

## CHAPTER 67A

## TOWNSHIP MUTUAL COMPANIES

67A.14 Insurable property.  
67A.23 Repealed.

67A.231 Deposit of funds; investment; limitations.  
67A.24 Repealed.  
67A.241 Recordkeeping; examination; remedies.

**67A.14 INSURABLE PROPERTY.**

*[For text of subd 1, see M.S.1980]*

Subd. 5. **What may not be insured; property outside designated territory; exceptions.** (a) No township mutual insurance company shall insure any property in cities of the first or second class.

(b) If by annexation or other growth in population a city, town, township or unorganized territory or any portion thereof is reclassified into a city of the second class, a township mutual insurance company may continue to do business in that portion of the city in which it was authorized to do business prior to the reclassification.

(c) No township mutual insurance company shall insure any property outside of the limits of the territory in which the company is authorized by its certificate or articles of incorporation to transact business.

(d) The prohibition in clause (c) shall not apply to any property temporarily outside of the authorized territory of the township mutual insurance company.

*[For text of subd 7, see M.S.1980]*

**History:** 1981 c 136 s 1

**67A.23** [Repealed, 1981 c 127 s 3]

**67A.231 DEPOSIT OF FUNDS; INVESTMENT; LIMITATIONS.**

The directors of any township mutual insurance company may authorize the treasurer to invest any of its funds and accumulations in:

(a) Bonds, notes, mortgages, or other obligations guaranteed by the full faith and credit of the United States of America and those for which the credit of the United States is pledged to pay principal, interest or dividends, including United States agency and instrumentality bonds, debentures, or obligations;

(b) Bonds, notes, evidence of indebtedness, or other public authority obligations guaranteed by this state;

(c) Bonds, notes, evidence of the indebtedness or other obligations guaranteed by the full faith and credit of any county, municipality, school district, or other duly authorized political subdivision of this state;

(d) Loans upon improved and unencumbered real property in this state worth at least twice the amount loaned thereon, not including buildings, unless insured by property insurance policies payable to and held by the security holder;

(e) Real estate, including land, buildings and fixtures, located in this state and used primarily as home office space for the insurance company;

(f) Demand or time deposits or savings accounts in federally insured depositories located in this state to the extent that the deposit or investment is insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Corporation, or the National Credit Union Administration;

(g) Guarantee fund certificates of a mutual insurer which reinsures the business of the township mutual insurance company. The commissioner may by rule limit the amount of guarantee fund certificates which the township mutual insurance company may purchase and this limit may be a function of the size of the township mutual insurance company.

**History:** 1981 c 127 s 1

**67A.24** [Repealed, 1981 c 127 s 3]

**67A.241 RECORDKEEPING; EXAMINATION; REMEDIES.**

Subdivision 1. **Recordkeeping.** The commissioner may prescribe a basis upon which a township mutual insurance company shall maintain its records which shall reflect the true financial condition of the company.

Subd. 2. **External examination of company records and accounts.** (a) The board of directors of every township mutual insurance company shall, at least once every three years, cause the records and accounts of the company to be examined by an independent public accountant, auditor, or person who has been certified by the society of financial examiners. The examination shall cover the financial and business affairs including the treatment of members and claimants of the company during the previous three years ending December 31.

(b) A written summary report of the pertinent results of the examination shall immediately be filed with each member of the board of directors following completion of the examination. A complete examination report shall be filed with the board of directors and the commissioner within 60 days following completion of the examination.

(c) The accountant, auditor, or certified financial examiner conducting or supervising the examination must have a minimum of five years' experience in public accounting or examining the financial records or statements of financial institutions and shall not be an officer, employee, or member of the company being examined. The examiner must not be directly involved in maintaining the records being examined, but may advise or counsel management in recordkeeping, accounting, or management procedures.

Subd. 3. **Examination by commissioner.** The commissioner, with due cause based upon information disclosed in any statement or report or upon information from any examination conducted under this section or when requested by five or more members, shall make an examination of the financial and business affairs of any township mutual fire insurance company doing business within this state. The company examined shall pay the actual expenses of the person or persons making the examination and the fees prescribed in section 60A.03, subdivision 5.

Subd. 4. **Remedies.** When, after examination by the commissioner or independent public accountant, auditor, or certified financial examiner, the commissioner is satisfied that a township mutual insurance company has failed to comply with provisions of sections 67A.01 to 67A.26; is exceeding its power; is not carrying out its contracts in good faith; is transacting business fraudulently; or is in such condition as to render further proceedings hazardous to the public or to its policyholders, he may take action deemed necessary or proceed under the provisions of chapter 60B.

**History:** 1981 c 127 s 2