

CHAPTER 66

MUTUAL COMPANIES

Sec.		Sec.	
66.01	Membership; meetings; notice	66.26	Expense and membership fee limitation
66.02	Premiums; contingent liability	66.27	Mutual employers' liability association
66.03	Requirements when note given	66.28	Requirements before beginning business
66.04	Policies of insurance without contingent liability	66.29	Compensation companies may write glass insurance
66.05	To insure against loss or damage to automobiles	66.30	Bylaws; seal
66.06	Provisions as to policies lapsing	66.31	Annual meeting
66.07	Assessments	66.32	Issuance of policies
66.08	Guaranty fund	66.33	Subscribers, number of
66.09	Non-assessable policies; guaranty fund; business permitted	66.34	Power of board of directors
66.10	Restrictions	66.35	Premiums; maximum contingent mutual liability
66.11	Mutual companies doing business other than life, fire, accident	66.36	Rates established
66.12	Money advanced, by whom; liquidation of assets	66.37	Classification of subscribers and premium rates
66.13	Dividends	66.38	Statement, where filed
66.14	Revocation of license	66.39	Perjury by officer
66.15	Kinds of business authorized	66.40	Withdrawal of subscriber
66.16	Foreign mutuals	66.41	Investment of funds; real estate holdings
66.17	Fire, hail, and tornado associations maintained by members of one religious denomination, exempt from insurance laws	66.42	Mutual hail, tornado, and cyclone companies; policies issued
66.18	Mutual insurance companies may reinsure	66.43	Assessments; notice, payments, collection
66.19	Mutual automobile insurance companies	66.44	Officers, duties, bonds
66.20	Expense and membership fees	66.45	Proxies
66.21	Reinsurance or unearned premium reserve	66.46	Property insurable; limitation on expenses
66.22	Additional coverage	66.47	Reports; winding up; powers of commissioner
66.23	Guaranty reserve fund	66.48	Provisions of policy
66.24	Mutual threshermen's insurance company	66.49	Transfer of risks and reinsurance
66.25	Policies, number required before commencing business	66.50	Reinsurance and consolidation
		66.51	Mutual burglary and theft insurance companies
		66.52	Mutual marine insurance companies
		66.53	Net profits; accumulations
		66.54	Government; liability of officers
		66.55	Foreign associations

66.01 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, entitled to one vote for each policy he holds, and 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:

"The beneficiary hereunder is hereby notified that he is a member of theInsurance 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'clockm."

[R. L. s. 1626] (3537)

66.02 PREMIUMS; CONTINGENT LIABILITY. Every mutual fire company shall charge and collect on each policy a premium, in cash or in notes absolutely payable, or it may accept a deposit of cash equal to one year's premium on the policy issued and while the deposit remains intact collect all future premiums on the policy by assessments thereon, and provided in its by-laws, and specify in its policies, the maximum contingent mutual liability of its members for payment of losses and expenses not provided for by its cash fund. The contingent liability of a member shall not be less than a sum equal to and in addition to one annual premium, nor more than a sum equal to five times the amount of the annual premium or, in case of a policy written for less than one year, the contingent liability shall not exceed the amount of premium written in the policy. The total amount of the liability of the policyholder shall be plainly and legibly stated upon each policy. When any reduction shall be made in the contingent liability of members the reduction shall apply proportionally to all policies in force. Mutual fire insurance companies maintaining a full 50 per cent reinsurance reserve and having a fully paid-in and unimpaired guaranty fund of not less than \$100,000 may issue policies without a contingent liability; but the fact that there is no contingent liability must be plainly and legibly stated in the policies.

[R. L. s. 1627; 1907 c. 321] (3538)

66.03 REQUIREMENTS WHEN NOTE GIVEN. Except as provided in section 66.02, when 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, except that when any such note or other written evidence of indebtedness is not paid at maturity the policy for which the same was premium, in whole or in part, may be canceled upon notice and in the same manner as though the premium was paid in cash and the surrender of the note or other written evidence of indebtedness shall constitute a return or payment of the unearned portion of premium, and in such event the parties liable on the note or evidence of indebtedness shall be liable for and shall pay the premium earned prior to the cancellation and no more. In case of any cancellation of a policy, any note or written evidence of indebtedness given for whole or part of the premium thereon may be by insurer returned to the insured in lieu of cash to the extent of the unpaid amount thereof, plus accrued interest. No note given for premiums or deposit for assessment, or both, or for any part of either, shall be negotiable and every assignment thereof shall be subject to all existing defenses. Nor shall any such notes be valid for any purpose unless the words "not negotiable" are plainly and legibly written or printed across the face thereof.

[R L s 1628; 1907 c 321 s 1] (3539)

66.04 POLICIES OF INSURANCE WITHOUT CONTINGENT LIABILITY. Any mutual company authorized to transact business in this state which establishes and maintains, over and above its liabilities and the reserves required by law of like stock insurance companies, a guaranty fund available for the payment of losses and expenses at least equal to the capital stock required of a like stock insurance company may issue policies of insurance without contingent liability.

[1919 c. 393 s. 1] (3540)

66.05 TO INSURE AGAINST LOSS OR DAMAGE TO AUTOMOBILES. Any such company authorized to write workmen's compensation or liability insurance under sections 66.27, 66.28, 66.30 to 66.41, and 66.55, when its articles of incorporation so provide, shall be permitted to insure against loss or damage to automobiles or other vehicles and their contents by collision, fire, burglary, or theft, and other perils of operation, and against liability for damage to persons or property of others by collision with such vehicles, and to insure against any loss or hazard incident to the ownership, operation, or use of motor or other vehicles, as specified in section 60.29, subdivision 1, clause (12).

[1919 c. 393 s. 2] (3541)

66.06 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 60 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. The condition shall be plainly and legibly specified in each policy. Whereupon the company may recover the amount of earned premium or assessment, or both, but no more. Nothing herein contained shall prevent the reinstatement of the lapsed policy by voluntary acceptance of any delinquent assessment before suit.

