and partially volunteer fire department, such relief association of such municipality may avail itself of the benefits of this section. ('97 c. 55 s. 1)

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**1656. Salvage corps and fire patrols**—Every authorized board of fire underwriters in any municipality containing five thousand or more inhabitants may provide a salvage corps, a fire patrol, with a competent superintendent, for the purpose of discovering and preventing fires, suitable rooms for their accommodation, and necessary apparatus to save and preserve property and life at and after a fire. Such superintendent and patrol, subject to the control of the chief of the fire department of the municipality, may enter any building on fire or in danger of taking fire, and endeavor to protect, save, or remove the contents or any part thereof during or after the fire. ('95 c. 178)

64-287, 67+62; 66-393, 69+141.

### TOWN AND FARMERS' MUTUAL COMPANIES

**1657. Town companies—Property insurable**—The incorporators of a town insurance company shall not be less than twenty-five in number, residing in towns adjoining that in which its principal place of business is situated, or separated by not more than one town therefrom, and owning in the aggregate movable property worth at least fifty thousand dollars. Every such company may insure, for a term not exceeding five years, farm property in any part of any county in which any of its incorporators reside: Provided, that it shall not operate in more than fifty towns in the aggregate at the same time. ('97 c. 164 s. 1) See 1905 cc. 234, 312

Amendment of by-laws. Notice to member (63-420, 65+655).

**1658. Effect of application—Who may accept**—The president and secretary of such company may accept all applications and sign and issue policies, agreeing in the name of the company to pay all losses and damages, not exceeding the sums named in the policies, sustained by reason of fire or lightning, for the term therein specified, and every application for insurance made to any authorized officer or agent, until refused by the proper officer, shall be of the same force and effect as a regularly issued policy and contract of insurance, and from the time of its receipt by an officer or agent, the property specified in such application shall be deemed insured in the same manner and to the same extent as if covered by a regular policy issued according to law and the regulations of the company: Provided, that there shall be no liability on such application against any company that has not at any annual or special meeting, by proper resolution, adopted the plan of making such applications of equal force and effect with regularly issued policies. ('03 c. 110 s. 1)

**1659. Report to commissioner—Cash premium**—The annual meeting shall be held before July 1 in each year, and the annual report shall then be read in full, and within thirty days thereafter filed with the commissioner. Before the delivery of any policy the company shall collect the regular cash premium and policy fee, and take the written agreement of the insured, of even date therewith, which shall be embodied in his application, to pay a pro rata share of losses or damages sustained by any member. The same shall be kept on file with the secretary. (3238, 3245; '97 c. 164 s. 8; '03 c. 110 s. 2)

**1660. Joint or partial risks**—Such town insurance companies may issue joint or partial risks in conjunction with adjoining companies of the same class, and in such case they are not confined to the towns in which they are otherwise authorized to do business; but no such insurance of a joint or partial risk shall be valid or binding upon the company insuring the same until approved by all such companies holding prior risks on the property so insured, and the total amount of such joint insurance on any one piece of property shall in no case exceed the total percentage of its value for which such property is insurable by such company. ('03 c. 110 s. 4)

**1661. Emergency fund**—The directors of any such company may collect by advance assessment and maintain in its treasury an emergency fund not exceeding two mills on a dollar of the total amount of insurance in force, to be used in payment of losses and for other purposes for which assessments may be used. ('03 c. 110 s. 5)

**1662. Losses—Notification—Agreement**—Every member sustaining loss or damage by fire or lightning shall immediately notify the secretary, who, if the

claim exceeds three hundred dollars, may forthwith convene the directors. The directors shall appoint a committee of three members, of whom the secretary shall be one, to ascertain the amount of such loss, with authority to examine witnesses, to whom the secretary is hereby authorized to administer oaths. Whenever the by-laws so provide, he may act in place of and with all the authority of such committee; and when the claim does not exceed three hundred dollars, the loss may be ascertained by the president and secretary, or either, with like authority. If the parties cannot agree upon the damages, the insured may apply to a judge of the district court of the county, who may appoint three disinterested persons, who shall make an award which shall be final, and deliver the same to the company. (3239; '97 c. 164 s. 4)

**1663. Classification of property—Assessments**—Every such company may classify property insured under different rates, corresponding as nearly as possible to the greater or less risk from fire by reason of location or construction, and issue its policies in accordance with such differences. Whenever any loss shall be ascertained which exceeds in amount the cash funds of the company, the secretary, or in his absence the president, shall convene the directors, who shall levy an assessment upon each policyholder for the proportionate amount which he should pay to cover such excess; or the company may borrow not to exceed two mills on each dollar of insurance written by it and then in force, and from such fund pay such losses, and afterwards levy assessments to pay such loans. If the fund for the payment of expenses is insufficient, the amount of the deficiency may be added to any assessment. ('97 c. 164 s. 5)

**1664. Property insurable**—Every such company shall insure only dwellings and their contents, farm buildings and contents, live stock, hay and grain in the bin and stack, churches, schoolhouses, country blacksmith shops and barns, and society and town halls. It shall not insure property within the limits of any city or village, except that located upon lands actually used for farming or gardening purposes. But whenever the dwelling house of any person insured is within the limits of a town where the company is authorized to do business, and the farm upon which such dwelling is situated is partly within and partly without such town, it may include in such insurance any outbuildings, hay, grain, stock, or other farm property on such farm outside such limits. ('95 c. 58; '97 c. 164 s. 6; '01 c. 172 s. 2)

Insurance of standing grain against loss by hail unauthorized (56-240, 57+656). Hay in stack not on land described in policy held within policy (51-24, 52+979).

