

Senator Berglin introduced--

S.F. No. 271: Referred to the Committee on Health and Family Security.

1 A bill for an act

2 relating to health; modifying access to certified
3 death records; amending Minnesota Statutes 2004,
4 section 144.225, subdivision 7.

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

6 Section 1. Minnesota Statutes 2004, section 144.225,
7 subdivision 7, is amended to read:

8 Subd. 7. [CERTIFIED BIRTH OR DEATH RECORD.] (a) The state
9 or local registrar shall issue a certified birth or death record
10 or a statement of no vital record found to an individual upon
11 the individual's proper completion of an attestation provided by
12 the commissioner:

13 (1) to a person who has a tangible interest in the
14 requested vital record. A person who has a tangible interest is:

15 (i) the subject of the vital record;

16 (ii) a child of the subject;

17 (iii) the spouse of the subject;

18 (iv) a parent of the subject;

19 (v) the grandparent or grandchild of the subject;

20 (vi) if the requested record is a death record, a sibling
21 of the subject;

22 ~~(vii)~~ (vii) the party responsible for filing the vital
23 record;

24 ~~(viii)~~ (viii) the legal custodian or guardian or conservator
25 of the subject;

1 ~~(viii)~~ (ix) a personal representative, by sworn affidavit
2 of the fact that the certified copy is required for
3 administration of the estate;

4 ~~(ix)~~ (x) a successor of the subject, as defined in section
5 524.1-201, if the subject is deceased, by sworn affidavit of the
6 fact that the certified copy is required for administration of
7 the estate;

8 ~~(x)~~ (xi) if the requested record is a death record, a
9 trustee of a trust by sworn affidavit of the fact that the
10 certified copy is needed for the proper administration of the
11 trust;

12 ~~(xi)~~ (xii) a person or entity who demonstrates that a
13 certified vital record is necessary for the determination or
14 protection of a personal or property right, pursuant to rules
15 adopted by the commissioner; or

16 ~~(xii)~~ (xiii) adoption agencies in order to complete
17 confidential postadoption searches as required by section
18 259.83;

19 (2) to any local, state, or federal governmental agency
20 upon request if the certified vital record is necessary for the
21 governmental agency to perform its authorized duties. An
22 authorized governmental agency includes the Department of Human
23 Services, the Department of Revenue, and the United States
24 Immigration and Naturalization Service;

25 (3) to an attorney upon evidence of the attorney's license;

26 (4) pursuant to a court order issued by a court of
27 competent jurisdiction. For purposes of this section, a
28 subpoena does not constitute a court order; or

29 (5) to a representative authorized by a person under
30 clauses (1) to (4).

31 (b) The state or local registrar shall also issue a
32 certified death record to an individual described in paragraph
33 (a), clause (1), items (ii) to (vii), if, on behalf of the
34 individual, a mortician designated to receive death records
35 under section 144.214, subdivision 4, furnishes the registrar
36 with a properly completed attestation in the form provided by

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[REVISOR] CKM/RC 05-1268

1 the commissioner within 180 days of the time of death of the
2 subject of the death record. This paragraph is not subject to
3 the requirements specified in Minnesota Rules, part 4601.2600,
4 subpart 5, item B.

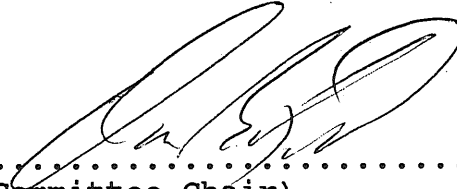
1 Senator Betzold from the Committee on Judiciary, to which
2 was re-referred

3 S.F. No. 271: A bill for an act relating to health;
4 modifying access to certified death records; amending Minnesota
5 Statutes 2004, section 144.225, subdivision 7.

6 Reports the same back with the recommendation that the bill
7 do pass and be placed on the Consent Calendar. Report adopted.

8

9


.....
(Committee Chair)

10

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12

13

14

February 22, 2005.....
(Date of Committee recommendation)

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S.F. No. 1040 - Prescriptions for Released Prisoners

Author: Senator Don Betzold

Prepared by: Harry Walsh, Senate Counsel (651/296-6200)

Date: February 21, 2005

LEGISLATIVE
ANALYSTS

- DAVID GIEL
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- MAJA WEIDMANN

S.F. No. 1040 limits, for a person who prescribes medicine for a released prisoner, the liability that might arise from the conduct of the prisoner after release.

HW:cs



Senator Betzold introduced--

S.F. No. 1040: Referred to the Committee on Judiciary.

A bill for an act

relating to civil actions; limiting liability for certain conduct of persons released from confinement; proposing coding for new law in Minnesota Statutes, chapter 147.

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

Section 1. [147.231] [RELEASED PERSONS; PRESCRIPTIONS.]

A physician or other person may not be held civilly liable for conduct of a former prisoner or civilly committed person that is related to the use or nonuse of medicines, prescribed by the physician or other person before the prisoner's or committed person's release, during the period from release from confinement until the former prisoner or committed person is scheduled to receive new medicines pursuant to a new prescription written after the release.

1 Senator moves to amend S.F. No. 1040 as follows:

2 Delete everything after the enacting clause and insert:

3 "Section 1. [147.231] [RELEASED PERSONS; PRESCRIPTIONS.]

4 A physician, certified nurse practitioner, or other person
5 may not be held civilly liable for conduct of a former prisoner
6 or civilly committed person that is related to the use or nonuse
7 of medicines, prescribed by the physician, certified nurse
8 practitioner, or other person before the prisoner's or committed
9 person's release, during the period from release from
10 confinement until the former prisoner or committed person is
11 scheduled to receive new medicines pursuant to a new
12 prescription written after the release. To invoke this section
13 as a defense in a civil action, the physician, certified nurse
14 practitioner, or other person must have made the prescription in
15 good faith, within the scope of lawful practice, and with
16 reasonable care."

17 Amend the title accordingly

1 Senator Betzold from the Committee on Judiciary, to which
2 was referred

3 S.F. No. 1040: A bill for an act relating to civil
4 actions; limiting liability for certain conduct of persons
5 released from confinement; proposing coding for new law in
6 Minnesota Statutes, chapter 147.

7 Reports the same back with the recommendation that the bill
8 be amended as follows:

9 Delete everything after the enacting clause and insert:

10 "Section 1. [147.231] [RELEASED PERSONS; PRESCRIPTIONS.]

11 A physician or certified nurse practitioner may not be held
12 civilly liable for conduct of a former prisoner or civilly
13 committed person that is related to the use or nonuse of
14 medicines, prescribed by the physician or certified nurse
15 practitioner before the prisoner's or committed person's
16 release, during the period from release from confinement until
17 the former prisoner or committed person is scheduled to receive
18 new medicines pursuant to a new prescription written after the
19 release. To invoke this section as a defense in a civil action,
20 the physician or certified nurse practitioner must have made the
21 prescription in good faith, within the scope of lawful practice,
22 and with reasonable care."

23 And when so amended the bill do pass. Amendments adopted.
24 Report adopted.

25
26 (Committee Chair)

27
28 February 22, 2005.....
29 (Date of Committee recommendation)

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S.F. No. 72 - Service Charge and Civil Penalty for Receiving Motor Fuel Without Paying

Author: Senator William V. Belanger, Jr.

Prepared by: Harry Walsh, Senate Counsel (651/296-6200)

Date: January 14, 2005

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Section 1 of S.F. No. 72 increases the civil penalty for taking gasoline without paying for it from \$20 to \$100.

Section 2 makes it explicit that the civil penalty does not bar criminal prosecution.

HW:cs



Senators Belanger and Gerlach introduced--

S.F. No. 72: Referred to the Committee on Crime Prevention and Public Safety.

1 A bill for an act

2 relating to civil actions; increasing the service
3 charge and civil penalty for receiving motor fuel
4 without paying; clarifying that civil liability for
5 this does not bar criminal liability; amending
6 Minnesota Statutes 2004, section 604.15, subdivision
7 2, by adding a subdivision.

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

9 Section 1. Minnesota Statutes 2004, section 604.15,
10 subdivision 2, is amended to read:

11 Subd. 2. [ACTS CONSTITUTING.] (a) The owner of a vehicle
12 that receives motor fuel that was not paid for is liable to the
13 retailer for the price of the motor fuel received and a service
14 charge of ~~up to \$20, or the actual costs of collection not to~~
15 ~~exceed \$30~~ \$100. This charge may be imposed upon the mailing of
16 the notice under subdivision 3, if notice of the service charge
17 was conspicuously displayed on the premises from which the motor
18 fuel was received. The notice must include a statement that
19 additional civil penalties will be imposed if payment is not
20 received within 30 days. Only one service charge may be imposed
21 under this paragraph for each incident.

22 (b) If the price of the motor fuel received is not paid
23 within 30 days after the retailer has mailed notice under
24 subdivision 3, the owner is liable to the retailer for the price
25 of the motor fuel received, the service charge as provided in
26 paragraph (a), plus a civil penalty not to exceed ~~\$100 or the~~

1 ~~price-of-the-motor-fuel, whichever is greater~~ \$500. The civil
2 penalty may not be imposed until 30 days after the mailing of
3 the notice under subdivision 3.

4 Sec. 2. Minnesota Statutes 2004, section 604.15, is
5 amended by adding a subdivision to read:

6 Subd. 5. [NOT A BAR TO CRIMINAL LIABILITY.] Civil
7 liability under this section does not preclude criminal
8 liability under applicable law.

9 Sec. 3. [EFFECTIVE DATE.]

10 Section 1 is effective July 1, 2005, and applies to acts
11 committed on or after that date. Section 2 is effective the day
12 following final enactment.

1 Senator moves to amend S.F. No. 72 as follows:

2 Delete everything after the enacting clause and insert:

3 "Section 1. Minnesota Statutes 2004, section 604.15,
4 subdivision 2, is amended to read:

5 Subd. 2. [ACTS CONSTITUTING.] (a) The owner of a vehicle
6 that receives motor fuel that was not paid for is liable to the
7 retailer for the price of the motor fuel received and a service
8 charge of ~~up to \$20, or the actual costs of collection not to~~
9 ~~exceed~~ \$30. This charge may be imposed immediately upon the
10 mailing of the notice under subdivision 3, if notice of the
11 service charge was conspicuously displayed on the premises from
12 which the motor fuel was received. The notice must include a
13 statement that additional civil penalties will be imposed if
14 payment is not received within 30 days. Only one service charge
15 may be imposed under this paragraph for each incident. If a law
16 enforcement agency obtains payment for the motor fuel on behalf
17 of the retailer, the service charge may be retained by the law
18 enforcement agency for its expenses.