[R. L. s. 1629] (3542)

66.07 ASSESSMENTS. When the net assets of any mutual insurance company are insufficient for the payment of incurred losses and expenses above its reinsurance reserve, as provided by law, 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 amount liable to the assessment, the amount of the assessment, and the particular losses or other liabilities for which it is made. This 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.

The commissioner may by written order relieve the company from an assessment or other proceedings to restore the assets during the time fixed in the order, when the deficiency does not exceed ten per cent of its admitted assets.

[R L s 1630; 1907 c 321 s 1; 1915 c 354 s 1] (3543)

66.08 GUARANTY FUND. When, 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. When the board of directors or the commissioner shall be of the opinion that the insolvency of any company is probable the board or, upon its 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 \$500,000, 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. No assessment shall be valid against a policyholder who has not been duly notified thereof in writing within one year after the expiration or cancelation of his policy. A mutual fire insurance company may be formed with, or an existing fire insurance company may establish, a guaranty fund divided into certificates of \$10 each, or multiples thereof, and this guaranty fund shall be invested in the same manner as is provided for the investment of capital stock of insurance companies. The certificate holders of the guaranty fund shall be entitled to an annual dividend of not more than ten per cent on their respective certificates, if the net profits or unused premiums left after all losses, expenses, or liabilities then incurred, with reserves for reinsurance, are provided for shall be sufficient to pay the same; 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 the net profits.

The guaranty fund shall be applied to the payment of losses and expenses when necessary and, if the guaranty fund be impaired, the directors may make good the whole or any part of the impairment from future profits of the company, but no dividend shall be paid on guaranty fund certificates while the guaranty fund is impaired.

The holder of the guaranty fund certificate shall not be liable for any more than the amount of his certificate which has not been paid in and this amount shall be plainly and legibly stated on the face of the certificate.

Each certificate holder of record shall be entitled to one vote in person or by proxy in any meeting of the members of the company for each \$10 investment by him in guaranty fund certificates. The guaranty fund may be reduced or retired by vote of the policyholders of the company and the assent of the commissioner, if the net assets of the company above its reinsurance reserve and all other claims and obligations and the amount of its guaranty fund certificates and interest thereon for two years last preceding and including the date of its last annual statement shall not be less than 50 per cent of the premiums in force.

Due notice of this proposed action on the part of the company shall be mailed to each policyholder of the company not less than 30 days before the meeting when the action may be taken.

In mutual fire insurance companies with a guaranty fund, the certificate holders shall be entitled to choose and elect from among their own number or from among the policyholders at least one-half of the total number of directors.

If any mutual fire insurance company with a guaranty fund ceases to do business, it shall not divide among its certificate holders any part of its assets or guaranty fund until all its debts and obligations have been paid or canceled.

Foreign mutual fire insurance companies having a guaranty fund shall not be required to make their certificate of guaranty fund conform to the provisions of this section, but when the certificates do not conform therewith the amount thereof shall be charged as a liability.

66.09 NON-ASSESSABLE POLICIES; GUARANTY FUND; BUSINESS PERMITTED. Any mutual insurance company which establishes and maintains, over and above its liabilities and the reserves required by law of a like stock insurance company, a guaranty fund available for the payment of losses and expenses at least equal to the capital stock and surplus, if any, required of a like stock insurance company may issue policies of insurance without contingent liability, and when the articles of incorporation of any mutual insurance company having this guaranty fund so provide the company may transact any and all of the kinds of business as set forth in section 60.29, subdivision 1, clauses (1) to (14), subject to the restrictions and limitations imposed by law on a like stock insurance company, and any domestic mutual company having a guaranty fund equal to the amount of capital stock and surplus required of a like stock insurance company may insure the same kinds of property and conduct and carry on its business, subject only to the restrictions and limitations applicable to like domestic stock insurance companies. Section 66.08 shall not apply to this guaranty fund, save and except that the guaranty fund of the company shall be invested in the same manner as is provided by law for the investment of its other funds. Every such company shall in its annual statement show as separate items the amount of the guaranty fund and the remaining divisible surplus, and the aggregate of such items shall be shown as surplus to policyholders.

A guaranty fund may be created, in whole or in part, in either or both of the following ways:

(1) Where an existing mutual company has a surplus the members of the company may at any regular or special meeting set aside from and out of its surplus such sum as shall be fixed by resolution to be transferred to and thereafter constitute, in whole or in part, the guaranty fund of the company; or

(2) By the issuance of guaranty fund certificates, as specified in section 66.12, the same to be issued upon the conditions and subject to the rights and obligations specified in section 66.12.

Any such company establishing a guaranty fund, as hereinbefore provided, may, subject to the restrictions and limitations imposed by law as to a like stock insurance company, amend its articles so as to provide for the doing by it of one or more of the kinds of insurance business specified in section 60.29, subdivision 1, clauses (1) to (14).

The policy liability of any such mutual company issuing policies without a contingent liability shall, as to these policies, be computed upon the same basis as is applicable to like policies issued by stock insurance companies. Where any such company shall issue five-year term policies, wherein the premiums shall be payable in annual or biennial instalments and no premium note is taken by the company as payment of the full term premium, the company then shall be required to maintain a reserve fund on only the portion of premiums actually collected from time to time under these term policies and no company so creating a guaranty fund shall issue policies without a contingent liability after the guaranty fund shall be impaired or reduced below the capital and surplus required of a like stock insurance company doing the same kind or kinds of insurance. Any company having a guaranty fund may insure, without a contingent liability, any kind or class of property which a like stock company may insure.