**1665. Non-resident members—Withdrawal—Notice**—Non-residents owning property in any town may become members with all rights except eligibility to office. Membership may be terminated at any time by giving written notice to the secretary and paying the withdrawing member's share of all existing claims, or by the annulment of any policy by a majority of the directors and written notice thereof to the holder. In either case the secretary shall notify every other member of such termination and record the same in a separate book. (3246, 3247)

**1666. Farmers' mutual fire companies**—The provisions of §§ 1657-1665 shall also apply to farmers' mutual fire insurance companies, save that its incorporators and members may reside and own insurable property, and its insurance be effected, anywhere in this state, upon property of like character. (3265-3280; '95 c. 112; '01 c. 171)

### MUTUAL HAIL, TORNADO, ETC., COMPANIES

**1667. Formation—Conditions before issue of policies**—No company for insurance against loss or damage by hail, tornadoes, cyclones, and hurricanes, or any of said causes, shall issue any policy until at least two hundred thousand dollars of insurance, in not less than four hundred separate risks, upon property located in not less than ten counties, and upon not more than fifteen risks of one hundred and sixty acres each in any one township, have been actually subscribed for and entered on its books, and each subscriber has paid a membership fee of three dollars, for which duplicate receipts have been

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executed, conditioned for the return thereof at the end of one year if the company has not then completed its organization. Immediately thereafter one of said duplicates shall be delivered to the member, and the other, together with such fee, deposited in a solvent bank approved by the commissioner, where such fee shall remain until the company has been licensed to do business, not exceeding such year, when it shall be delivered to it; otherwise to the member. Such duplicate and a certificate of such deposit shall be filed with the commissioner within ninety days after such deposit. ('03 c. 271 s. 1)

**1668. Limit of premiums and assessments**—The premium of every such company in its hail department shall not be less than two and one-half per cent. per annum of the amount insured. In addition to the premium, every policyholder shall be liable to a ratable assessment for all losses and expenses incurred while a member, in a sum equal to such premium, but not exceeding in any one year five per cent. of his insurance, if notified thereof within ninety days after the expiration or cancelation of his policy; or if such policy be for more than one year, within ninety days after the expiration of the year in which assessment is made thereunder. ('03 c. 271 s. 9)

07 1669 471 **1669. Notice and payment of assessments**—Whenever any assessment has been completed, the secretary shall immediately notify each member by mail, directed to his last known address, of the purpose and amount of such assessment and of his share thereof, and the person to whom and the time when such payment must be made, which shall be not less than sixty nor more than ninety days thereafter; and such person, if the by-laws so provide, may collect a commission of not more than two per cent. of each amount in addition thereto. (3241, 3242)

**1670. Officers—Compensation**—The officers shall perform such duties, receive such compensation, and give such bonds as shall be provided in the by-laws or fixed by the directors; but no salary, past or future, shall be increased except by majority vote of all members present and represented at an annual meeting, and no officer or director shall receive any commission. ('03 c. 271 s. 7)

**1671. Proxies**—No proxy shall be received unless dated and actually executed within the preceding thirty days, and filed with the secretary at least ten days before the meeting, nor if made to any director or officer. ('03 c. 271 s. 8)

07 1672 165  
07 - 471 **1672. What property insured—Minimum rates**—No such company shall insure any other property than farm dwellings, barns, and other buildings, and hay, grain, and other farm products therein, or stored or growing on the premises, and live stock thereon or running at large. No company, in its hail department, shall insure more than one hundred and sixty acres in any one section, nor more than thirty-two hundred acres in any one township, nor for a premium of less than two and one-half per cent. per annum. ('03 c. 271 ss. 9, 14)

07 1673 165  
07 - 471 **1673. Report of company—Power of commissioner**—The commissioner shall demand a report from any such company whenever in his judgment the interests of the public or policyholders so require, and the proper officers of the company shall make prompt reply to such demand, and answer fully all interrogations regarding its business methods, financial condition, and other matters pertaining to its business. If any officer having charge of the books and papers of such company shall fail to make such report promptly, or if the company carries on its business in a fraudulent, extravagant, or unsafe manner, so as not to afford its policyholders protection against loss or damage, or if it violates any provisions of this subdivision; or if its expenses other than the absolute payment of its losses, shall in any one year exceed one per cent. of the face of its risks, the commissioner shall revoke its license to do business in this state. And whenever the commissioner shall have reason to doubt the solvency of any such company, or to believe that it is doing fraudulent, extravagant or unsafe business, he may, at its expense, cause an examination of its books, records, papers and securities, and if upon such examination he shall find that it is not paying its legal obligations, or is conducting its business in

a fraudulent, extravagant or unsafe manner, or is violating any provision of law, he may institute proceedings for winding up its affairs as provided in Laws 1903 c. 271 s. 12. ('03 c. 271 s. 13)