19 (b) If the price of the motor fuel received is not paid
20 within 30 days after the retailer has mailed notice under
21 subdivision 3, the owner is liable to the retailer for the price
22 of the motor fuel received, the service charge as provided in
23 paragraph (a), plus a civil penalty not to exceed \$100 or the
24 price of the motor fuel, whichever is greater. In determining
25 the amount of the penalty, the court shall consider the amount
26 of the fuel taken and the reason for the nonpayment. The
27 retailer shall also be entitled to:

28 (1) interest at the legal rate for judgments under section
29 549.09 from the date of nonpayment; and

30 (2) reasonable attorney fees, but not to exceed \$500.

31 The civil penalty may not be imposed until 30 days after
32 the mailing of the notice under subdivision 3.

33 Sec. 2. Minnesota Statutes 2004, section 604.15, is
34 amended by adding a subdivision to read:

35 Subd. 5. [NOT A BAR TO CRIMINAL LIABILITY.] Civil
36 liability under this section does not preclude criminal

1 liability under applicable law.

2 Sec. 3. [EFFECTIVE DATE.]

3 Section 1 is effective July 1, 2005, and applies to acts

4 committed on or after that date. Section 2 is effective the day

5 following final enactment."

1 Senator Betzold from the Committee on Judiciary, to which
2 was re-referred

3 S.F. No. 72: A bill for an act relating to civil actions;
4 increasing the service charge and civil penalty for receiving
5 motor fuel without paying; clarifying that civil liability for
6 this does not bar criminal liability; amending Minnesota
7 Statutes 2004, section 604.15, subdivision 2, by adding a
8 subdivision.

9 Reports the same back with the recommendation that the bill
10 be amended as follows:

11 Delete everything after the enacting clause and insert:

12 "Section 1. Minnesota Statutes 2004, section 604.15,
13 subdivision 2, is amended to read:

14 Subd. 2. [ACTS CONSTITUTING.] (a) The owner of a vehicle
15 that receives motor fuel that was not paid for is liable to the
16 retailer for the price of the motor fuel received and a service
17 charge of ~~up to \$20, or the actual costs of collection not to~~
18 ~~exceed~~ \$30. This charge may be imposed immediately upon the
19 mailing of the notice under subdivision 3, if notice of the
20 service charge was conspicuously displayed on the premises from
21 which the motor fuel was received. The notice must include a
22 statement that additional civil penalties will be imposed if
23 payment is not received within 30 days. Only one service charge
24 may be imposed under this paragraph for each incident. If a law
25 enforcement agency obtains payment for the motor fuel on behalf
26 of the retailer, the service charge may be retained by the law
27 enforcement agency for its expenses.

28 (b) If the price of the motor fuel received is not paid
29 within 30 days after the retailer has mailed notice under
30 subdivision 3, the owner is liable to the retailer for the price
31 of the motor fuel received, the service charge as provided in
32 paragraph (a), plus a civil penalty not to exceed \$100 or the
33 price of the motor fuel, whichever is greater. In determining
34 the amount of the penalty, the court shall consider the amount
35 of the fuel taken and the reason for the nonpayment. The
36 retailer shall also be entitled to:

37 (1) interest at the legal rate for judgments under section
38 549.09 from the date of nonpayment; and

39 (2) reasonable attorney fees, but not to exceed \$500.

1 The civil penalty may not be imposed until 30 days after
2 the mailing of the notice under subdivision 3.

3 Sec. 2. Minnesota Statutes 2004, section 604.15, is
4 amended by adding a subdivision to read:

5 Subd. 5. [NOT A BAR TO CRIMINAL LIABILITY.] Civil
6 liability under this section does not preclude criminal
7 liability under applicable law.

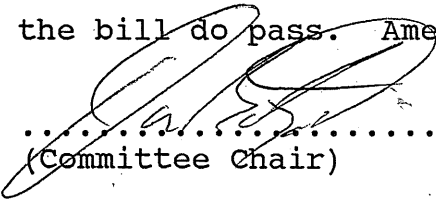
8 Sec. 3. [EFFECTIVE DATE.]

9 Section 1 is effective July 1, 2005, and applies to acts
10 committed on or after that date. Section 2 is effective the day
11 following final enactment."

12 Amend the title as follows:

13 Page 1, line 2, delete "increasing" and insert "providing
14 for"

15 And when so amended the bill do pass. Amendments adopted.
16 Report adopted.



.....
(Committee Chair)

February 22, 2005.....
(Date of Committee recommendation)

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S.F. No. 767 - Financial Corporations

Author: Senator Geoff Michel

Prepared by: Harry Walsh, Senate Counsel (651/296-6200)

Date: February 16, 2005

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S.F. No. 767 updates the corporation laws relating to financial corporations by moving the governing law from Minnesota Statutes, chapter 300, the historic corporation law, to the more modern corporation laws in the following chapters and to the chapters of Minnesota Statutes that regulate financial organizations. Most of chapter 300 is repealed, since no corporations will be subject to it if this bill is adopted.

Article 1, Sections 1 to 6, relate to financial corporations, generally.

Section 1 sets out the formalities for forming a financial corporation and the powers of a financial corporation.

Section 2 makes the general corporation statutes apply to financial corporations.

Section 3 provides for the adoption of initial bylaws.

Section 4 requires filing of the certificate of incorporation with the Secretary of State.

Section 5 provides for amendment of bylaws.

Section 6 provides for restated certificates of incorporation.

Sections 7 to 12 relate to banks.

Section 7 provides a minimum per share value for stock and allows for issuance of stock at a price set by directors.

Section 8 governs records and transfers of shares.

Section 9 provides for shareholders' preemptive rights.

Section 10 requires the corporation to possess cash payments for capital for increases or reductions of capital to be valid.

Section 11 provides for the size, vacancies, classes, quorum, and round-robin action of boards of directors.

Section 12 requires the appointment of named officers.

Section 13 changes "stockholder" to "shareholder" in a section in the reorganization chapter.

Sections 14 and 15 relate to savings banks.

Section 14 provides for written acceptance of appointment to a board of directors, classes, quorums, and round-robin actions by boards.

Section 15 requires certain officers for savings banks.

Sections 16, 17, and 18 provide that financial corporations formerly governed by chapter 300 are now subject to the general business corporation law, chapter 302A.

Section 19 gives perpetual existence to financial corporations newly subject to chapter 302A, superseding contrary provisions of their certificates of incorporation.

Section 20 substitutes references to chapter 302A for references to chapter 300 in certificates of incorporation.

Article 2 makes conforming changes throughout Minnesota Statutes.

Article 2, section 15, lists basic corporate powers for development corporations.

Article 3 repeals the obsolete provisions of chapter 300.

HW:cs

A handwritten signature in black ink, appearing to be the initials 'HW' followed by a stylized flourish.

CHAPTER 300 MUTUAL INSURANCE COMPANIES' AMENDMENT

SUMMARY

- **Chapter 300 Mutual Insurance Companies' Amendment.** Without an amendment, the chapter 300 bill (S.F. 767) had contemplated applying ch. 302A, Minnesota's general business corporation law designed for stock companies, to mutual insurance companies. Many provisions of ch. 302A, however, do not apply to mutual insurance companies because they are not stock companies. Following in the footsteps of those who developed S.F. 767, mutual insurance companies formed a small working group to resolve corporate-governance "modernization" issues relating to them. The working group included insurance law attorneys, the Commerce Department, the Office of the Secretary of State, and representatives of the mutual insurance industry, who met weekly over the past several months to develop the amendment.
- **Main features of the amendment:**
 - Creates a statutory "home" for all mutual insurance companies.
 - Utilizes as a foundation ch. 66A, the current statute containing corporate-governance provisions for property and casualty mutual insurance companies.
 - Retains and moves key ch. 300 provisions to ch. 60A.07 or ch. 66A as appropriate. In any event, many of these changes were necessary for all insurance companies.
 - Consolidates life mutual, mutual holding company, and demutualization statutes into ch. 66A.
 - Adopts ch. 302A for mutual insurance companies with certain exclusions and modifications to "modernize" corporate governance for mutual insurance companies without disrupting operations.

Senators Michel and Betzold introduced--

S.F. No. 767: Referred to the Committee on Judiciary.

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A bill for an act

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

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

ARTICLE 1

FINANCIAL CORPORATIONS

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

47.12 [FINANCIAL CORPORATIONS.]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 Subd. 3. [POWERS.] (a) A corporation formed under this
25 chapter may:

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

28 (2) sue and be sued in any court;

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

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

35 (5) elect or appoint in any manner it determines all
36 necessary or proper officers, agents, boards, and committees, to

1 fix their compensation, and to define their powers and duties;
2 (6) make and amend consistently with law bylaws providing
3 for the management of its property and the regulation and
4 government of its affairs; and

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

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

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

11 The provisions of chapter 302A, other than sections
12 302A.471, 302A.473, 302A.671, 302A.673, 302A.675, and 302A.701
13 to 302A.791, apply to corporations formed for any of the
14 purposes specified in section 47.12, except:

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

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

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

22 47.15 [BYLAWS; WHERE-FILED STATEMENTS.]

23 Subdivision 1. [ADOPTION OF BYLAWS.] Initial bylaws may be
24 adopted pursuant to section 302A.171 by the incorporators. If
25 not adopted by the incorporators, the bylaws must be adopted by
26 the first board. Unless reserved by the articles to the
27 shareholders, the power to adopt, amend, or repeal the bylaws is
28 vested in the board. The power of the board is subject to the
29 power of the shareholders, exercisable in the manner provided in
30 section 302A.181, subdivision 3, to adopt, amend, or repeal
31 bylaws adopted, amended, or repealed by the board. The bylaws
32 may be amended by the shareholders at a regular or special
33 meeting called for that purpose. After the adoption of the
34 initial bylaws, the board shall not adopt, amend, or repeal a
35 bylaw fixing a quorum for meetings of shareholders, prescribing
36 procedures for removing directors or filling vacancies in the

1 board, or fixing the number of directors or their
2 classifications, qualifications, or terms of office, but may
3 adopt or amend a bylaw to increase the number of directors.

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

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

9 47.16 [CERTIFICATION BY COMMISSIONER.]

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

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

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

30 The certificate of incorporation of a financial corporation
31 organized and existing under the laws of this state may be
32 amended to change its name; to increase or decrease its capital
33 stock; to change the number and, subject to section 48.02, the
34 par value of the shares of its capital stock; to eliminate or
35 limit a director's personal liability; or in respect to another
36 matter which an original certificate of a corporation of the

1 same kind might lawfully have contained. The change must be
2 accomplished by the adoption of a resolution specifying the
3 proposed amendment at a regular meeting or at a special meeting
4 called for that expressly stated purpose, in either of the
5 following ways:

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

7 (2) by a majority vote of its entire board of directors
8 within one year after authorization by specific resolution duly
9 adopted at a meeting of shareholders. The resolution must be
10 included in a certificate duly executed by its president and
11 secretary, or other presiding and recording officers, and
12 approved and filed in the manner prescribed for the execution,
13 approval, and filing of a like original certificate.