[1921 c. 200 s. 1; 1923 c. 159 s. 1] (3545)

66.10 RESTRICTIONS. When the articles of incorporation of any mutual insurance company not having a guaranty fund of the amount required by section 66.09 so provide it may transact any and all kinds of business as set forth in section 60.29, subdivision 1, clauses (1) to (14), subject to the conditions and restrictions as to the kinds of insurance which may be combined by a like stock insurance company and to all restrictions contained in the laws of this state with reference to general writing mutual insurance companies transacting the same kinds of business. Nothing in this section shall be construed as prohibiting a company issuing policies with a contingent liability from creating a guaranty fund as authorized by section 66.12. Any mutual company, however organized, may amend its articles so as to provide for the doing of two or more of the kinds of business specified in section 60.29, subdivision 1, clauses (1) to (14).

[1921 c. 200 s. 2; 1923 c. 159 s. 2; 1929 c. 98 s. 1] (3546)

66.11 MUTUAL COMPANIES DOING BUSINESS OTHER THAN LIFE, FIRE, ACCIDENT. No mutual insurance company hereafter organized shall be licensed to transact any of the kinds of business specified in section 60.29, subdivision 1, clauses (3), (5), (6), (8), (9), (10), (12), (13), and (14), except upon compliance with the following conditions:

(1) It shall have not less than 300 bona fide applications for policies of insurance of each kind sought to be written, signed by at least 300 members, covering at least 300 separate risks, each risk, within the maximum net single risk described herein and one year's premiums thereon paid in cash, and admitted assets of not less than \$10,000, which admitted assets shall not be less than five times the maximum net single risk, as herein defined, and shall have on deposit with the commissioner, as security for all of its policyholders, stock or bonds of this state or of the United States or bonds of any of the municipalities of this state, or personal obligations secured by first mortgage on real estate within this state worth, exclusive of buildings, the amount of the lien, and bearing interest of not less than three per cent per annum, to an amount the actual market value of which, exclusive of interest, shall never be less than \$10,000. No such company shall be authorized to insure against loss or damage by the bodily injury or death by accident of any person employed by the insured, for which the insured is liable under the workmen's compensation law, unless and until such company shall comply with the provisions of sections 66.27 to 66.41;

(2) It shall not expose itself to any loss on any one risk or hazard, except as hereinafter provided, in an amount exceeding ten per cent of its net assets, actual and contingent; such contingent assets being the aggregate amount of the contingent liability of its members for the payment of loss and expenses not provided for by its cash funds. Such contingent liability, for the purposes of sections 66.09 to 66.16, to be an amount not to exceed one annual premium as stated in the policy. No portion of any such risk or hazard which shall have been reinsured, as authorized by the laws of this state, shall be included in determining the limitation of risk prescribed by this section. For the purpose of transacting employers' liability and workmen's compensation insurance, each employee shall be considered a separate risk for determining the maximum single risk;

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

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

(5) All policies issued by such companies shall provide for a premium or premium deposit payable in cash and, except as herein provided, for a contingent liability of the members at least equal to the premium or premium deposit as adjusted by audit, if any. If at any time the admitted assets are less than the reserves and other liabilities, the company shall immediately collect upon policies with a contingent liability a sufficient proportionate part thereof to restore such assets and the commissioner may, when such deficiency does not exceed ten per cent of its admitted assets, by written order direct that proceedings to restore such assets be deferred during the period of time fixed in such order. The contingent liabilities, if any, of the policyholders shall be plainly and legibly stated in every policy in terms of either dollars or premiums.

[1921 c 200 s 3; 1929 c 98 s 2; 1931 c 288 s 1.] (3547)

66.12 MONEY ADVANCED, BY WHOM; LIQUIDATION OF ASSETS. Any director, officer, or member of any mutual insurance company, or any other person, may advance to the company any sum of money necessary for the purposes of its business or to enable it to comply with any of the requirements of the law, including the creation, in whole or in part, of a guaranty fund to enable it to do one or more of the kinds of business specified in section 66.09, and for the creation by a company issuing policies with a contingent liability of a guaranty fund, in such amount as the board of directors shall determine, for the protection of policyholders of the company, and such moneys, together with such interest thereon as may have been agreed upon, not exceeding ten per cent per annum, shall be repaid only out of the surplus remaining after providing for all reserves, if any, and other liability, and which shall not otherwise be a liability or claim against the company or any of

its assets. No commission or promotion expenses shall be paid in connection with the advance of any such money to the company, and the amount of the advance remaining unpaid shall be reported in each annual statement.

The company shall issue to each person so advancing money for the creation of a guaranty fund a certificate or certificates specifying the amount so advanced. These certificates may be assigned by the holder thereof and a transfer thereof recorded upon the books of the company. The holders of the guaranty fund certificates shall be entitled to annual interest thereon at the rate agreed upon, if the net profits of the company, after all losses, expenses, liabilities, and legal reserves, if any, have been paid or provided for, are sufficient to pay the same. If the net profits of the company in any year are insufficient to pay the full amount of interest agreed upon, the difference may be paid in any subsequent year from the net profits of the subsequent years.

The guaranty fund shall be applied to the payment of losses and expenses when necessary and, if the guaranty fund be impaired, the directors may make good the whole or any part of the impairment from future net profits of the company or by the issue and sale of additional guaranty fund certificates, but no interest shall be paid on the guaranty fund certificates while the guaranty fund is impaired. No certificate shall be issued except for money actually paid to the company, which amount shall be plainly and legibly stated therein. The company shall issue certificates only in sums of \$10, or multiples thereof; it shall keep a record of the name and address of the person to whom issued and of all assignments thereof. Upon the surrender of a certificate duly assigned in writing, the company shall cancel the same and issue a new certificate to the assignee.

Each certificate holder of record shall be entitled to one vote in person or by proxy at any meeting of the members of the company for each \$10 investment by him in the guaranty fund certificates.

The guaranty fund may be reduced or retired by vote of the board of directors of the company, if the net assets of the company, above its legal reserves, if any, and all other claims and obligations are sufficient therefor. The certificate holders shall be entitled to choose and elect from among their own members or from among the policyholders at least one-half of the total number of directors.