**1674. Guaranty surplus fund—Dividends**—Every such company shall create and maintain a guaranty surplus fund and shall annually set aside and credit thereto all income of the preceding year in excess of expenses and its legal obligations. Whenever such fund has to its credit one hundred and twenty thousand dollars, the directors shall by resolution declare a dividend to its members of twenty thousand dollars thereof. The remaining one hundred thousand dollars shall be invested according to law. ('03 c. 271 ss. 11, 16)

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**1675. Provisions of policy**—Every policy shall provide as follows: "In case of loss under this policy, and failure of the parties to agree as to the amount of such loss, it is mutually agreed that such amount shall be referred to three disinterested men, the company and the insured each choosing one out of three persons named by the other, the third being selected by such two. The written award of a majority of such referees shall be final and conclusive upon the parties as to amount of loss, and such reference, unless waived by the parties, shall be a condition precedent to any right of action to recover for such loss, and no suit for the recovery of any claim by virtue of this policy shall be sustained unless commenced within six months after the loss occurred;" and shall also provide the form, manner, and length of notice to be given to the company by the insured of any loss sustained. ('03 c. 271 s. 22)

**1676. Transfer of risks and reinsurance**—Every company may transfer its risks to, or reinsure them in, any other domestic or foreign company at the time authorized to do such business in this state, on the mutual or stock plan, by a contract of transfer or reinsurance approved by the commissioner, and by a two-thirds vote of the members present or duly represented and voting at a meeting of such company. ('03 c. 271 s. 24)

**1677. Reinsurance and consolidation**—Any such mutual company may at any time reinsure its business in, and consolidate with, any domestic stock company organized wholly or partly for the same purpose, in the manner following:

1. By a two-thirds vote of its members or stockholders, respectively, present or duly represented and voting at any meeting; and each company shall adopt a resolution stating what mutual company proposes to reinsure and consolidate, and with what stock company, and the terms and conditions thereof.

2. A copy of such resolution, and a certificate by the proper officers thereof, specifying the date of the meeting, the notice thereof, the number of members or stockholders, as the case may be, present and voting thereon, and the fact of its adopting such resolution, shall be filed by each company with the commissioner for his approval. ('03 c. 244 s. 1)

**1678. Same**—Upon such approval the commissioner shall issue to each company his certificate thereof, and they shall proceed to carry into effect the terms of such resolution; and such stock company shall thereupon acquire all the property of such mutual company, and become liable for all its contracts, but shall keep such property separate from its own for the protection of the members of such mutual company, until all its contracts have been discharged. ('03 c. 244 s. 2)

#### MARINE INSURANCE COMPANIES

**1679. Subscription liability fund**—Every mutual marine company, before issuing any policy, shall have an agreement duly executed by solvent subscribers to the amount of at least three hundred thousand dollars, substantially as follows: "We, the subscribers, severally agree to pay to the (name of company), on demand, the whole or such part of the amounts set opposite our names, respectively, as may be called from time to time for its use, to pay losses and expenses not otherwise provided for;" and such agreement, indorsed with the certificate of the president and a majority of the directors that such subscribers are known to them, and that they believe each to be

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solvent, shall be filed with and approved by the commissioner. ('95 c. 175 s. 47)

Requisites of organization. Nature of liability on subscription. What constitutes marine insurance business (87-59, 91+266; 90-383, 97+110). Policy held not to render holder liable as a member of a mutual company (87-392, 92+227).

**1680. Subscriptions to be kept good—Dividends—**Whenever, from death or other cause, a deficiency exists in the subscription fund, the same shall be made good by new subscriptions, certified in the same manner as the original. Subscribers shall be entitled to annual dividends of two per cent. upon the amount of their subscriptions from the profits of the company, and shall also be reimbursed from future profits for all money they shall pay to the company for its uses under their agreement, with interest thereon. ('95 c. 175 s. 47)

**1681. Same—Net profits—Accumulations—**The net profits or dividend surplus of every such company shall be annually divided among the insured whose policies terminated during the year, in proportion to their contribution thereto. Such dividends shall be made only in scrip certificates payable out of the accumulated profits or surplus, and such accumulation shall be kept and invested as a separate fund, in trust for the redemption of such certificates, and for losses and expenses, as herein provided. Until redeemed, such certificates shall be subject to future losses and expenses, and be reduced in case the redemption fund is drawn upon for payment of such losses and expenses; but no part of such fund shall be used for payment of losses or expenses, except when and to the extent that the cash assets are insufficient therefor; and whenever any portion thereof is so used the outstanding certificates shall be reduced proportionally, so that such fund shall at all times equal the unredeemed certificates. The net income of the redemption fund shall be divided annually among the holders of its certificates, or it may make such certificates with a special rate of interest payable from the income of its invested funds. As such profits accumulate and are invested, subscriptions of an equal amount shall be canceled. The maximum of accumulations and profits shall be three hundred thousand dollars, and all excess of profits beyond that amount shall be applied annually to the payment of the certificates in the order of their issue. The certificates shall be forthwith payable when the company ceases to issue policies, and the fund is no longer liable to be drawn upon for the payment of losses. ('95 c. 175 s. 47)