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

15 Subdivision 1. [PROCEDURE.] A financial corporation may by
16 action taken in the same manner required for amendment of
17 certificates of incorporation adopt a restated certificate of
18 incorporation consisting of the certificate of incorporation as
19 amended to date. The restated certificate of incorporation may
20 be adopted in connection with an amendment to the certificate of
21 incorporation. The restated certificate of incorporation must
22 contain all the statements required by section 47.12,
23 subdivision 2, to be included in the original certificate of
24 incorporation except that: in lieu of setting forth the names
25 and addresses of the first board of directors, the restated
26 certificate of incorporation must include the names and
27 addresses of the directors at the time of the adoption of the
28 restated certificate of incorporation; and no statement need be
29 made with respect to the names and addresses of the
30 incorporators.

31 Subd. 2. [EFFECT.] The certificate to be filed to
32 accomplish a restated certificate of incorporation must be
33 entitled "restated certificate of incorporation of (name of
34 financial corporation)" and must contain a statement that the
35 restated certificate supersedes and takes the place of the
36 existing certificate of incorporation and all amendments to it.

1 The restated certificate of incorporation when executed, filed
2 and recorded in the manner prescribed for certificate of
3 amendment supersedes and takes the place of an existing
4 certificate of incorporation and amendments to it. The
5 secretary of state upon request must certify the restated
6 certificate of incorporation.

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

9 48.02 [CAPITAL AND SURPLUS; PREPAYMENT OF CAPITAL.]

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

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

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

33 48.03 [~~STOCK-LIST, -STOCKHOLDERS, -LIABILITY~~ SHARES.]

34 Subdivision 1. [SHAREHOLDER LIST.] The president and
35 cashier of any bank of discount and deposit shall at all times
36 keep an accurate verified list of all its stockholders

1 shareholders, with the amount of stock shares held by each, the
2 dates of all transfers and names of transferees.

3 Subd. 2. [SHAREHOLDER LIABILITY.] Except as provided in
4 section ~~300-27~~ 302A.425, no stockholder shareholder in any bank
5 of discount and deposit or in any banking or trust corporation
6 or association shall be personally liable for debts of such
7 bank, corporation or association.

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

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

22 Sec. 9. [48.032] [PREEMPTIVE RIGHTS.]

23 (a) Unless otherwise denied or limited in the certificate
24 of incorporation or by the board pursuant to section 302A.401,
25 subdivision 2, paragraph (b), a shareholder of a banking
26 institution has the preemptive rights provided in section
27 302A.413.

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

32 (c) A shareholder may dissent from and obtain payment for
33 the value of the shareholder's shares in the event that
34 preemptive rights are denied or limited pursuant to paragraph
35 (a) by objecting to the action and demanding payment for the
36 shareholder's shares at a meeting of the shareholders held on

1 the action or within 20 days after the meeting. If the denial
2 or limitation of preemptive rights takes effect at any time
3 after this demand, the shareholder may, at any time within 60
4 days after the demand, apply to the district court in the county
5 of the banking institution's principal place of business for the
6 appointment of three persons to appraise the value of that
7 person's shares. The court shall appoint the appraisers and
8 designate the time and the place of their first meeting, give
9 directions with regard to their proceedings the court considers
10 proper, and direct the time and manner in which payment must be
11 made of the value of that person's shares to the shareholder.
12 The appraisers shall meet at the time and place designated,
13 after being duly sworn to discharge their duties honestly and
14 faithfully, make and certify a written estimate of the value of
15 the stock at the time of the appraisal, and deliver one copy to
16 the banking institution and another to the shareholder. The
17 shareholder and the banking institution shall each pay one-half
18 of the charges and expenses of the appraisers.

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

21 48.04 [INCREASE AND REDUCTION OF CAPITAL.]

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

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

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

36 48.06 [BOARD OF DIRECTORS,--QUALIFICATIONS.]

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

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

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

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

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

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

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

1 48.07 [OFFICERS; APPOINTMENT, REMOVAL.]

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

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

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

18 49.41 [RIGHTS OF DISSENTING STOCKHOLDERS SHAREHOLDERS.]

19 Any stockholder shareholder not voting in favor of the
20 agreement of consolidation or merger at the meeting prescribed
21 in section 49.37 may, at that meeting, or within 20 days
22 thereafter, object to the consolidation or merger and demand
23 payment for that person's stock shares. If the consolidation or
24 merger takes effect at any time after this demand,
25 the stockholder shareholder may, at any time within 60 days
26 thereafter, apply to the district court in the county wherein is
27 situated the principal place of business of the corporation with
28 which the other or others are consolidated or merged, for the
29 appointment of three persons to appraise the value of that
30 person's stock shares. The court shall thereupon appoint these
31 appraisers and designate the time and place of their first
32 meeting, with such directions in regard to their proceedings as
33 shall be deemed proper, and also direct the time and manner in
34 which payment shall be made of the value of that person's stock
35 shares to the stockholder shareholder. The appraisers shall
36 meet at the time and place designated, after being duly sworn to

1 discharge their duties honestly and faithfully, make and certify
2 a written estimate of the value of the stock shares at the time
3 of the appraisal, and deliver one copy to the corporation and
4 another to the stockholder shareholder, if demanded. The
5 charges and expenses of the appraisers shall be paid one-half by
6 the stockholder shareholder and one-half by the corporation.
7 When the corporation shall have paid the appraised value of this
8 stock the shares, the stock shares shall be canceled and
9 this stockholder shareholder shall cease to be a member of the
10 corporation or to have any interest in this-stock the shares or
11 in the corporation or in the corporate property, and this-stock
12 the shares may be held and disposed of by the corporation for
13 its own benefit.

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

16 50.06 [DIRECTORS,~~--FIRST-BOARD.~~]

17 Subdivision 1. [AUTHORITY AND QUALIFICATIONS.] The
18 business of every such stock savings bank shall be managed by a
19 board of not less than seven directors who are residents of this
20 state. Each director must file a written acceptance of the
21 position before the director is authorized to act. The persons
22 named in the certificate of authorization shall constitute the
23 first board.

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

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

1 specified in a like resolution, consented to, in writing, by the
2 commissioner of commerce.

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

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

9 Sec. 15. [50.065] [OFFICERS.]

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

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

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

1 means the certificate of incorporation.

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

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

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

12 Subd. 10. [LAWS NOT TO APPLY.] Sections 222.19~~7~~ and
13 222.23, ~~300-017-300-027-300-06-to-300-097-300-12-to-300-607~~ and
14 chapters 301, 316, and 556 do not apply to a corporation
15 incorporated under or governed by this chapter.

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

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

25 (b) All corporations formed under chapter 300 and governed
26 by this chapter pursuant to section 47.13, are granted perpetual
27 duration irrespective of the period of duration set forth in
28 their certificates of incorporation. This grant may be modified
29 in the certificate of incorporation as authorized under section
30 47.12, subdivision 2, paragraph (a), clause (3).

31 Sec. 20. [CORRECTION OF STATUTORY REFERENCE IN CORPORATE
32 DOCUMENTS.]

33 As of August 1, 2006, all references in corporate documents
34 to Minnesota Statutes, section 300.64, in connection with the
35 elimination of, or limitations on, the personal liability of
36 directors are deemed to be references to Minnesota Statutes,

1 section 302A.251, and all references to Minnesota Statutes,
2 section 300.083, are deemed to be references to Minnesota
3 Statutes, section 302A.521.

4 Sec. 21. [REVISOR'S INSTRUCTION.]

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

	<u>Column A</u>	<u>Column B</u>
9		
10	<u>300.026</u>	<u>302A.92</u>
11	<u>300.03</u>	<u>301B.01</u>
12	<u>300.04</u>	<u>301B.02</u>
13	<u>300.045</u>	<u>301B.03</u>
14	<u>300.10</u>	<u>301B.04</u>
15	<u>300.11</u>	<u>301B.05</u>
16	<u>300.111</u>	<u>336B.01</u>
17	<u>300.112</u>	<u>336B.02</u>
18	<u>300.113</u>	<u>336B.03</u>
19	<u>300.114</u>	<u>507.327</u>
20	<u>300.115</u>	<u>507.328</u>

21 ARTICLE 2

22 CONFORMING CHANGES

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

25 48.033 [STATE BANKS, LIABILITY OF STOCKHOLDERS
26 SHAREHOLDERS.]

27 Notwithstanding sections 48.03~~7~~ and 49.24, and ~~300-277~~ any
28 ~~stockholder~~ shareholder of a state bank whose deposits are not
29 insured by the Federal Deposit Insurance Corporation, shall be
30 personally liable for the debts of said bank to the extent of
31 the par value of the stock shares held by such ~~stockholder~~ the
32 shareholder.

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

35 Subdivision 1. [ARTICLES OF INCORPORATION.] (a) Subject to
36 the other provisions of this chapter, three or more persons may

1 organize and charter a state trust company for purposes of
2 transacting business as a trust company in conformity with the
3 applicable laws.

4 (b) A state trust company may be organized under section
5 ~~300-025~~ 47.12. If the trust company does not exercise banking
6 powers, it may exercise the powers of a Minnesota business
7 corporation reasonably necessary or helpful to enable exercise
8 of its specific powers under this chapter.

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

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

14 (1) the name of the state trust company;

15 (2) the period of its duration, which may be perpetual;

16 (3) the powers of the state trust company, which may be
17 stated as:

18 (i) all powers granted to a state trust company in this
19 state; or

20 (ii) a list of the specific powers that the state trust
21 company chooses and is authorized to exercise;

22 (4) the aggregate number of shares or membership interests
23 that the state trust company will be authorized to issue, the
24 number of classes of shares or membership interests, which may
25 be one or more, the number of shares or membership interests of
26 each class if more than one class, and a statement of the par
27 value of the shares of each class or that the shares or
28 membership interests are to be without par value;

29 (5) if the shares or membership interests are to be divided
30 into classes, the designation of each class and statement of the
31 preferences, limitations, and relative rights of the shares or
32 membership interests of each class, which in the case of a
33 limited trust association may be more fully set forth in the
34 statement of membership interest;

35 (6) a provision limiting or denying to participants the
36 preemptive right to acquire additional or treasury membership

1 interests or shares of the state trust company;

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

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

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

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

18 (11) the number of directors or governors constituting the
19 initial board, which must not be fewer than five or more than
20 25, and a statement that management is vested in a board.

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

23 Subdivision 1. [AUTHORITY.] Upon complying with the terms
24 of this section, a trust company organized under section 300.025
25 47.12 has all the powers and privileges of a state bank not
26 otherwise granted to trust companies and is subject to and must
27 comply with all the laws of this state applicable to state banks.

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

30 Subd. 3. [CERTIFICATES TO BE AMENDED.] In order to
31 exercise the powers granted under this subdivision, the trust
32 company shall amend its certificate of incorporation to include
33 the additional powers of a state banking corporation. This
34 amendment may include the change of the corporate name of the
35 trust company. The trust company shall display in its place of
36 business the certificate of the authorization issued by the

1 commissioner of commerce.