In case the members of any company by resolution adopted at any regular meeting or special meeting called for that purpose shall determine to wind up and liquidate the business of any such company, the assets thereof shall be applied (1) to the payment of the expense of the liquidation; (2) to the payment of any accrued liability, including losses, if any; (3) to the payment of any unearned premiums on policies in force at the time of the liquidation; (4) to the payment of guaranty fund certificates, if any, together with accrued interest thereon, if any; and (5) the residue shall be distributed to the policyholders who were such at the time of the adoption of the resolution in the proportion which the face amount of the insurance carried by each policyholder bears to the total amount of insurance in force.

[1921 c. 200 s. 4; 1923 c. 159 s. 3] (3548)

66.13 DIVIDENDS. The board of directors of any mutual insurance company may from time to time fix and determine the amounts to be paid during the year as dividends or a refund of savings and gains to policyholders; provided, that no dividend or refund shall discriminate between members of the same class and no dividend or refund shall be declared or distributed except out of the net divisible surplus of the company, and no company shall pay or credit a policyholder any sum in anticipation of a future dividend or refund.

[1921 c. 200 s. 5] (3549)

66.14 REVOCATION OF LICENSE. In case of the failure of any insurance company to comply with any of the provisions of sections 66.09 to 66.16, its right to transact insurance business in this state shall cease and it shall be the duty of the commissioner to immediately declare its license revoked; and, in case of such revocation, the company shall not be again licensed to transact business in this state for a period of one year from the date of the revocation.

[1921 c. 200 s. 6] (3550)

66.15 KINDS OF BUSINESS AUTHORIZED. Nothing herein shall be deemed to authorize or permit mutual insurance companies to engage in any kind of insurance not included in section 60.29, subdivision 1, clauses (1) to (14), nor shall sections 66.09 to 66.16 be deemed to apply to life insurance or life insurance companies,

nor to town mutual insurance companies, township mutual insurance companies, township mutual live stock insurance companies, or farmers and township mutual reinsurance or guaranty associations.

[1921 c. 200 s. 7; 1923 c. 159 s. 4] (3551)

66.16 FOREIGN MUTUALS. The admission of a foreign mutual insurance company to do business under sections 66.09 to 66.16 shall be governed by the provisions of section 71.16, in so far as the same are applicable.

[1921 c. 200 s. 8] (3552)

66.17 FIRE, HAIL, AND TORNADO ASSOCIATIONS MAINTAINED BY MEMBERS OF ONE RELIGIOUS DENOMINATION, EXEMPT FROM INSURANCE LAWS. The members of any one church, or of any one religious denomination, may maintain for the exclusive benefit of the members thereof an unincorporated association for the mutual insurance of the property of the members against loss or damage by fire, lightning, hail, or tornado, or all of them. The association shall furnish no insurance except upon the property of an actual member of the church or denomination. It may conduct its business upon the plan and method adopted by it and shall not be required to be licensed by or report to the commissioner.

[1907 c. 165 s. 1] (3553)

66.18 MUTUAL INSURANCE COMPANIES MAY REINSURE. Any mutual insurance company organized under the laws of this state for the purpose of insuring property against loss or damage by fire, hail, tornadoes, cyclones, and hurricanes, or any of these causes, may at any time reinsure its business in and consolidate with any other mutual insurance company organized under the laws of this state for the purpose of insuring property against loss or damage from any of these causes.

To so consolidate it shall be necessary:

(1) That a resolution reciting the terms and conditions of the proposed contract be adopted by each of the companies by a two-thirds vote of its members represented, present and voting at any regular meeting or at a special meeting called for that purpose; 30 days' printed or written notice shall be previously given to each member of each of the companies of the time when and place where such meeting is to be held, reciting the purpose thereof; mailing of the notice to the last known address of the member shall be deemed sufficient notice of such meeting;

(2) That certified copies of the resolutions, together with a copy of the contract, shall be filed with the commissioner.

The contract shall not become effective until approved by the commissioner and this approval shall not be given unless he is satisfied that the interests of the policyholders of both of the companies are fully protected and that the contract is just and equitable.

[1931 c 179 s 1] (3553-1)

66.19 MUTUAL AUTOMOBILE INSURANCE COMPANIES. Any number of persons, not less than five, may associate themselves together and form an incorporated company to insure against loss or damage to automobiles or other vehicles and their contents by collision, fire, burglary, theft, hail, windstorm, or tornado, and against liability for damage to property of others by collision with such vehicles.

No policies shall be issued by any company or association organized under the provisions of sections 66.19, 66.20, and 66.23 until not less than \$200,000 of insurance upon not less than 200 separate automobiles located in this state has been subscribed for and entered upon the books of the company or association and the premiums thereon for one year have been paid in cash, which premiums shall aggregate not less than \$2,500.

Every such company shall 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 one annual premium nor more than a sum equal to five times the amount of such annual premium, but in case of a policy written for less than one year the contingent liability shall not exceed the amount of the premium written in the policy. The total amount of the liability of the policyholder shall be plainly and legibly stated upon each policy, as follows:

"The maximum contingent liability of a policyholder under this policy is \$....."

The maximum net single risk, after deducting reinsurance, for which a company organized under sections 66.19, 66.20, and 66.23 shall be solely liable, shall not be more than:

- (1) \$1,000 while the membership is less than 500;
- (2) \$2,000 while the membership is more than 500, and not more than 1,000; or
- (3) \$3,000 so long as the membership is 1,000, or more.

No such company shall insure any person against damage to his own car on account of collision while the membership of the corporation is less than 1,000.

[1919 c 492 s 1-3; 1921 c 288 s 1-3; 1933 c 194 s 1] (3554, 3555, 3556)

66.20 EXPENSE AND MEMBERSHIP FEES. No such company shall expend in any calendar year for the expense of conducting its business more than its membership fees and 40 per cent of its total premiums and assessments actually collected. The membership fee collected by such company shall not exceed \$5.00 upon each policy written.