**1682. How governed—Liability of officers—**Every domestic mutual marine company shall be governed by the provisions applicable to mutual fire companies, and each subscriber to the subscription fund shall be a member during the term of his subscription and entitled to one vote. If a subscriber fails to pay his subscription or any assessment thereon, and it is shown that any director or officer knowingly certified falsely as to him, the person so certifying shall be liable for the amount thereof. If any such company is at any time liable for losses beyond the amount of its net assets, the president and directors shall be personally liable for all losses on insurance effected while the company remains in such condition. ('95 c. 175 ss. 48, 49)

#### BURGLARY AND THEFT INSURANCE COMPANIES

**1683. Formation or admission—Conditions—**No mutual company for insuring against loss or damage from burglary or robbery, or attempt to commit the same, or against loss of money or securities in course of transportation by registered mail, shall be licensed to do, or shall do, any business except soliciting and receiving applications, until it shall have received at least five hundred bona fide applications for policies, if a domestic company; or, if a foreign company, shall have in force in the state where created at least five hundred policies; upon which, in either case, not less than twenty per cent. of the premiums shall have been paid in cash, and the remainder in the form of written contracts, which shall constitute part of the assets, and which cash and contracts in either case shall aggregate at least fifty thousand dollars. ('97 c. 207 ss. 1, 2)

**1684. Limitation—Reserve**—No such company shall transact other business than that stated in § 1683, nor insure in this state other than banks, bankers, loan companies, and municipal treasurers. Every such company shall set aside a reserve fund of fifty per cent. of its premiums, in cash and contracts. No policyholder shall be liable, except by written contract, for any assessment or claim other than membership fee and premium, which shall be paid in cash when the policy is issued. ('97 c. 207 ss. 3-5, 7)

### TITLE AND FIDELITY COMPANIES

**1685. Capital—Guaranty**—The capital of every real estate title insurance company shall not be less than two hundred thousand dollars, and before issuing any policy or other contract of guaranty or insurance it shall set apart and keep separate not less than two-fifths thereof, and not less than one hundred thousand dollars in any case, as a guaranty fund, and invest the same according to law. The principal of such fund shall be applied only to the payment of losses and expenses by reason of its guaranty and insurance contracts. Two-fifths of every increase of capital shall be likewise set apart and added to such fund, so that the same shall always be at least two-fifths of its entire capital, and it shall make no contract of guaranty or insurance when it is less. ('95 c. 175 ss. 60, 61)

Taxation of company engaged in trust, safety deposit, etc., business (64-101, 66+206).

**1686. Fidelity companies**—No company for guaranteeing the fidelity of persons in fiduciary positions, public or private, or for acting as surety, shall transact any business in this state until it shall have satisfied the commissioner that it has complied with all the provisions of law relative to security prescribed for foreign life companies, so far as applicable, and obtained his certificate to that effect. Thereupon it shall be authorized to execute, as sole or joint surety, any bond, undertaking, or recognizance which, by any municipal or other law, or by the rules or regulations of any municipal or other board, body, organization, or officer, is required or permitted to be made, given, tendered, or filed for the security or protection of any person, corporation, or municipality, or any department thereof, or of any other organization whatever, conditioned for the doing or omitting of anything in such bond or other instrument specified or provided; and any and all courts, judges, officers, and heads of departments, boards, and municipalities, required or permitted to accept or approve of the sufficiency of any such bond or instrument, may in their discretion accept the same, when executed, or the conditions thereof guaranteed solely or jointly by any such company, and the same shall be in all respects full compliance with every law or other provision for the execution or guaranty by one surety or by two or more sureties, or that sureties shall be residents or householders, or freeholders, or all or either. ('95 c. 175 s. 56)

### LIFE INSURANCE COMPANIES

**1687. Defined**—Every corporation or association, domestic or foreign, operating upon any plan involving payment of money or other thing of value to policy or certificate holders, or members, or families, or representatives of either, conditioned upon the continuance or cessation of human life, or for the payment of endowments or annuities (except benevolent, fraternal, cooperative, or secret societies or orders for the sole purpose of mutual welfare, protection, and relief of their members, and the payment of stipulated amounts, or the proceeds of assessments, to the families of deceased members), shall be deemed a life insurance company, and shall make no such insurance, guaranty, contract, or pledge in this state, or to or with any citizen or resident thereof, which does not distinctly specify the amount and manner of payment of benefits and the consideration therefor. ('95 c. 175 s. 63; '01 c. 143)

88-20, 21, 92+472.