2 Amendments to the certificate of incorporation must be made
3 under section ~~300-45~~ 47.171. Before becoming effective, these
4 amendments must be approved by the department and the approval
5 must be endorsed upon the certificate of amendment.

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

8 50.001 [APPLICATION FOR CERTIFICATE OF AUTHORITY;
9 PROCEDURE.]

10 The procedures for the application and issuance of a
11 certificate of authority to a savings bank organized pursuant to
12 section ~~300-025~~ 47.12 shall be those applicable to a state bank
13 in sections 46.041 to 46.045.

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

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

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

27 Subd. 2b. [REGULATION OF CAPITAL STOCK ASSOCIATIONS.] The
28 incorporation, formation, and corporate governance of capital
29 stock associations are governed by chapter 300 302A, except to
30 the extent the provisions of this chapter conflict with the
31 provisions of chapter 300 302A, in which case the provisions of
32 this chapter govern.

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

35 51A.131 [DIRECTORS OF CAPITAL STOCK ASSOCIATIONS.]

36 The duties and qualifications required of directors of

1 capital stock associations are governed by chapter ~~300~~ 302A.

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

4 51A.17 [INDEMNIFICATION OF OFFICERS, DIRECTORS AND
5 EMPLOYEES.]

6 The indemnification of officers, directors, and employees
7 of associations is governed by section ~~300-003~~ 302A.521.

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

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

21 Sec. 11. Minnesota Statutes 2004, section 117.232,
22 subdivision 1, is amended to read:

23 Subdivision 1. When acquisition of private property is
24 accomplished by the state Department of Transportation by direct
25 purchase the owner shall be entitled to reimbursement for
26 appraisal fees, not to exceed a total of \$1,500. When
27 acquisition of private property is accomplished by any other
28 acquiring authority, the owner is entitled to reimbursement for
29 appraisal fees, not to exceed \$1,500, if the owner is otherwise
30 entitled to reimbursement under sections 117.50 to 117.56. The
31 purchaser in all instances shall inform the owner of the right,
32 if any, to reimbursement for appraisal fees reasonably incurred,
33 in an amount not to exceed \$1,500, together with relocation
34 costs, moving costs and any other related expenses to which an
35 owner is entitled by sections 117.50 to 117.56. This
36 subdivision does not apply to acquisition for utility purposes

1 made by a public service corporation organized pursuant to
 2 section ~~300-03~~ 301B.01 or electric cooperative associations
 3 organized pursuant to chapter 308A.

4 Sec. 12. Minnesota Statutes 2004, section 161.433,
 5 subdivision 3, is amended to read:

6 Subd. 3. [APPLICATION TO CERTAIN PROVISIONS.] Laws 1967,
 7 chapter 214 shall not apply to or affect the rights and
 8 privileges referred to in sections 161.457 and 222.377~~-and~~
 9 ~~300-03~~.

10 Sec. 13. Minnesota Statutes 2004, section 181.970,
 11 subdivision 2, is amended to read:

12 Subd. 2. [EXCEPTION.] Subdivision 1 does not apply to:

13 (1) employees of the state or a municipality governed by
 14 section 3.736 or 466.07;

15 (2) employees who are subject to a contract or other
 16 agreement governing indemnification rights;

17 (3) employees and employers who are governed by
 18 indemnification provisions under section ~~300-083~~, 302A.521,
 19 317A.521, or 322B.699, or similar laws of this state or another
 20 state specifically governing indemnification of employees of
 21 business or nonprofit corporations, limited liability companies,
 22 or other legal entities; or

23 (4) indemnification rights for a particular liability
 24 specifically governed by other law.

25 Sec. 14. Minnesota Statutes 2004, section 237.81, is
 26 amended to read:

27 237.81 [SCOPE.]

28 To the extent they regulate telecommunications right-of-way
 29 users, sections 237.04; 237.16, subdivision 1; 237.162; 237.163;
 30 and 237.74, subdivision 5, supersede section 222.37,
 31 ~~300-037-and-300-047~~ and any ordinance, regulation, or rule to
 32 the contrary.

33 Sec. 15. Minnesota Statutes 2004, section 301.75, is
 34 amended to read:

35 301.75 [ADDITIONAL POWERS.]

36 ~~In-addition-to-the-powers-enumerated-in-section-300-087~~

1 ~~subdivision-17~~ Subdivision 1. [GENERAL POWERS.] (a) A
2 corporation formed under the provisions of this chapter may:

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

5 (2) sue and be sued in any court;

6 (3) have, use, and alter a common seal;

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

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

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

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

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

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

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

32 (b) Lend money to, and to guarantee, endorse, or act as
33 surety on the bonds, notes, contracts or other obligations of,
34 or otherwise assist financially, any person, firm, corporation
35 or association, and to establish and regulate the terms and
36 conditions with respect to any such loans or financial

1 assistance and the charges for interest and service connected
2 therewith.

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

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

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

36 (f) Cooperate with and avail itself of the facilities of

1 the commissioner of employment and economic development and any
2 similar governmental agencies; and to cooperate with and assist,
3 and otherwise encourage, local organizations in the various
4 communities of the state the purpose of which shall be the
5 promotion, assistance, and development of the business
6 prosperity and economic welfare of such communities and of this
7 state.

8 Sec. 16. Minnesota Statutes 2004, section 303.02,
9 subdivision 2, is amended to read:

10 Subd. 2. [CORPORATION.] ~~In addition to the meaning set~~
11 ~~forth in section 300.02, subdivision 2,~~ "Corporation" means a
12 corporation formed for profit and includes a cooperative.

13 Sec. 17. Minnesota Statutes 2004, section 317A.021,
14 subdivision 9, is amended to read:

15 Subd. 9. [APPLICABILITY OF OTHER LAWS.] ~~(a) Except as~~
16 ~~provided in paragraphs (b) and (c),~~ Chapters 300, 316, 317, and
17 556 do not apply to corporations.

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

20 ~~(c) This subdivision does not affect the applicability of~~
21 ~~chapter 300 to a corporation that elected to reject laws 1951~~
22 ~~chapter 500, sections 1 to 25.~~

23 Sec. 18. Minnesota Statutes 2004, section 322B.02, is
24 amended to read:

25 322B.02 [LAWS NOT TO APPLY.]

26 Sections 222.19, 222.23, ~~300.01, 300.02, 300.06 to 300.09,~~
27 ~~300.12 to 300.68,~~ and chapters 301, 316, and 556 do not apply to
28 a limited liability company organized under this chapter.

29 Sec. 19. Minnesota Statutes 2004, section 398A.04,
30 subdivision 6, is amended to read:

31 Subd. 6. [INSURANCE AND INDEMNITY.] (a) The authority
32 shall be subject to tort liability to the extent provided in
33 chapter 466 and may procure insurance against the liability, and
34 may indemnify and purchase and maintain insurance on behalf of
35 any of its commissioners, officers, employees, or agents, in
36 connection with any threatened, pending, or completed action,

1 suit, or proceeding, as provided in chapter 466, and to the same
2 extent and in the same manner and with the same force and effect
3 as provided in the case of a private corporation by section
4 ~~300-003~~ 302A.521. It may also procure insurance against loss of
5 or damage to property in the amounts, by reason of the risks,
6 and from the insurers as it deems prudent.

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

15 Sec. 20. Minnesota Statutes 2004, section 453.55,
16 subdivision 11, is amended to read:

17 Subd. 11. [LIABILITY; INDEMNIFICATION.] Neither the
18 officials, the directors, nor the members of a municipal power
19 agency nor any person executing bonds or notes shall be liable
20 personally on the bonds or notes or be subject to any personal
21 liability or accountability by reason of the issuance thereof.
22 A municipal power agency shall have power to indemnify and to
23 purchase and maintain insurance on behalf of any director,
24 officer, employee, or agent of the municipal power agency, in
25 connection with any threatened, pending, or completed action,
26 suit, or proceeding, to the same extent and in the same manner
27 and with the same force and effect as provided in the case of a
28 private corporation under the provisions of section
29 ~~300-003~~ 302A.521.

30 Sec. 21. Minnesota Statutes 2004, section 453A.05,
31 subdivision 11, is amended to read:

32 Subd. 11. [LIABILITY; INDEMNIFICATION.] Neither the
33 officials, the directors, nor the members of a municipal gas
34 agency nor any person executing bonds or notes shall be liable
35 personally on the bonds or notes or be subject to any personal
36 liability or accountability by reason of the issuance thereof.

1 A municipal gas agency shall have power to indemnify and to
2 purchase and maintain insurance on behalf of any director,
3 officer, employee, or agent of the municipal gas agency, in
4 connection with any threatened, pending, or completed action,
5 suit, or proceeding, to the same extent and in the same manner
6 and with the same force and effect as provided in the case of a
7 private corporation under the provisions of section
8 ~~300.083~~ 302A.521.

9

ARTICLE 3

10

MISCELLANEOUS

11

Section 1. [REPEALER.]

12

(a) Minnesota Statutes 2004, sections 300.01; 300.02;

13

300.025; 300.05; 300.06; 300.08; 300.081; 300.083; 300.09;

14

300.12; 300.13; 300.131; 300.14; 300.16; 300.17; 300.18; 300.19;

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300.20; 300.21; 300.22; 300.23; 300.24; 300.25; 300.26; 300.27;

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300.28; 300.29; 300.30; 300.31; 300.32; 300.33; 300.34; 300.35;

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300.36; 300.37; 300.38; 300.39; 300.40; 300.41; 300.42; 300.43;

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300.44; 300.45; 300.451; 300.46; 300.49; 300.51; 300.52; 300.53;

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300.54; 300.55; 300.57; 300.58; 300.59; 300.60; 300.61; 300.62;

20

and 300.63, are repealed.

21

(b) Minnesota Statutes 2004, section 48.056, subdivision 3,

22

is repealed.

23

Sec. 2. [EFFECTIVE DATE.]

24

This act is effective August 1, 2006.

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Article 2 CONFORMING CHANGES..... page 15
Article 3 MISCELLANEOUS..... page 25

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48.056 REVERSE STOCK SPLIT.

Subd. 3. Par value. Notwithstanding section 300.30, a banking institution proceeding under this subdivision may divide its capital into shares greater than \$100 each.

300.01 EXISTING CORPORATIONS CONTINUED.

Until otherwise provided by law, a private corporation existing and doing business at the time of the taking effect of Revised Laws 1905, March 1, 1906, continues to exercise and enjoy all powers and privileges it has under its articles of incorporation and applicable laws then in force and remains subject to all the duties and liabilities to which it was then subject.

300.02 DEFINITIONS.

Subdivision 1. Terms. For the purposes of chapters 300 to 317A, the terms defined in this section have the meanings given them, unless the language or context clearly indicates that a different meaning is intended.

Subd. 2. Corporation. The term "corporation" means a private corporation.