[1919 c. 492 s. 4; 1921 c. 288 s. 4] (3557)

66.21 REINSURANCE OR UNEARNED PREMIUM RESERVE. The reinsurance or unearned premium reserve of every such company shall be determined in the same manner as that of a domestic mutual fire insurance company, as provided in section 60.19.

[1921 c. 288 s. 4A] (3558)

66.22 ADDITIONAL COVERAGE. Any such company which shall have and maintain at all times admitted assets of not less than \$75,000, or which shall set aside and maintain, over and above its liabilities and the reserves required by law of like stock insurance companies, a guaranty fund available for the payment of losses and expenses of at least \$50,000, shall when its certificate of incorporation so provides be permitted to insure against damage to persons of others by collision with automobiles or other vehicles and against any loss or hazard incident to the ownership, operation, or the use of motor or other vehicles. The net single risk, after deducting reinsurance, of any such company having less than \$100,000 of admitted assets shall not exceed \$3,000. Where a membership fee is charged the amount thereof shall be specified or included in the consideration clause of the policy.

[1921 c 288 s 4B; 1929 c 99 s 1] (3559)

66.23 GUARANTY RESERVE FUND. Any such company may, if a majority of its members so elect at any annual meeting or special meeting called for that purpose, amend its articles of incorporation so as to provide for a guaranty reserve fund in an amount not exceeding \$100,000, this guaranty reserve fund to be used only in the payment of losses and expenses in the event the total liabilities of the company, including its statutory reserves and the guaranty reserve fund, are in excess of its total admitted assets and that the total contingent liability of the policyholders has been exhausted. The guaranty reserve fund may be created from the profits or surplus of the company, also by the levying of assessments, but no policyholder shall be liable for an assessment for any purpose for an amount greater than as specified in his policy contract.

[1919 c. 492 s. 5; 1921 c. 288 s. 5] (3560)

66.24 MUTUAL THRESHERMEN'S INSURANCE COMPANY. Not less than 20 persons may form an incorporated company for the purpose of cooperative insurance of property of its members against loss or damage by fire, lightning, windstorm, and tornado, which property to be insured shall embrace traction, portable, steam, and gas engines, grain separators, clover hullers, corn shredders, hay balers, ensilage cutters, and attachments belonging thereto, and including agricultural machinery used in connection therewith, which property to be insured shall be specifically set forth in the policy of the insured. The company may insure its members against employers' liability and workmen's compensation upon complying with the requirements of section 66.28, which class of business shall constitute a separate department of such company for the purpose of assessment and contingent liability of members.

The articles of incorporation for forming such a company shall be signed and acknowledged by the persons who at first form the company and filed with, and approved by, the commissioner and filed with the secretary of state, which articles shall state in substance such facts as are required to be stated in articles of incorporation by the general corporation laws of this state.

Each policyholder shall be a member of the company and entitled to one vote at all regular or special meetings of the corporation.

[1921 c 208 s 1-3] (3561, 3562, 3563).

66.25 POLICIES, NUMBER REQUIRED BEFORE COMMENCING BUSINESS.

No policies shall be issued by any company organized under the provisions of sections 66.24 to 66.26 until not less than \$200,000 of insurance, upon not less than 100 separate risks, averaging not less than \$2,000 each, has been subscribed for and entered upon the books of the company and the premiums thereon for one year have been paid in cash, which premiums shall aggregate not less than \$5,000, and no policies insuring against employers' liability and workmen's compensation shall be issued until the subscribers for such class of policy aggregate at least 250 and the number of employees covered thereby aggregate 1,000, and, in case the number of subscribers and employees falls below such respective numbers, no more of such policies shall be issued until additional subscribers have been procured to bring such members up to the respectively stated requirements.

Every such company shall 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. This contingent liability of a member shall not be less than a sum equal to and in addition to one annual premium nor more than a sum equal to five times the amount of such annual premium, but in case of a policy written for less than one year the contingent liability shall not exceed the amount of premium written in the policy. The total amount of liability of the policyholder shall be plainly and legibly stated on each policy, as follows:

"The maximum contingent liability of a policyholder under this policy is \$....."

Every policy issued by a company organized under sections 66.24 to 66.26 shall contain the following clause imprinted upon the back thereof:

"The insured 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 of each year, at o'clockm."

All policies issued by such company against loss or damage by fire or lightning shall be issued upon the standard form prescribed by law.

[1921 c. 208 s. 4] (3564)

66.26 EXPENSE AND MEMBERSHIP FEE LIMITATION.

No such company shall incur, lay out, or expend in any one year for the expense of conducting the business more than 40 per cent of its total premiums and assessments actually collected and a membership fee of not more than \$5.00 upon each policy written. Where a membership fee is charged the amount thereof shall be specified in the consideration clause of the policy.

[1921 c. 208 s. 5] (3565)

66.27 MUTUAL EMPLOYERS' LIABILITY ASSOCIATION.

Twenty or more persons may form an incorporated mutual employers' liability insurance association for the purpose of insuring themselves and such other persons, firms, or corporations as may become subscribers to the association against liability for compensation payable under the terms of the workmen's compensation law and for the purpose of insuring against loss or damage by the sickness, bodily injury, or death by accident of any person employed by the insured or for whose injury or death the insured is responsible.

They shall subscribe and acknowledge a certificate specifying:

(1) The name, general nature of its business, and the principal place of transacting the same; (such name shall distinguish it from all other corporations, domestic or foreign, authorized to do business in this state and end with "company," "corporation," "association," or the word "incorporated");

(2) The period of its duration;

(3) The names and places of residence of the incorporators;

(4) In what board its management shall be vested and the names and addresses of those composing the board until the first election, a majority of whom shall always be residents of the state;

(5) The highest amount of indebtedness or liability to which the corporation shall at any time be subject; and

(6) The territory within which the association may do business.