**1688. Prerequisites of all life companies**—No life company shall be qualified to issue any policy until applications for at least two hundred thousand dollars of insurance, upon lives of at least two hundred separate residents, have been

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actually and in good faith made, accepted, and entered upon its books, and at least one full annual premium thereunder, based upon the authorized table of mortality, received in cash or in absolutely payable and collectible notes. A duplicate receipt for each premium, conditioned for the return thereof unless the policy be issued within one year thereafter, shall be issued, and one copy delivered to the applicant and the other filed with the commissioner, together with the certificate of a solvent authorized bank in the state, of the deposit therein of such cash and notes, aggregating the amount aforesaid, specifying the maker, payee, date, maturity, and amount of each. Such cash and notes shall be held by it not longer than one year, and at or before the expiration thereof to be by it paid or delivered, upon the written order of the commissioner, to such company or applicants respectively.

07 1689 - 277  
09 1689 - - 427

**1689. Discrimination in accepting risks, etc.**—No company or agent, all other conditions being equal, shall make any discrimination in the acceptance of risks, in rates, premiums, dividends, or benefits of any kind, or by way of rebates, between persons of the same class, nor on account of race; and upon request of any person whose application has been rejected, the company shall furnish him, in writing, the reasons therefor, including a certificate of the examining physician that such rejection was not for any racial cause. Every company violating either of the foregoing provisions shall forfeit not less than five hundred dollars nor more than one thousand dollars, and every officer, agent, or solicitor violating the same shall be guilty of a gross misdemeanor; and the commissioner shall revoke the license of such company and its agents, and grant no new license within one year thereafter. ('95 c. 175 ss. 66, 67)

05 1690 - 235  
05 - - 303

**1690. Reinsurance**—No domestic company, without permission of the commissioner, shall reinsure more than one-half of any individual risk. ('95 c. 175 s. 70)

**1691. Who entitled to proceeds of life policy**—Whenever any insurance is effected in favor of another, the beneficiary shall be entitled to its proceeds against the creditors and representatives of the person effecting the same. All premiums paid for insurance in fraud of creditors, with interest thereon, shall inure to their benefit from the proceeds of the policy, if the company be specifically notified thereof in writing before payment. ('95 c. 175 s. 71)

07 1692 - 345

**1692. Exemption in favor of family—Change of beneficiary**—Every policy made payable to, or for the benefit of, the wife of the insured, or after its issue assigned to or in trust for her, shall inure to her separate use and that of her children, subject to the provisions of § 1691. But the person applying for and procuring such policy may change the beneficiary or beneficiaries, if the consent of the beneficiary or beneficiaries named in the policy is obtained, or if a power so to do is reserved in the contract of insurance, or in case of the death or divorcement of a married woman named as beneficiary. ('95 c. 175 s. 71)

07 1693 - 44

**1693. Misstatement, when not to invalidate policy**—In any claim upon a policy issued in this state without previous medical examination, or without the knowledge or consent of the insured, or, in case of a minor, without the consent of his parent, guardian, or other person having his legal custody, the statements made in the application as to the age, physical condition, and family history of the insured shall be valid and binding upon the company, unless wilfully false or intentionally misleading. Every policy which contains a reference to the application, either as a part of the policy or as having any bearing thereon, shall have a copy of such application attached thereto or set out therein. ('95 c. 175 s. 71)

See 88-423, 93+608; 94-293, 102+715 and § 1623.

07 1694 - 43  
07 - - 44  
07 - - 161  
07 - - 220

**1694. Description of policy on its face**—No company shall issue any policy to a resident of this state which does not bear in bold letters upon its face a brief description thereof, so specifying its general character, dividend periods, and other particulars that the holder will not be liable to mistake the nature and scope of the contract. ('95 c. 175 s. 72)

**1695. Designation of plan**—Life and casualty companies doing business in the state, except fraternal societies operating on the lodge plan, shall have the words "Old Line," "Assessment Plan," or "Stipulated Premium Plan," as the case may be, printed on or stamped in bold-faced type in different colored ink on the face of every policy, renewal receipt, circular, and application hereafter issued or circulated, which shall make one of the principal lines near the top. Upon failure to so do, the commissioner shall revoke the authority of such company and its agent to do business. Every officer or agent who shall neglect or refuse to comply with this section shall be guilty of a gross misdemeanor, and punished by a fine of not less than one hundred dollars nor more than five hundred dollars. ('01 c. 70)

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07 - 43  
07 - 44  
07 - 220  
07 - 318  
07 - 474

**1696. Foreign companies may become domestic, when**—Any company organized under the laws of any other state or country, which might have been originally incorporated under the laws of this state, and which has been admitted to do business therein for either or both the purposes of life or accident insurance, upon complying with all the requirements of law relative to the execution, filing, recording, and publishing of original certificates and payment of incorporation fees by like domestic corporations, therein designating its principal place of business at a place in this state, may become a domestic corporation, and be entitled to like certificates of its corporate existence and license to transact business in this state, and be subject in all respects to the authority and jurisdiction thereof. ('97 c. 95 ss. 1, 2)

**1697. Rights of members of domestic companies**—Every person insured by a domestic mutual life insurance company shall be a member, entitled to one vote, and one vote additional for each one thousand dollars of insurance in excess of the first one thousand dollars, and shall be notified of its annual meetings by a written notice mailed to his address, or by an imprint on the back of his policy, receipt or certificate of renewal, as follows, to-wit:

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The insured is hereby notified that by virtue of his policy he 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.