Subd. 3. Private corporation. The term "private corporation" includes a company, association, or body endowed by law with a corporate power or function. The term does not include a public corporation.

Subd. 4. Certificate of incorporation. The term "certificate of incorporation," when used in reference to corporations formed prior to the taking effect of the Revised Laws of 1905, March 1, 1906, means articles of incorporation.

Subd. 5. Domestic corporation. The term "domestic corporation" means a corporation organized under the laws of this state.

Subd. 6. Foreign corporation. The term "foreign corporation" means a corporation which is not a domestic corporation.

Subd. 7. Public corporation. The term "public corporation" means a corporation formed solely for public and governmental purposes.

300.025 ORGANIZATION OF FINANCIAL CORPORATIONS.

(a) Three or more persons may form a corporation for any of the purposes specified in section 47.12 by applying to the Department of Commerce and complying with all applicable organizational requirements and the conditions set out in clauses (1) to (7). However, no corporation may be formed under this section if it may be formed under the Minnesota Business Corporation Act. The incorporators must subscribe a certificate specifying:

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

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

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

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

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

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

(7) the highest amount of indebtedness or liability to which the corporation will at any time be subject.

The certificate may contain any other lawful provision defining and regulating the powers and business of the corporation, its officers, directors, trustees, members, and stockholders. However, a corporation subject to section 48.27 may show its highest amount of indebtedness to be 30 times the amount of its capital and actual surplus.

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

300.05 CITY MAY PURCHASE UTILITY.

Subdivision 1. Authorization. The governing body of a city may acquire and operate a street railway, telephone, waterworks, gas works, or an electric light, heat, or power works in the manner provided in subdivision 2.

Subd. 2. Procedure. The governing body of a city may petition to acquire and operate a franchise referred to in subdivision 1, if authorized to do so by a two-thirds majority of the votes cast at a special election called for that purpose. The election must be held within the three-month period prior to the expiration of any period of five years from the granting of the franchise.

The city must also pay the corporation or person owning the franchise the value of the property being acquired. The value of the property is determined in the manner provided by law for acquiring property under the right of eminent domain.

Subd. 3. Payment. The consideration for the works or property must first be applied to the payment of any encumbrances. The remainder, if any, must be paid to the owner of the franchise.

300.06 FILING AND RECORD OF CERTIFICATE.

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

300.08 GENERAL POWERS.

Subdivision 1. Enumerated powers. (a) A corporation formed under the provisions of this chapter may:

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

(2) sue and be sued in any court;

(3) have, use, and alter a common seal;

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

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

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

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

(b) A corporation formed under this chapter shall indemnify those persons identified in section 300.083 against certain expenses and liabilities only as provided in section 300.083 and may indemnify other persons.

Subd. 2. **Issuance of stock; kinds.** In addition to the powers enumerated in subdivision 1, a corporation, except the financial corporations referred to in this chapter, may issue more than one class of stock.

Subd. 3. **May hold stock of other corporations.** A corporation organized (1) for carrying on any kind of manufacturing or mechanical business compatible with an honest purpose; or (2) for the mining, smelting, reducing, refining, or working of ores or minerals, for working coal mines or stone quarries, or for buying, working, selling, or dealing in mineral lands, may take, acquire, and hold stock in another corporation, if a majority of the stockholders elects to do so.

300.081 MEDICAL EXPENSES; INSURANCE; PENSIONS.

Subdivision 1. **Authorization.** A corporation formed under the laws of the state of Minnesota may provide by action of its board of directors for the furnishing to its employees and officers, wholly or in part at the expense of the corporation, of medical expenses, and insurance against accident, sickness, disability or death. The board may adopt a plan for retirement allowances or pensions to employees and officers based on services rendered before, after, or before and after, the plan is adopted. A pension or allowance may be payable in amounts, at times, and upon conditions determined by the board of directors of the corporation.

Subd. 2. **Acts legalized.** All allowances for medical expenses, insurance against accident, sickness, disability or death, and retirement allowances or pensions granted or paid before April 23, 1947, by a corporation to its employees and officers pursuant to action by its board of directors, are validated.

300.083 INDEMNIFICATION.

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Corporation" includes a domestic or foreign corporation that was the predecessor of the corporation referred to in this section in a merger or other transaction in which the predecessor's existence ceased upon consummation of the transaction.

(c) "Official capacity" means (1) with respect to a director, the position of director in a corporation, (2) with respect to a person other than a director, the elective or appointive office or position held by an officer, member of a committee of the board, or the employment relationship undertaken by an employee of the corporation, and (3) with respect to a director, officer, or employee of the corporation who, while a director, officer, or employee of the corporation, is or was serving at the request of the corporation or whose duties in that position involve or involved service as a director, officer, partner, trustee, employee, or agent of

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another organization or employee benefit plan, the position of that person as a director, officer, partner, trustee, employee, or agent, as the case may be, of the other organization or employee benefit plan.

(d) "Proceeding" means a threatened, pending, or completed civil, criminal, administrative, arbitration, or investigative proceeding, including a proceeding by or in the right of the corporation.

(e) "Special legal counsel" means counsel who has not represented the corporation or a related corporation, or a director, officer, member of a committee or board, or employee whose indemnification is in issue.

Subd. 2. Indemnification mandatory; standard. (a) Subject to the provisions of subdivision 4, a corporation shall indemnify a person made or threatened to be made a party to a proceeding by reason of the former or present official capacity of the person against judgments, penalties, fines, including, without limitation, excise taxes assessed against the person with respect to an employee benefit plan, settlements, and reasonable expenses, including attorneys' fees and disbursements, incurred by the person in connection with the proceeding, if, with respect to the acts or omissions of the person complained of in the proceeding, the person:

(1) Has not been indemnified by another organization or employee benefit plan for the same judgments, penalties, fines, including, without limitation, excise taxes assessed against the person with respect to an employee benefit plan, settlements, and reasonable expenses, including attorneys' fees and disbursements incurred by the person in connection with the proceeding with respect to the same acts or omissions;

(2) Acted in good faith;

(3) Received no improper personal benefit;

(4) In the case of a criminal proceeding, had no reasonable cause to believe the conduct was unlawful; and

(5) In the case of acts or omissions occurring in the official capacity described in subdivision 1, paragraph (c), clause (1) or (2), reasonably believed that the conduct was in the best interests of the corporation, or in the case of acts or omissions occurring in the person's official capacity described in subdivision 1, paragraph (c), clause (3), reasonably believed that the conduct was not opposed to the best interests of the corporation. If the person's acts or omissions complained of in the proceeding relate to conduct as a director, officer, trustee, employee, or agent of an employee benefit plan, the conduct is not considered to be opposed to the best interests of the corporation if the person reasonably believed that the conduct was in the best interests of the participants or beneficiaries of the employee benefit plan.

(b) The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent does not, of itself, establish that the person did not meet the criteria set forth in this subdivision.

Subd. 3. Advances. Subject to the provisions of subdivision 4, if a person is made or threatened to be made a party to a proceeding, the person is entitled, upon written request to the corporation, to payment or reimbursement by the corporation of reasonable expenses, including attorneys' fees and disbursements, incurred by the person in advance of the final disposition of the proceeding, (a) upon receipt by the

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corporation of a written affirmation by the person of a good faith belief that the criteria for indemnification set forth in subdivision 2 has been satisfied and a written undertaking by the person to repay all amounts so paid or reimbursed by the corporation, if it is ultimately determined that the criteria for indemnification have not been satisfied, and (b) after a determination that the facts then known to those making the determination would not preclude indemnification under this section. The written undertaking required by clause (a) is an unlimited general obligation of the person making it, but need not be secured and shall be accepted without reference to financial ability to make the repayment.

Subd. 4. Prohibition or limit on indemnification or advances. The articles or bylaws either may prohibit indemnification or advances of expenses otherwise required by this section or may impose conditions on indemnification or advances of expenses in addition to the conditions contained in subdivisions 2 and 3 including, without limitation, monetary limits on indemnification or advances of expenses, if the conditions apply equally to all persons or to all persons within a given class. A prohibition or limit on indemnification or advances may not apply to or affect the right of a person to indemnification or advances of expenses with respect to any acts or omissions of the person occurring prior to the effective date of a provision in the articles or the date of adoption of a provision in the bylaws establishing the prohibition or limit on indemnification or advances.

Subd. 5. Reimbursement to witnesses. This section does not require, or limit the ability of, a corporation to reimburse expenses, including attorneys' fees and disbursements, incurred by a person in connection with an appearance as a witness in a proceeding at a time when the person has not been made or threatened to be made a party to a proceeding.

Subd. 6. Determination of eligibility. (a) All determinations whether indemnification of a person is required because the criteria set forth in subdivision 2 have been satisfied and whether a person is entitled to payment or reimbursement of expenses in advance of the final disposition of a proceeding as provided in subdivision 3 shall be made:

(1) By the board by a majority of a quorum. Directors who are at the time parties to the proceeding shall not be counted for determining either a majority or the presence of a quorum;

(2) If a quorum under clause (1) cannot be obtained, by a majority of a committee of the board, consisting solely of two or more directors not at the time parties to the proceeding, duly designated to act in the matter by a majority of the full board including directors who are parties;

(3) If a determination is not made under clause (1) or (2), by special legal counsel, selected either by a majority of the board or a committee by vote pursuant to clause (1) or (2) or, if the requisite quorum of the full board cannot be obtained and the committee cannot be established, by a majority of the full board including directors who are parties;

(4) If a determination is not made under clauses (1) to (3), by the shareholders, excluding the votes of shares held by parties to the proceeding; or

(5) If an adverse determination is made under clauses (1) to (4) or under paragraph (b), or if no determination is made under clauses (1) to (4) or under paragraph (b) within 60 days

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after the termination of a proceeding or after a request for an advance of expenses, as the case may be, by a court in this state, which may be the same court in which the proceeding involving the person's liability took place, upon application of the person and any notice the court requires.

(b) With respect to a person who is not, and was not at the time of the acts or omissions complained of in the proceedings, a director, officer, or person possessing, directly or indirectly, the power to direct or cause the direction of the management or policies of the corporation, the determination whether indemnification of this person is required because the criteria set forth in subdivision 2 have been satisfied and whether this person is entitled to payment or reimbursement of expenses in advance of the final disposition of a proceeding as provided in subdivision 3 may be made by an annually appointed committee of the board, having at least one member who is a director. The committee shall report at least annually to the board concerning its actions.

Subd. 7. Insurance. A corporation may purchase and maintain insurance on behalf of a person who is or was a director, officer, employee, or agent of the corporation, or who, while a director, officer, employee, or agent of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another organization or employee benefit plan against any liability asserted against and incurred by the person in or arising from that capacity, whether or not the corporation would have been required to indemnify the person against the liability under the provisions of this section.

Subd. 8. Disclosure. A corporation that indemnifies or advances expenses to a person in accordance with this section in connection with a proceeding by or on behalf of the corporation shall report to the shareholders in writing the amount of the indemnification or advance and to whom and on whose behalf it was paid not later than the next meeting of shareholders.