It may contain any other lawful provisions defining and regulating the powers or business of the corporation, its officers, directors, trustees, and members.

The certificate of incorporation of every such corporation shall be submitted to the commissioner for his approval and, if he approves the same, one copy thereof shall be filed with the secretary of state and one copy with the commissioner. After this record the certificate shall be filed for record with the register of deeds of the county of the principal place of business, as specified in the certificate.

Corporations may be formed under sections 66.27, 66.28, 66.30 to 66.41, and 66.55 for not to exceed 30 years in the first instance.

[1913 c 122 s 1-3, 6] (3566, 3567, 3568, 3572)

66.28 REQUIREMENTS BEFORE BEGINNING BUSINESS. These associations shall not begin to issue policies until a list of subscribers with the number of employees of each which, in the aggregate, must number not less than 5,000, together with such other information as the commissioner may require, shall have been filed at the insurance department, nor until the president and secretary of the association shall have certified under oath that every subscription in the list so filed is genuine and made with an agreement of all the subscribers that they will take the policies subscribed for within 30 days of the granting of a license by the commissioner. In case of associations organized exclusively for the purpose of insuring creameries, cheese factories, and live stock shipping associations, these associations may begin to issue policies when the number of employees insured aggregates 300. Any company organized under this section which, for 15 years prior to the passage of Laws 1935, Chapter 136, has exclusively insured creameries, cheese factories, and live stock shipping associations, and which has assets of \$100,000 or more, may write public liability and compensation insurance coverage of creameries, cheese factories, shipping associations, farmers' elevators, cooperatively owned warehouses, cooperative filling stations, cooperative oil companies, and all cooperatively owned or organized enterprises.

Upon the filing of the certificate provided for in this section, the commissioner shall make such investigations as he may deem proper and, if his findings warrant it, grant a license to the association to issue policies.

[1913 c. 122 ss. 4, 5; 1915 c. 65 s. 1; 1919 c. 317 s. 1; 1935 c. 136 s. 1] (3569, 3570)

66.29 COMPENSATION COMPANIES MAY WRITE GLASS INSURANCE. Any company authorized to write workmen's compensation or liability insurance under sections 66.27, 66.28, 66.30 to 66.41, and 66.55 when its articles of incorporation so provide shall be permitted to insure against loss or damage by breakage of glass located or in transit.

[1913 c 122 s 6; 1921 c 114 s 1] (3571)

66.30 BYLAWS, SEAL. Such association shall have the power to make by-laws for the government of its officers and the conduct of its affairs, to alter and amend the same, and to adopt a common seal.

[1913 c. 122 s. 7] (3573)

66.31 ANNUAL MEETING. The annual meeting for the election of directors shall be held at such time in the month of January as the by-laws of the association may direct. Of the time and place of the meeting at least 30 days' previous written or printed notice shall be given to the subscribers, or the notice may be given by publication, not less than three times, in at least two daily or weekly newspapers published in the city or county wherein the association has its principal office and in the legal periodical, if any, designated by the rules of court of the proper county for the publication of legal notices. Subscribers who, during the preceding calendar year, have paid into the treasury of the association premiums amounting to more than one-half of the total premiums received by it during that year, shall constitute a quorum. At this annual meeting the subscribers shall elect, by ballot, from their own number, not less than five directors, a majority of whom shall be residents of this state, to serve for at least one year and until their successors are duly chosen. The association may provide in its by-laws for the division of its board of directors into two, three, or four classes, and for the election thereof at its annual meetings in such manner that the members of one class only shall retire and their successors be chosen each year. Vacancies may be filled by election by the board until the next annual meeting. In the choice of directors and in all meetings of the association, each subscriber shall be entitled to one vote for every \$100, or any fraction thereof, paid by him in premiums into the treasury of the association during the preceding calendar year. Subscribers may vote by proxy and the record of all votes shall be

made by the secretary and show whether the same were cast in person or by proxy and shall be evidence of all these elections. Not less than three directors shall constitute a quorum. The directors shall annually choose by ballot a president, who shall be a member of the board; a secretary; a treasurer, who may be either the president or secretary; and such other officers as the by-laws may provide; and fix the salaries of the president and the secretary, as well as the salaries or compensation of such other officers and agents as the by-laws prescribe. Vacancies in any office may be filled by the directors or by the subscribers, as the by-laws shall prescribe.

[1913 c. 122 s. 8] (3574)

66.32 ISSUANCE OF POLICIES. Policies of insurance issued by any such association may be made either with or without the seal thereof and they shall be signed by the president, or such other officers as may be designated by the directors for that purpose, and attested by the secretary.

[1913 c. 122 s. 9] (3575)

66.33 SUBSCRIBERS, NUMBER OF. If at any time the number of subscribers falls below 20, or the number of subscribers' employees within the state falls below 5,000, no further policies shall be issued until the total number of subscribers amounts to not less than 20, whose employees within the state are not less than 5,000. In case of associations organized for the purpose of insuring creameries, cheese factories, and live stock shipping associations, the number of subscribers must not fall below 200, nor the number of subscribers' employees within the state below 300.

[1913 c. 122 s. 10; 1915 c. 65 s. 2; 1919 c. 317 s. 2] (3576)

66.34 POWER OF BOARD OF DIRECTORS. The board of directors shall be entitled to inspect the plant, workroom, shop, farm, or premises of any subscriber and for this purpose to appoint inspectors, who shall have free access to all such premises during regular working hours, and the board of directors shall likewise from time to time be entitled to examine by their auditor or other agent the books, records, and pay-rolls of any subscribers for the purpose of determining the amount of premium chargeable to the subscriber.

The board of directors shall make reasonable rules and regulations for the prevention of injuries upon the premises of subscribers; and may refuse to insure, or may terminate the insurance of, any subscriber who refuses to permit these examinations and disregards such rules or regulations, and forfeit all premiums previously paid by him, but the termination of the insurance of any subscriber shall not release him from liability for the payment of assessments then or thereafter made by the board of directors to make up deficiencies existing at the termination of his insurance.