The blanks shall be duly filled in print. Any member of a domestic mutual life insurance company may vote by proxy, provided that the written proxy appointment shall be filed with the company at least five days before the meeting at which it is to be used. ('95 c. 175 s. 37; '01 c. 143 s. 73)

Policy without notice of meeting not void (90-9, 95+579).

**CO-OPERATIVE LIFE AND CASUALTY COMPANIES**

**1698. Declaration—By-laws**—Every corporation formed for life or casualty insurance, or both, upon the assessment plan, before the issue of any policy or certificate, shall file with the commissioner a declaration signed and sworn to by each incorporator, stating that not less than fifty persons have in good faith made application in writing for membership therein, and that each of them has been examined and recommended as insurable by a reputable physician, and has deposited five dollars with the company. It shall also file with such commissioner a certified copy of its by-laws, wherein and whereby the sum of one thousand dollars of the aggregate of such deposits shall have been irrevocably pledged for the payment of death losses, and whereby it shall have duly established rates of assessment that will realize at least one thousand dollars from each assessment for such death loss over and above all expenses and reserves of every kind. (3298)

1698  
07 - 318  
1698-1704  
07 - 345  
1698-1704  
09 - 167  
09 - 329  
102-M - 17

**1699. Assessment plan defined**—Every corporation which issues a certificate or policy or makes any agreement with its members by which, upon the decease of a member, any money is to be paid to, or benefit conferred upon, the legal representatives or designated beneficiaries of such member, to be derived from voluntary donations, admission fees, dues, or assessments to be collected from its members or any class thereof, and which payment or benefit is conditional upon being so realized, shall be deemed to be engaged in the business of life insurance upon the assessment plan. Every corporation which

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likewise agrees in case of sickness or other physical disability, or reaching a certain age, to pay money or to confer benefit likewise derived and conditioned, shall be deemed to be engaged in the business of casualty insurance upon the assessment plan, and shall be subject to the provisions of this subdivision. (3300, 3301)

48-110, 50+1028.

05 1700 - 235  
07 - 318

**1700. Report at annual meeting—Notices—**At the regular meeting of every such corporation, a specific report of all its receipts and expenditures for the preceding year shall be submitted. The books and papers of such corporation shall be open for examination by members or their representatives at all reasonable times. At the stated meetings for the election of a governing body a majority of those entitled to vote shall not be necessary for a quorum, nor shall failure to elect dissolve the corporation. It may hold such election on a subsequent day, upon such notice as is prescribed by its by-laws. Every notice of assessment upon members shall state the cause and purpose thereof. (3310, 3311, 3316)

07 1701 - 318

**1701. Reserve fund—**Every such corporation, except fraternal beneficiary associations, not already possessing a reserve or emergency fund of at least five thousand dollars for the payment of death and indemnity claims, shall set aside ten per cent. of its gross premium receipts or assessments until such amount is accumulated. Every such fund now or hereafter reaching such amount shall be increased by adding to the same two and one-half per cent. of the amount realized from every subsequent premium assessment or periodical call until it equals two dollars for every five thousand dollars of insurance in force; and whenever reduced, it shall be made up within six months thereafter. It may be held in cash, or invested in securities approved by the commissioner. ('99 cc. 113, 344)

05 1702 - 303  
07 - 318

**1702. Transfer of risks or reinsurance—**Any such corporation, with the exceptions mentioned in § 1701, may transfer its risks to, or reinsure them in, any other authorized corporation by the execution of a proper contract, previously authorized by a resolution adopted by a two-thirds vote of all the members of each, at meetings thereof specially called to consider the same, upon thirty days' mailed notice to each member. Such action, at the expiration of five days, shall terminate all liability of the transferring corporation upon its certificates, and its authority to transact any business not necessary in closing its affairs. ('99 cc. 113, 344)

07 1703 - 42  
07 - 382

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102-M - 15  
112-NW 1050

**1703. Beneficiary and fraternal associations—**Any beneficiary or fraternal association, as defined in this chapter, may make provision for the payment of benefits in case of sickness or temporary or permanent physical disability, as a result of disease, accident, or age exceeding seventy years, and may also provide for the payment of funeral expenses of a member not exceeding seventy-five dollars; in any case all of said benefits to be paid, subject to compliance by its members with its constitution and by-laws, out of funds derived from assessments and dues collected from its members. Payments of death benefits shall be made only to the families, heirs, blood relatives, adopted children, fiancée of the member, or persons dependent upon him. Every such association may create and maintain a reserve fund for such purpose and shall be held to be an institution of public charity, and shall be exempt from payment of any taxes for state, county or municipal purposes, except that the real estate of such association shall be taxed as other real estate in the state of Minnesota. ('03 cc. 276, 296)

**1704. Insolvency—**In case any such company is adjudged insolvent, the balance of its reserve fund, if any, after payment of claims and other indebtedness, shall be paid to the commissioner, and by him paid into the state treasury. ('99 cc. 113, 344)

**FOREIGN COMPANIES**

05 1705 - 235  
07 - 155  
07 - 345

**1705. Requirements—Certificate—**Any insurance company of another state, upon compliance with all laws governing such corporations in general, and

with the foregoing provisions so far as applicable, and also with the following requirements, shall be admitted to do business in this state:

1. It shall deposit with the commissioner a certified copy of its charter or certificate of incorporation, and of its by-laws, and a statement showing its financial condition and business, verified by its president and secretary or other proper officers.