Subd. 9. Life insurance companies. A domestic life insurance company having a separate account or accounts pursuant to section 61A.14 may indemnify a person who is serving or has served as a member of the managing committee of that separate account, and may purchase and maintain insurance for that purpose, in accordance with this section.

Subd. 10. Indemnification of other persons. Nothing in this section shall be construed to limit the power of the corporation to indemnify other persons by contract or otherwise.

300.09 PROPERTY; SALE, LEASE, EXCHANGE; PROCEDURE.

At a meeting of its board of directors a corporation organized under the laws of this state, except those formed or coming under the Minnesota Business Corporation Act, or a nonprofit corporation subject to the Minnesota Nonprofit Corporation Act, may sell, lease, or exchange all its property, rights, privileges, and franchises upon the terms and conditions its board of directors considers expedient and for the best interests of the corporation. The sale, lease, or exchange must be authorized by the affirmative vote of the holders of two-thirds of the shares of stock of the company issued and outstanding having voting power, given at a stockholders' meeting duly called for that purpose, or authorized by the written consent of the holders of two-thirds of the shares of

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stock of the company issued and outstanding having voting power. The certificate of incorporation may require the vote or written consent of a larger portion of the stockholders.

300.12 BYLAWS; STATEMENTS.

Subdivision 1. **Adoption of bylaws.** The first board of directors, trustees, or managers must adopt bylaws. The bylaws may be amended by the stockholders or members at a regular or special meeting called for that purpose.

Subd. 2. **Bylaws and certain statements posted in place of business.** A copy of the bylaws of a corporation whose articles are filed with the secretary of state, the names of its officers, and a statement of the amount of any capital stock actually and in good faith subscribed for, the amount and character of payments actually made on the stock; and, in the case of corporations empowered to take private property, the amount of its indebtedness in a general way, must also be kept posted in its principal place of business. The statement must be corrected as often as any material change takes place in relation to any part of its subject matter.

300.13 CORPORATE EXISTENCE; DURATION, RENEWAL.

Subdivision 1. **Period of formation, renewal.** A railroad corporation, a bank as defined in section 47.01, subdivision 2, or a trust company as defined in section 47.01, subdivision 4, may be formed for any period specified in its certificate of incorporation. A savings bank has perpetual duration. Every other corporation, except as otherwise provided in this chapter, shall be formed for not more than 30 years, but may be renewed from time to time for a further term not exceeding 30 years. The corporation is renewed whenever a three-fourths vote of the stock or members, in case of mutual or nonstock corporations represented, adopts a resolution to that effect; and, in case of stock companies, when those desiring it have purchased at its value the stock of those opposed to the resolution. The resolution may be voted on at a regular meeting, or at a special meeting called for that purpose if that purpose is clearly specified in the call.

Subd. 2. **Exceptions as to renewal.** A corporation formed under the provisions of the Minnesota Business Corporation Act, or the Minnesota Nonprofit Corporation Act, or a corporation which accepts the provisions of either act, or which elects not to accept them, may not be renewed under this section.

Subd. 3. **Nonprofit cooperative associations, religious corporations; perpetual succession.** Unless otherwise limited by statute or by its articles or certificate of incorporation, a nonprofit cooperative association and a religious corporation formed under chapter 315, have perpetual duration. When the limitation is contained in its articles or certificate of incorporation, the association or corporation may amend its articles or certificate to provide for perpetual duration.

Subd. 4. **Resolution to enlarge, effect.** Except in the case of a nonprofit cooperative association or a religious corporation formed under chapter 315, the resolution to enlarge the period of corporate existence does not become effective until a duly certified copy of the resolution has been filed and recorded in the same manner as required by law for its original articles or certificate of incorporation.

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300.131 PERPETUAL CORPORATE EXISTENCE FOR INSURANCE COMPANIES.

The corporate existence of an insurance company organized under the laws of this state may be made perpetual by so providing in its articles of incorporation or by amendment to them.

300.14 CERTAIN CORPORATIONS.

Subdivision 1. Consolidation. Two or more corporations, except corporations organized for the purpose of carrying on the business of a railroad, bank, savings bank, trust company, savings association, or insurance company, or a nonprofit corporation subject to the Minnesota Nonprofit Corporation Act or any part of it, may consolidate into a single corporation. The resulting corporation may be either one of the consolidating corporations or a new corporation created by the consolidation. If at least a majority of the directors of each of the corporations desire to consolidate, they may enter into an agreement setting forth:

- (1) the terms and conditions of the consolidation;
- (2) the mode of carrying the consolidation into effect;
- (3) applicable facts which are necessary to be set out in a certificate of incorporation, as provided in section 300.025;
- (4) the manner and basis of converting the shares of stock of each of the constituent corporations into the shares of the consolidated corporation, whether into the same or a different number of shares of the consolidated corporation and whether par value or no par value stock and;
- (5) other details and provisions which are necessary or desirable.

The agreement must be signed by these directors under the corporate seals of those corporations. The agreement must state the amount of capital stock with which the consolidated corporation will begin business, which may be any amount not less than the aggregate par value of shares of stock having par value to be distributed in place of previously issued and outstanding shares of stock of the constituent corporations. The agreement may provide for the distribution of cash, notes, or bonds in whole or in part in lieu of stock to stockholders of the constituent corporations, or any of them.

Subd. 2. Agreement. The agreement must be submitted to the stockholders of record of each corporation at a meeting called separately for the purpose of considering it. Notice of the time, place, and object of the meeting must be mailed at least two weeks before the meeting to each stockholder of record, whether entitled to vote or not, at the stockholder's last known address, as shown by the corporation's records.

At the meeting the agreement must be considered and a vote by ballot, in person or by proxy, taken for the adoption or rejection of it. If votes to adopt the agreement are cast by stockholders of each corporation holding stock in the corporation entitling them to exercise at least nine-tenths of the voting power on a proposal to consolidate the corporation with another, or by any other proportion of the stockholders as prescribed by the certificate of incorporation for votes on the proposal, then that fact must be certified on the agreement by the secretary or assistant secretary of each corporation, under its seal.

The agreement adopted and certified must be signed by the president or vice-president and secretary or assistant secretary

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of each corporation under its corporate seal and acknowledged by the president or vice-president to be the respective acts, deeds, and agreements of the corporation. The certified and acknowledged agreement must be filed for record with the secretary of state and be taken and considered to be the agreement and acts of consolidation of the constituent corporations, and the certificate of incorporation of the consolidated corporation. A certified copy of it is evidence of the performance of all antecedent acts and conditions necessary to the consolidation and of the existence of the consolidated corporation.

300.16 RIGHTS OF STOCKHOLDERS.

Subdivision 1. Procedure for objecting. A stockholder entitled to vote who votes against the consolidation and objects to it in writing at or before the time when the consolidation vote is taken, or a stockholder not entitled to vote who objects in writing to the consolidation at or before the time when the consolidation vote is taken, may demand in writing that the consolidated corporation pay the fair cash value of the stockholder's stock. The demand must be made within 20 days of the consolidation vote. The stock is to be valued as of the day before the consolidation vote was taken.

The consolidated corporation must make payment to the objecting stockholder within 30 days after proof of publication of the consolidation agreement is filed with the secretary of state.

Subd. 2. Valuation of stock. In case of disagreement as to the fair cash value of the stock, the stockholder, or the consolidated corporation, within 60 days after proof of publication of the consolidation agreement has been filed and upon notice to the opposite party, may petition the district court of the judicial district in which the principal office of the consolidated corporation is established for the appointment of three appraisers to appraise the value of the stock. The award of the appraisers is final and conclusive if no written objection is filed by either party within ten days after the award is filed in court. If an objection is filed, it must be tried summarily by the court and judgment rendered on it. If the amount determined in the proceeding is in excess of the amount the consolidated corporation has offered to pay as the fair cash value of the stock, the court must assess against the consolidated corporation the costs of the proceeding, including a reasonable attorney's fee, to the stockholder and a reasonable fee to the appraisers, as it considers equitable; otherwise, the costs and fees to the appraisers must be assessed, one-half against the corporation and one-half against the stockholder. A party has the right to appeal from the judgment of the court if the appeal is taken within ten days after the entry of the judgment.

Subd. 3. Effect. Unless the consolidation is abandoned, the stockholder, on the making of the demand in writing, ceases to be a stockholder in the constituent corporation and has no rights with respect to the stock, except the right to receive payment for it. Upon payment of the agreed fair cash value of the stock or the value of the stock under final judgment, the stockholder must transfer the stock to the consolidated corporation. If the consolidated corporation fails to pay the amount of the judgment within ten days after it becomes final, the judgment may be collected and enforced in the

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manner prescribed by law.

Subd. 4. Assenting stockholders. Each stockholder in any of the constituent corporations at the time the consolidation becomes effective who is entitled to vote, and who does not vote against the consolidation and object to it in writing, and each stockholder in each of the constituent corporations at the time the consolidation becomes effective who is not entitled to vote, and who does not object to it in writing, ceases to be a stockholder in the constituent corporation and is considered to have assented to the consolidation. Those stockholders, together with the stockholders voting in favor of the consolidation, are entitled to receive certificates of stock in the consolidated corporation or cash or notes or bonds, in the manner and on the terms specified in the agreement of consolidation.

300.17 LIABILITIES OF CORPORATIONS, STOCKHOLDERS, AND OFFICERS; RIGHTS OF CREDITORS.

The consolidation of two or more corporations under the provisions of sections 300.14 to 300.19 does not lessen or impair the liability of the consolidating corporations or their stockholders or officers or the rights or remedies of creditors or persons transacting business with these corporations.

300.18 CAPITAL STOCK OF CONSOLIDATED CORPORATION.

The capital stock of a consolidated corporation, issued and represented by shares of stock, is the amount stated in the consolidation agreement as to the amount of capital stock with which the consolidated corporation will begin business, until the corporation issues shares. When additional shares are issued, the capital stock issued and represented by shares of stock is increased by the aggregate par value of all additional shares of stock having par value and the aggregate amount of money or the actual value of the consideration, as fixed by the directors, or otherwise, received by the corporation for the issuance of all additional shares without par value.

300.19 FILING FEE.

Upon filing a consolidation agreement, as provided for in sections 300.14 to 300.19, there must be paid to the commissioner of finance the same fees as required on the filing of a certificate of the corporation, less the total amount of the fees that have previously been paid to the commissioner of finance on the filing of the certificates of incorporation or any renewals and amendments increasing capital stock of all of the corporations which are parties to the consolidation agreement.

300.20 BOARD OF DIRECTORS.

Subdivision 1. Election. The business of savings banks must be managed by a board of at least seven directors, all residents of this state, each of whom, before being authorized to act, must file a written acceptance of the position. The business of other corporations must be managed by a board of at least five directors, unless a greater number is otherwise required by law, elected by ballot by the stockholders or members. A board of directors of a financial institution referred to in section 47.12 which has less than five members on August 1, 1995, is not subject to this requirement but may be increased to not more than five members by order of the commissioner of commerce.