[1913 c. 122 s. 11] (3577)

66.35 PREMIUMS; MAXIMUM CONTINGENT MUTUAL LIABILITY. Every such company shall charge and collect on each policy a premium equal to one year's premium on the policy issued and state in the policy the estimated annual premium and provide in its by-laws for the determination of the actual premium and for the payment of same when determined. The premium thus determined shall be known as the annual premium on the policy. The company shall 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. The contingent liability of a member shall not be less than a sum equal and in addition to one annual premium, nor more than a sum equal to five times the amount of the annual premium or, in case of a policy written for less than one year, the contingent liability shall not be less than the proportionate fractional part of the annual premium, nor more than five times the proportionate fractional part of the annual premium. The contingent liability of the policyholder shall be plainly and legibly stated in each policy as follows: "The maximum contingent liability of the policyholder under this policy shall be a sum equal to annual premium (or premiums)."

[1913 c. 122 s. 12; 1917 c. 201 s. 1] (3578)

66.36 RATES ESTABLISHED. The board of directors shall determine the amount of premiums which the subscribers of the association shall pay for their insurance in accordance with the nature of the business in which the subscribers are engaged and the probable risk of injury to their employees under existing conditions, and it shall fix premiums at such amounts as in its judgment shall be sufficient to enable the association to pay to its subscribers all sums which may

become due and payable to their employees under provisions of law and the expenses of conducting the business of the association. In fixing the premium payable by any subscriber, the board of directors may take into account the condition of the plant, workroom, shop, farm, or premises of the subscriber in respect to the safety of those employed therein as shown by the report of any inspector appointed by the board and it may from time to time change the amount of premiums payable by any of the subscribers as circumstances may require and the condition of the plant, workroom, shop, farm, or premises of the subscribers in respect to the safety of their employees may justify and may increase the premiums of any subscriber neglecting to provide safety devices required by law, or disobeying the rules or regulations made by the board of directors in accordance with the provisions of section 66.34.

[1913 c. 122 s. 13; 1917 c. 201 s. 2] (3579)

66.37 CLASSIFICATION OF SUBSCRIBERS AND PREMIUM RATES. The board of directors may divide the subscribers into groups in accordance with the nature of their business and the probable risk of injury therein. In such case they shall fix all premiums, make all assessments, and determine and pay all dividends by and for each group in accordance with the experience thereof, but all funds of the association and the contingent liability of all subscribers shall be available for the payment of any claim against the association; provided, that (as between the association and its subscribers) until the whole of the contingent liability of the members of any group shall be exhausted, the general funds of the association and the contingent liability of the members of other groups shall not be available for the payment of losses and expenses incurred by such group in excess of the earned premiums paid by the members thereof.

When the liabilities, including unearned premiums and such other reserves as are or may be required by law and the commissioner, are in excess of the admitted assets computed on the basis allowed for its annual statement it shall make an assessment upon its policyholders based upon the amount of one annual premium as written in the policy and not to exceed the amount of five annual premiums.

If it becomes necessary to levy the assessment, as provided by this section, no policies shall be issued until the admitted assets of the association are in excess of its liabilities.

[1913 c. 122 s. 14] (3580)

66.38 STATEMENT, WHERE FILED. A statement of any proposed distribution of subscribers into groups shall be filed with the insurance department.

[1913 c. 122 s. 15; 1917 c. 201 s. 3] (3581)

66.39 PERJURY BY OFFICER. If any officer of the association shall falsely make oath to any certificate required to be filed with the commissioner, he shall be guilty of perjury.

[1913 c. 122 s. 16] (3582)

66.40 WITHDRAWAL OF SUBSCRIBER. Any subscriber of the association who has complied with all its rules and regulations may withdraw therefrom by written notice to that effect sent by the subscriber by registered mail to the association and this withdrawal shall become effective on the first day of the month immediately following the tenth day after the receipt of the notice, but the withdrawal shall not release the subscriber from liability for the payment of assessments thereafter made by the board of directors to make up deficiencies existing at the date of his withdrawal and the subscriber shall be entitled to his share of any dividends earned at the date of his withdrawal.

[1913 c. 122 s. 17] (3583)

66.41 INVESTMENT OF FUNDS; REAL ESTATE HOLDINGS. The association shall invest and keep invested all its funds of every description, excepting such cash as may be required in the transaction of its business, in accordance with the laws of this state or relating to the investment of funds of domestic insurance companies.

No such association shall purchase, hold, or convey real estate except as provided by section 60.49.

[1913 c. 122 ss. 18, 19] (3584, 3585)

66.42 MUTUAL HAIL, TORNADO, AND CYCLONE COMPANIES; POLICIES ISSUED. Subdivision 1. **Requisite for issuance of policy; subscriptions; creamery and cheese factory buildings.** No company for insurance against loss or damage by hail, tornadoes, cyclones, and hurricanes, or any of these causes, shall issue any pol-

icy until at least \$200,000 of insurance, in not less than 400 separate risks, upon property located in not less than ten counties, and upon not more than 15 risks of 160 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 \$3.00 for which duplicate receipts have been 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 these duplicates shall be delivered to the member and the other, together with the fee, deposited in a solvent bank approved by the commissioner, where the 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. The duplicate and a certificate of the deposit shall be filed with the commissioner within 90 days after deposit.

Those companies organized to insure creamery and cheese factory buildings, their contents and equipment, exclusively may issue policies when not less than \$50,000, in not less than 100 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 tornado insurance company," and it shall issue no policies except upon the class of risks aforesaid.

Subd. 2. Hail departments liable for ratable assessments. In addition to the premium, every policyholder, in its hail department, 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 90 days after the expiration or cancellation of his policy; or if such policy be for more than one year, within 90 days after the expiration of the year in which assessment is made thereunder.