2. It shall furnish the commissioner satisfactory evidence of its legal organization and authority to transact the proposed business, and that its capital, assets, deposit with the proper official of its own state, amount insured, number of risks, reserve and other securities, and guaranties for protection of policyholders, creditors, and the public, comply with those required of like domestic companies.

3. By a duly executed instrument filed in the office of the commissioner, it shall appoint him and his successors in office its lawful attorneys in fact, and therein irrevocably agree that legal process in any action or proceeding against it may be served upon them with the same force and effect as if personally served upon it, so long as any of its liability exists in this state.

4. It shall appoint, as its agents in this state, residents thereof, and obtain from the commissioner a license to transact business therein. ('95 c. 175 s. 77; '99 c. 234 s. 3)

1. **Service of process—Subd. 3—**Stipulation for service how far irrevocable (87-260, 91+1115). Personal service on commissioner not exclusive of service on local agent under G. S. 1894 § 3158 (80-147, 82+1083; 80-146, 83+1118). Stipulation does not give situs in this state to a claim due a company for business done out of the state (72-383, 75+740). Venue of action against foreign company (See § 4095).

2. **Certificates—**Act of commissioner in issuing does not conclude state. Quo warranto to test right of corporation to exercise corporate powers (39-538, 41+108).

3. **In general—**Premiums and assessments not collectible when statute not complied with (66-205, 68+1065; 74-325, 329, 77+207), but insured may recover from company (34-372, 25+943). Foreign company complying with statute has rights of domestic companies (74-139, 142, 76+1030). In action by foreign company not necessary to allege compliance with statute. Non-compliance a matter of defence (63-170, 65+351; 74-325, 77+207; 77-256, 259, 79+974). Restrictions on foreign companies to be enforced. No business can be done without compliance with statute (88-20, 25, 92+472; 94-86, 102+213).

**1706. Deposit—**Such company of any foreign country, except fraternal beneficiary associations, shall not be admitted until, besides complying with the foregoing requirements, it has made a deposit with the treasurer of this state, or with the proper officer of some other of the United States, of a sum not less than the capital required of a like company under the provisions of this chapter, and of like character and subject to the same limitations. Such deposit shall be in exclusive trust for all its policyholders and creditors in the United States, and for all purposes of the insurance laws shall be deemed its capital. ('95 c. 175 s. 78)

**1707. Trustees appointed, when—**Any company of a foreign country may duly appoint one or more citizens of the United States, approved by the commissioner, to hold funds or other property for the benefit of its policyholders and creditors therein. A certified copy of their appointment, and of the instrument of trust, shall be filed with the commissioner, who shall have the same authority in the premises as in the case of the affairs of all companies. Such funds shall be invested in the same securities as required of other insurance companies, and, together with the deposits required, shall constitute the assets of such company in respect to its policyholders and creditors in the United States. ('95 c. 175 s. 80)

**1708. Method of insurance—War—Reinsurance—**No foreign company shall make its insurance contracts upon lives, property, or interests in this state except through lawfully constituted and licensed resident agents, and whenever it effects reinsurance otherwise than through such agents the entire tax thereon shall be paid by the original company, and no reduction shall be made on account of such reinsurance. No policy of insurance issued to a citizen of this state shall be invalidated by the occurrence of hostilities between any foreign country and the United States. ('95 c. 175 s. 83)

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102-M - 17

07 1709 - 420

**1709. Retaliatory provisions**—Whenever by the laws of any other state or country any taxes, fines, penalties, licenses, or fees, in addition to or in excess of those imposed by the laws of this state upon foreign insurance companies and their agents doing business in this state, are imposed on insurance companies of this state and their agents doing business in such state or country, or whenever any conditions precedent to the right to do business in such state are imposed by the laws thereof, beyond those imposed upon such foreign companies by the laws of this state, the same taxes, fines, penalties, licenses, fees, and conditions precedent shall be imposed upon every similar insurance company of such state or country and their agents doing or applying to do business in this state, so long as such foreign laws remain in force. ('95 c. 175 s. 84)

39-538, 41+108; 66-393, 69+141.

107 1710 - 17

**1710. Agents—Licenses—Certificate**—No officer or agent of any foreign company, except fraternal beneficiary associations, shall make, procure to be made, or in any manner aid in the negotiation of any insurance by such company until he shall have obtained from the commissioner a license therefor, which shall be granted upon written notice by such company of such appointment and the payment of the prescribed fee, if otherwise warranted. Such license may be revoked by the commissioner for non-compliance with law, or by the company, upon filing written notice thereof with the commissioner. ('95 c. 175 s. 89)

94-86, 102+213.