Subd. 2. Vacancies. If the certificate of incorporation or the bylaws so provides, a vacancy in the board

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of directors may be filled by the remaining directors. Not more than one-third of the members of the board may be so filled in any one year except any number may be appointed to provide for at least five directors until any subsequent meeting of the stockholders.

Subd. 3. **Quorum to do business.** A majority of the directors constitutes a quorum for the transaction of business.

Subd. 4. **Action without meeting.** Any action which might be taken at a meeting of the board of directors, trustees, or managers may be taken without a meeting if done in writing signed by all of the directors, trustees, or managers.

300.21 OFFICERS.

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

300.22 CLASSIFICATION OF DIRECTORS.

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

300.23 VOTING, HOW REGULATED.

Unless otherwise provided in the certificate or bylaws, at every meeting each stockholder or member is entitled to one vote in person, or by proxy made within one year or other time specially limited by law, for each share or other lawful unit of representation held in an individual, corporate, or representative capacity.

300.24 CUMULATIVE VOTING.

The certificate of incorporation, or an amendment to it, of a corporation may provide that, at all elections of directors or managers, each stockholder or member is entitled to as many votes as equals the number of shares of stock owned multiplied by the number of directors or managers to be elected, and that the stockholder or members may cast all of these votes for a single director or manager, or may distribute them among the number to be voted for, or for any two or more of them. This right when exercised is termed "cumulative voting."

300.25 TRANSFER OF STOCK.

Subdivision 1. **When transfer is effective.**
Notwithstanding the transfer of a certificate of stock in accordance with the Uniform Commercial Code, the corporation may pay a dividend on it and treat the holder of record as the owner in fact until the transfer has been recorded on its books or a new certificate issued to the transferee. The transferee will receive the new certificate upon delivery of the former certificate to the treasurer, or otherwise in accordance with the provisions of the Uniform Commercial Code.

Subd. 2. **Survival of action against subscriber.**
Except as provided with respect to corporations formed under or coming within the Minnesota Business Corporation Act, a corporation may maintain a personal action against a subscriber

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to its stock, even though the subscriber has transferred the stock in accordance with the provisions of the Uniform Commercial Code.

Subd. 3. Pledged stock. (a) A pledgee of stock transferred as collateral security is entitled to a new certificate, if the instrument of transfer substantially describes the debt or duty intended to be secured by it.

(b) The new certificate must state on its face the name of the pledgor, and that it is held as collateral security. The pledgor alone is liable as a stockholder and entitled to vote the stock.

(c) Corporations formed or coming under the Minnesota Business Corporation Act are not subject to the provisions of paragraph (b).

300.26 EFFECT OF TRANSFER; STOCK BOOKS.

The transfer of shares is not binding upon the company until it is regularly entered on the books of the company to show the names of the persons by and to whom transferred, the number or other designation of the shares, and the date of the transfer. The transfer does not exempt the person making the transfer from liabilities of the corporation which were created prior to the transfer. The books of the company must be kept to show intelligibly the original stockholders, their respective interests, the amount which has been paid in on their shares, and all transfers of the shares. The books, or correct copies of them, so far as the items mentioned in this section are concerned, are subject to the inspection of any person.

300.27 STOCKHOLDERS, LIABILITIES.

Subdivision 1. Personal liability. A stockholder is personally liable for corporate debts in the following cases:

(1) for all unpaid installments on stock owned by the stockholder or transferred for the purpose of defrauding creditors;

(2) for failure by the corporation to comply substantially with the provisions as to organization and publicity; and

(3) for personally violating the provisions in the transaction of any corporate business as officer, director, or member and for fraudulent or dishonest conduct in the discharge of any official duty.

Subd. 2. Exceptions. Except as provided by subdivision 1, no stockholder or member of a corporation or cooperative corporation or association is liable for a debt of the corporation, cooperative corporation, or association.

Subd. 3. Existing liabilities. Subdivision 2 does not affect a liability existing on April 18, 1931, against stockholders or members of a corporation or cooperative corporation or association, other than banking or trust corporations or associations, or a liability existing on February 15, 1955, against stockholders of a banking or trust corporation or association. After December 31, 1955, a claim arising under a statute imposing double liability on stockholders or members is barred.

300.28 PROPERTY OF STOCKHOLDERS LEVIED ON, WHEN.

The private property of a stockholder may not be levied on for a liability specified in section 300.27, subdivision 1, unless both the stockholder and the corporation are duly served with process in the action and the issue involving the stockholder's individual liability is raised and determined in the action. Individual property may never be levied on until

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all corporate property which can be found has been exhausted.
300.29 PROCEDURE OF OFFICER LEVYING.

The officer holding an execution to be levied on private property must first demand payment of the president, secretary, or other acting officer of the corporation, or one of its last acting officers. If that person fails to satisfy the execution or point out corporate property upon which it may be levied, the officer holding the execution must endorse on it the fact of the demand and failure to pay and then levy the execution upon individual property of any stockholder impleaded and served. The levy may be made to satisfy the balance due upon an execution after levy upon corporate property, or part payment from corporate funds.

300.30 CAPITAL STOCK.

Except as otherwise provided in this chapter, the capital stock of a stock corporation must not be less than \$10,000. It must be divided into shares of not less than \$1 nor more than \$100 each. The capital and number of shares may be increased at a regular or specially called meeting of the stockholders.

300.31 CAPITAL STOCK OF CERTAIN TELEPHONE COMPANIES.

The capital stock of corporations formed for the operation of telephone systems in, or connecting, towns or statutory cities of less than 2,000 inhabitants must not be less than \$500.

300.32 RECORD OF STOCK; REPORTS; DIVIDENDS.

In all stock corporations the directors must cause accurate and complete records to be kept of all corporate proceedings and of all stock subscribed, transferred, canceled, or retired and proper books, accounts, files, and records of all other business transacted. All books and records must, at all reasonable times and for all proper purposes, be open to the inspection of a stockholder. Its directors must when required present to the stockholders written reports of its condition and business and declare the dividends of the profits of the business as they consider advisable. The director may not by declaring dividends reduce the capital while there are outstanding liabilities.

**300.33 CORPORATE STOCK WITHOUT NOMINAL OR PAR VALUE;
CLASSES OF; PREFERRED STOCK.**

A corporation of this state, except banks, savings banks, trust companies, savings associations, and insurance companies, may create one or more classes of stock without nominal or par value, with any preferences, voting powers, restrictions, and qualifications consistent with law that are expressed in its certificate of incorporation or amendment to it. Stock without par value which is preferred as to dividends or as to its distributive share of the assets of the corporation upon dissolution may be made subject to redemption at the times and prices determined in the certificate of incorporation or amendment to it. In the case of stock without par value which is preferred as to its distributive share of the assets of the corporation upon dissolution, the amount of the preference must be stated in the certificate of incorporation or amendment to it.

**300.34 CERTIFICATES OF INCORPORATION; STATEMENTS AS TO
PAR VALUE.**

When the par value of the shares of stock of a corporation is required to be stated in the certificate of incorporation or in an amendment to it or in another place, it must be stated in respect to shares without par value that the shares are without par value. When the amount of the stock authorized, issued, or outstanding is required to be stated, the number of shares

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authorized, issued, or outstanding and the fact that the shares are without par value must be stated.

300.35 STOCK CERTIFICATES TO SHOW NUMBER OF SHARES.

A stock certificate issued for shares without nominal or par value must have plainly written or printed upon its face the number of shares which it represents. No certificate may express the nominal or par value of these shares or express a rate of dividend to which it is entitled in terms of percentage of par or other value.

300.36 VALUE FOR DETERMINING PRESCRIBED MINIMUM OR MAXIMUM CAPITAL.

For the limited purpose of determining the minimum or maximum capital prescribed by law for stock corporations, shares without nominal or par value must be valued at \$10 per share.

300.37 VALUE OF CAPITAL STOCK FIXED BY DIRECTORS.

For the purpose of a rule of law or statutory provision relating to the amount of capital stock issued and represented by shares of stock without par value, except as otherwise provided in this section, the amount is the amount of money or the actual value of the consideration, as fixed by the directors or otherwise in accordance with law, for which the shares of stock have been issued. When stock having a par value has been issued with stock without par value for a specified consideration, in determining the amount of the capital stock issued and represented by shares of stock without par value, the par value of the stock having a par value must first be deducted from the amount of the money or actual value of the consideration determined. The excess, if any, is the amount of capital stock represented by the shares of stock without par value so issued.

300.38 INCREASE OR REDUCTION OF VALUE OF CAPITAL STOCK.

The number of authorized shares of stock without par value may be increased or reduced in the manner and subject to the conditions provided in section 300.45 and acts supplemental to it. All other statutory provisions relating to stock having a par value apply to stock without par value, so far as they are legally, necessarily, or practically applicable to, and consistent with the provisions of sections 300.33 to 300.43.

300.39 PAR VALUE STOCK CHANGED TO NONPAR VALUE STOCK.

A corporation may change any of its common or preferred stock having a par value, to an equal, greater, or smaller number of shares of stock having no par value. In connection with this change, the corporation may fix the amount of capital stock represented by these shares of stock without par value and may reduce its capital stock by any or all of the following methods: (1) reducing the number of shares of its stock whether the shares have par value or no par value; (2) reducing the par value of shares which have par value; or (3) reducing the amount of capital stock represented by shares with no par value.

300.40 CERTIFICATE OF INCORPORATION TO PROVIDE FOR CONVERSION OF SHARES.

A corporation's certificate of incorporation, or an amendment to it, may provide that shares of stock of a class are convertible into shares of stock of another class upon the terms and conditions stated in that document, except that shares of stock without par value must not be convertible into shares of stock having par value.

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300.41 POWERS OF DIRECTORS TO ISSUE STOCK.

Subject to limitations and restrictions set forth in the certificate of incorporation, a corporation may, at a meeting called and held for that purpose, empower its directors to issue shares of its unissued, authorized capital stock without par value and may authorize its directors to fix the amount of money or the actual value of the consideration for which the stock is issued. The certificate of incorporation, or an amendment to it, of a corporation may empower its directors to issue from time to time shares of stock without par value for the consideration the directors consider advisable, subject to the limitations and restrictions specified.

300.42 COMPUTATION OF VALUE OF STOCK.

For the purpose of determining the amount of stock held or owned by a stockholder, shares without par value must be computed at the value, at the time of issue, of the cash, property, services, or expenses for which they were issued. This computation does not include paid-in surplus.

300.43 LAWS APPLICABLE.

Except as otherwise provided in this chapter, all laws applicable to corporations having shares of stock with par value apply to corporations issuing shares without par or face value.