[R L s 1667, 1668; 1925 c 115 s 1; 1947 c 468 s 1] (3689, 3690)

66.43 ASSESSMENTS; NOTICE, PAYMENTS, COLLECTION. When 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 not be less than 30, nor more than 90, 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.

[R. L. s. 1669; 1907 c. 471 s. 1] (3691)

66.44 OFFICERS, DUTIES, BONDS. 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, except upon business personally solicited and written by the officer.

[R L s 1670; 1933 c 195 s 1] (3692)

66.45 PROXIES. No proxy shall be received unless dated and actually executed within the preceding 30 days and filed with the secretary at least ten days before the meeting, nor if made to any director or officer.

[R. L. s. 1671] (3693)

66.46 PROPERTY INSURABLE; LIMITATION ON EXPENSES. No such company shall insure any other property than country churches and school houses, farm dwellings, mutual or cooperative creameries, cheese factories, barns, and other buildings, and hay, grain, and other farm products therein, or stored or growing on the premises, bedding, wearing apparel, printed books, pictures and frames, household furniture, family stores and provisions while therein or in the cellar beneath, farm implements, vehicles, and machinery on or off the premises, threshing machines, or live stock thereon or running at large. No company, in its hail department, shall insure more than 3,200 acres in any one township; there shall be at least one-half mile between each risk assumed by the company, except that risks may be assumed which cover the growing crops upon not more than 320 acres of contiguous or immediately adjacent lands. No such company shall incur, lay out, or expend, in any one calendar year, as and for the expenses of conducting this business, more than its application or survey fees and 40 per cent of its total premiums or assessments actually collected. No company shall be required to limit its annual expenses to less than \$1,000.

[R. L. s. 1672; 1907 c. 471 s. 2; 1915 c. 106 s. 1; 1925 c. 32 s. 1] (3694)

66.47 REPORTS; WINDING UP; POWERS OF COMMISSIONER. The commissioner shall demand a report of any such company when in his judgment the interest of the public or policyholders so require; and the proper officers of the company shall make prompt reply to the 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 the company shall fail to make this 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 chapter or if its expenses, other than the absolute payment of its losses, shall in any one year exceed the limit prescribed in section 66.46, the commissioner shall revoke its license to do business in this state. When 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 this 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 provisions of law, he may bring an action in the district court of the county where the principal office of the company is located for the appointment of a receiver of the company, for the winding up of its affairs, and for such other order and relief as shall be equitable and proper under the circumstances.

[R. L. s. 1673; 1907 c. 471 s. 3] (3695)

66.48 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 the 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 provide the form, manner, and length of notice to be given to the company by the insured of any loss sustained.

[R. L. s. 1675] (3697)

66.49 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 the company.

[R. L. s. 1676] (3698)

66.50 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; and

(2) A copy of the 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 the resolution, shall be filed by each company with the commissioner for his approval.

Upon 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.

[R. L. ss. 1677, 1678] (3699, 3700)

66.51 MUTUAL BURGLARY AND THEFT INSURANCE COMPANIES. 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 500 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 500 policies; upon which, in either case, not less than 20 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 \$50,000.

No such company shall transact other business than that stated in this section, nor insure in this state other than banks, bankers, loan companies, and municipal treasurers. Every such company shall set aside a reserve fund of 50 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.

[R. L. ss. 1683, 1684] (3701, 3702)

66.52 MUTUAL MARINE INSURANCE COMPANIES. Every mutual marine company, before issuing any policy, shall have an agreement duly executed by solvent subscribers to the amount of at least \$300,000, 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 this agreement, endorsed with the certificate of the president and a majority of the directors that these subscribers are known to them and that they believe each to be solvent, shall be filed with and approved by the commissioner.

When 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 reimbursed from future profits for all money they shall pay to the company for its uses under their agreement, with interest thereon.

[R. L. ss. 1679, 1680] (3685, 3686)

66.53 NET PROFIT; 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. These dividends shall be made only in scrip certificates payable out of the accumulated profits or surplus, and this accumulation shall be kept and invested as a separate fund in trust for the redemption of these certificates and for losses and expenses, as herein provided. Until redeemed, these certificates shall be subject to future losses and expenses and reduced in case the redemption fund is drawn upon for payment of these losses and expenses, but no part of this fund shall be used for payment of losses or expenses, except when and to the extent that the cash assets are insufficient therefor; and when any portion thereof is so used the outstanding certificates shall be reduced proportionately so that the 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 these profits accumulate and are invested, subscriptions of an equal amount shall be canceled. The maximum of accumulations and profits shall be \$300,000 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.

[R. L. s. 1681] (3687)

66.54 GOVERNMENT; 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

MINNESOTA STATUTES 1953

66.55 MUTUAL COMPANIES

670

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.

[*R. L. s. 1682*] (3688)

66.55 FOREIGN ASSOCIATIONS. Any mutual employers' liability insurance association of another state, upon compliance with all laws governing such corporations in general, the provisions of section 71.16, and the provisions of sections 66.27, 66.28, 66.30 to 66.41, and 66.55, may be admitted to transact business in this state. These associations shall pay to the department of insurance the fees prescribed by section 60.11.

When the contracts of insurance issued by these associations shall cover in the aggregate less than 5,000 employees or, in the case of associations organized for the purpose of insuring creameries, cheese factories, and live stock shipping associations, less than 300 employees, the assured shall forthwith notify the commissioner of that fact and if, at the expiration of six months from the notice, the aggregate number of employees covered by the contracts of insurance shall be less than 5,000, or, in the case of associations organized for the purpose of insuring creameries, cheese factories, and live stock shipping associations, less than 300 employees, the commissioner shall revoke the license of the association and petition the district court for the appointment of a receiver for the purpose of winding up its affairs.

[*1913 c. 122 s. 20; 1915 c. 65 s. 3; 1919 c. 317 s. 3*] (3586)