**PENALTIES**

**1711. Complainant entitled to one-half fine, when**—The person, other than the insurance commissioner or his deputy, upon whose complaint a conviction is had for violation of the law prohibiting insurance in or by foreign companies not authorized to do business in this state, shall be entitled to one-half the fine recovered upon sentence therefor. ('95 c. 175 s. 100)

07 1712 - 43

**1712. Unlawful guaranty**—Every director or other officer of a mutual fire insurance company, who officially or privately gives a guaranty to a policyholder thereof against an assessment for which he would otherwise be liable, shall be guilty of a misdemeanor. ('95 c. 175 s. 108)

**1713. Failure to appear before or obstructing commissioner**—Whoever, without justifiable cause, neglects, upon due summons, to appear and testify before the commissioner as provided in this chapter, or obstructs the commissioner or his deputy in his examination of an insurance company, shall be guilty of a gross misdemeanor. ('95 c. 175 s. 110)

07 1714 - 345

**1714. Negotiation of unlawful contracts**—Every person who assumes to act as an insurance agent or broker, without license therefor as provided in this chapter, or who acts in any manner in the negotiation or transaction of unlawful insurance with a foreign insurance company not admitted to do business in this state, or who, as principal or agent, violates any provision of law relative to the negotiation or effecting of contracts of insurance, shall be guilty of a gross misdemeanor. ('95 c. 175 s. 101)

43-350, 43+711; 88-20, 92+472; 94-86, 102-213.

05 1715 - 235

**1715. Issue of prohibited life policies**—Every officer or agent of a life insurance company who shall issue any policy in violation of any order or other prohibition by the commissioner, made pursuant to law, shall be guilty of a gross misdemeanor. ('95 c. 175 s. 106)

07 1716 - 41  
07 - 43  
99-M - 176  
108-NW 361

**1716. When agent of insurer — Procuring premiums by fraud**—Every insurance agent or broker who acts for another in negotiating a contract of insurance by an insurance company shall be held to be the company's agent for the purpose of collecting or securing the premiums therefor, whatever conditions or stipulations may be contained in the contract or policy. Whenever any such agent or broker, by fraudulent representations, procures payment, or an obligation for the payment, of an insurance premium, he shall be guilty of a gross misdemeanor. ('95 c. 175 s. 88)

94-86, 102+213.

**1717. Unlawful acts of licensed person**—Every person licensed to procure insurance in an unlicensed foreign company, who fails to file the affidavit and statement required in such case, or who wilfully makes a false affidavit or statement, shall forfeit his license and be guilty of a gross misdemeanor. ('95 c. 175 s. 102)

**1718. Unlawful procurement or use of proxy**—Every officer or agent of a domestic mutual insurance company who shall solicit, receive, procure to be obtained, or use a proxy vote in violation of any provision of law, shall be guilty of a gross misdemeanor. ('95 c. 175 s. 109)

**1719. False statements in applications**—Every solicitor, agent, examining physician, or other person who knowingly or wilfully makes a false or fraudulent statement in, or relative to, any application for insurance or membership, for any purpose whatsoever, shall be guilty of a gross misdemeanor. (3315; '95 c. 175 s. 72)

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07 - 345

**1720. Failure to make annual statement**—Every company neglecting to file its annual statement in the form prescribed and within the time specified by law shall forfeit one hundred dollars for each day's neglect, and its authority to do new business shall cease upon order by the commissioner to that effect, while such default continues. For wilfully making a false annual or other required statement, such company shall forfeit five hundred dollars. Either or both of the aforesaid forfeitures may be recovered in a civil action brought by and in the name of the state, and the money recovered shall be paid into the state treasury. ('95 c. 175 s. 104)

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78-311, 81+3.

**1721. Violations of chapter**—Every company, and every officer and agent of any company, making, issuing, delivering, or tendering any policy of insurance of any kind, or directing any of the same to be done, in wilful violation of any of the provisions of law, for a first offence, shall be guilty of a misdemeanor, and for each subsequent offence, of a gross misdemeanor; and, in addition to all other penalties prescribed by law, every company issuing any such policy shall be disqualified from doing any insurance business in this state until the payment of all fines imposed, and for one year thereafter.

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05 - 235  
07 - 345

**1722. Failure to make report or comply with law**—Every officer and agent of any insurance company, required by any provision of this chapter to make any report or perform any act, who shall neglect or refuse to comply with such requirement, and every agent, solicitor, or collector of such corporation in this state who fails or neglects to procure from the commissioner a certificate of authority to do such business, or who fails or refuses to comply with, or violates, any provision of the insurance law, shall be guilty of a gross misdemeanor. (3313, 3315)

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05 - 235

**1723. Other violations**—Whoever violates any provision of the insurance law, where the nature of the offence is not specifically designated herein, shall be guilty of a gross misdemeanor. ('95 c. 175 s. 112)

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## CHAPTER 20

### INSPECTOR OF OILS

**1724. Appointment, etc.—Term**—The governor, by and with the advice and consent of the senate, shall appoint an inspector of oils, whose term of office shall extend until the first Monday of January in the odd-numbered year next after his appointment, and until his successor qualifies; but the governor may supersede such inspector whenever he shall deem it necessary for the public good. He shall receive an annual salary of twenty-four hundred dollars, payable monthly. He shall give bond to the state, in the penal sum

1724-1733  
09 - - 502