300.44 OFFICES WITHIN AND OUTSIDE THE STATE.

A domestic corporation may establish offices and conduct business in another state or country if an office is always maintained in this state. A person upon whom legal process may be served must be in charge of that office.

300.45 CERTIFICATES OF INCORPORATION, AMENDMENT; EXCEPTIONS.

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

- (1) by a majority vote of all its shares, if a stock corporation; or
- (2) by a majority vote of its members; or, in either case,
- (3) by a majority vote of its entire board of directors, trustees, or other managers within one year after authorization by specific resolution duly adopted at a meeting of stockholders or members. The resolution must be included in a certificate duly executed by its president and secretary, or other presiding and recording officers, under its corporate seal, and approved and filed in the manner prescribed for the execution, approval, and filing of a like original certificate.

As to a local savings association and corporations organized for the establishing, maintaining, and operating of hospitals not for profit, the resolution to amend may be adopted as provided in this section or by a two-thirds vote of the stockholders or members of the association attending the meeting in person or by proxy.

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300.451 RESTATED CERTIFICATES OF INCORPORATION.

Subdivision 1. Procedure. An existing corporation organized pursuant to section 300.025 may by action taken in the same manner required for amendment of certificates of incorporation adopt a restated certificate of incorporation consisting of the certificate of incorporation as amended to date. The restated certificate of incorporation may be adopted in connection with an amendment to the certificate of incorporation. The restated certificate of incorporation must contain all the statements required by this chapter to be included in the original certificate of incorporation except that: in lieu of setting forth the names and addresses of the first board of directors, the restated certificate of incorporation must include the names and addresses of the directors at the time of the adoption of the restated certificate of incorporation; and no statement need be made with respect to the names and addresses of the incorporators.

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

300.46 NONPROFIT CORPORATIONS; TRUSTEES.

Except for a corporation that is formed under or accepts or is deemed to accept the Minnesota Nonprofit Corporation Act, a corporation other than those for pecuniary profit incorporated by virtue of a law of this state may increase or decrease the number of its trustees, provide for their election, and provide for the number of trustees of the corporation which constitutes a quorum. These actions must be taken by resolution of the corporation's board of trustees adopted by a majority vote of the board at any regular or called meeting. A copy of the resolution, subscribed and sworn to by the president and secretary of the corporation, must be recorded in the office of the county recorder of the county where the corporation is located and in the Office of the Secretary of State.

300.49 FILING FEES.

Subdivision 1. Paid to secretary of state. Domestic corporations must pay to the secretary of state the following fees:

- (1) for articles of incorporation, \$100;
- (2) for filing any instrument required or permitted by sections 300.01 to 300.68, \$35;
- (3) for a merger, an additional fee of \$25.

Subd. 2. Exceptions. This section does not apply to cooperative associations or corporations organized without capital stock and not for pecuniary profit.

300.51 CERTIFICATE OF INCORPORATION ISSUED BY SECRETARY OF STATE.

Whenever a corporation applies for incorporation to the secretary of state and pays the prescribed fee, the secretary of state must execute, record, and issue a certificate. The certificate must contain the names of the incorporators, the

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corporation's nature and purpose, the amount of its capital stock, the fact of its compliance with all prescribed statutory provisions, and that it is duly organized and exists as a corporation under the name and of the kind specified, with the powers, rights, and privileges, and subject to the limitations and restrictions pertaining to it. The certificate is prima facie evidence of the facts stated in it.

300.52 MEETINGS.

Subdivision 1. Prior notice. The first meeting of a corporation, except as otherwise prescribed in its certificate of incorporation or in the case of a banking corporation as waived in writing by the commissioner of commerce, must be called upon not less than three weeks' prior personal or published notice. The notice must be signed by one of the incorporators, to the others, and to each subscriber, if any, to its capital stock, specifying the time, place, and purpose of the meeting. Unless otherwise provided in the certificate of incorporation or corporate bylaws, an annual meeting must be called and held at its principal place of business upon three weeks' published notice, signed by its secretary. No business transacted at an annual meeting not called and held as required by this subdivision is effective. The manner of calling and holding all meetings may be prescribed by its bylaws.

Subd. 2. Call by members. When by reason of the death, absence, or other legal disability of the officers of a corporation there is no person authorized to call or preside at a legal meeting of the corporation, three or more of its stockholders or members may call a meeting by giving to all the others the notice prescribed in subdivision 1. The notice must designate some person to preside at the meeting until a chair and clerk are chosen, and who will act during the absence of those authorized to act in one or both of those capacities. Any business may be done at the meeting which could be lawfully transacted at a regular meeting.

300.53 IRREGULAR MEETINGS, HOW VALIDATED.

When all the stockholders or members of a corporation are present or duly represented at a meeting, however called or notified, and duly execute a written assent to the meeting on the records of the corporation, the business transacted at the meeting is as valid as if it had been legally called.

300.54 CAPITAL STOCK; HOW CLASSIFIED AND ISSUED.

Except as otherwise specially limited or provided, no corporation may issue a share of stock for a less amount to be actually paid in than the par value of those first issued. A railroad or exclusively manufacturing corporation may issue and dispose of as much special preferred, or full-paid stock as its board of directors considers advisable. A corporation, whose original or amended certificate of incorporation provides, may issue and dispose of special and preferred and common stock, or special or preferred and common stock. A corporation, without change of its certificate of incorporation, may issue its capital stock, part special, part preferred, and part common, or part common and part either special or preferred, when its board of directors is so authorized by a majority vote of its stockholders at its annual meeting or at a meeting called for that specifically stated purpose, and may give preference to the special or preferred stock, or to the special and preferred stock.

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300.55 STOCK CERTIFICATES, TO WHOM ISSUED.

When a person pays in full all amounts due a corporation upon a certificate of its stock, and surrenders all receipts, if any, issued for it, that person must be furnished with a certificate, under the corporate seal, stating the number of shares and class of its stock owned by that person, signed by its president or vice-president, and by its secretary, or by the officers the certificate of incorporation or bylaws provides. When a certificate is signed by a transfer agent or registrar, the signature of a corporate officer and the corporate seal upon the certificate may be engraved or printed facsimiles. The certificate is prima facie evidence of ownership of the stock.

300.57 PERSONAL REPRESENTATIVES, GUARDIANS, TRUSTEES MAY VOTE.

Personal representatives, guardians, or trustees must represent the shares of stock in their hands, for all purposes, at all meetings of the corporation. While acting in good faith, these persons are not personally liable, but the estates and funds in their hands are liable in the same way and to the same extent as the beneficiary or other represented party or interest would be if competent to act and holding the stock in their own names, respectively.

300.58 DISSOLUTION OF CORPORATIONS; EXCEPTIONS.

A corporation may cause appropriate action to be taken to dissolve the corporation when it determines that it is for the best interests of all concerned that it be dissolved. This determination must be made by the affirmative vote of a majority of each class of its stock entitled to vote, or of its members, if it is without capital stock. This section does not apply to banks of discount or deposit, savings banks, or nonprofit corporations subject to the Minnesota Nonprofit Corporation Act.

300.59 CONTINUANCE TO CLOSE AFFAIRS; EXCEPTIONS.

Except for a corporation subject to the Minnesota Nonprofit Corporation Act, a corporation whose existence terminates by limitation, forfeiture, or otherwise continues for three years after the termination date for the sole purpose of prosecuting and defending actions, closing its affairs, disposing of its property, and dividing its capital.

300.60 CRIMINAL PENALTIES.

Subdivision 1. Acts proscribed. The following acts are felonies:

(1) the diversion of corporate property to other objects than those specified in the recorded and published certificate, where injury to an individual results;

(2) the declaring of dividends when the profits are insufficient to pay them or when the funds remaining will not meet the corporate liabilities; or

(3) an intentional deception of the public or individuals in relation to its means or liabilities.

Subd. 2. Punishment. A person guilty of an act specified in subdivision 1 shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than three years, or by both.

300.61 FALSE STATEMENT A FELONY.

An officer, agent, or employee of a corporation who knowingly and willfully subscribes or makes a false statement, false report, or false entry in or upon the corporation's books, papers, or other documents, or in the corporation's behalf, or knowingly and willfully subscribes or exhibits a false paper,

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book, or document with intent to deceive a person or officer authorized to examine the financial condition of the corporation, or knowingly and willfully subscribes or makes a false report, is guilty of a felony and shall be punished by imprisonment for not less than one year, nor more than ten years.

300.62 EXISTING CORPORATION, HOW TO REORGANIZE.

The president and secretary of an existing corporation whose certificate or charter does not conform to the requirements of this chapter may execute a new or amended certificate in compliance with this chapter. The corporation, upon proceeding in all respects as prescribed in the case of an original certificate of a corporation of the same kind, is entitled to all rights, benefits, and privileges conferred, and is subject to all the requirements imposed, upon like corporations by the provisions of this chapter, except that its rights in respect to property acquired or investments made prior to March 1, 1906, are determined and governed by the laws in force at the date of the acquisition and investment, respectively.

300.63 ATTORNEY GENERAL TO EXAMINE.

When required by the governor, the attorney general must examine the affairs and condition of a corporation and report in writing, together with a detailed statement of the facts found, to the governor. The governor must submit the report to the legislature. The legislature, or either of its branches, may examine the affairs and condition of the corporation. The attorney general, or either branch of the legislature through a committee appointed by it for that purpose, may administer oaths to and examine the directors and officers of a corporation on oath in relation to its affairs and condition, may examine the vaults, books, papers, and documents belonging to it or pertaining to its affairs and condition, and compel the production of all keys, books, papers, and documents.

1 Senator moves to amend S.F. No. 767 as follows:
2 Page 15, after line 20, insert:

3 "ARTICLE 2

4 INSURANCE CORPORATIONS

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

7 Subdivision 1. [~~INCORPORATION.~~] ~~Except when the manner of~~

8 ~~organization is specifically otherwise provided in sections~~

9 ~~dealing with these insurers, domestic insurance corporations~~

10 ~~shall be organized under and governed by chapter 300. The~~

11 ~~articles or certificate of incorporation must meet the~~

12 ~~requirements of section 300.025, other than Three or more~~

13 ~~persons may form a domestic insurance corporation for any of the~~

14 ~~purposes specified in subdivision 2 by applying to the~~

15 ~~Department of Commerce and complying with all applicable~~

16 ~~organizational requirements and the conditions set out in~~

17 ~~clauses (1) to (6). The incorporators must subscribe a~~

18 ~~certificate specifying:~~

19 (1) ~~the requirement that a majority of board members shall~~

20 ~~always be residents of this state~~ the corporation's name, which

21 must distinguish it from all other corporations authorized to do

22 business in this state, and must contain the word "company,"

23 "corporation," or "incorporated"; and

24 (2) ~~the requirements of section 300.025, clause (7);~~ the

25 general nature of the corporation's business and its principal

26 place of business;

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

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

29 (5) the board in which the management of the corporation

30 will be vested, the date of the initial annual meeting at which

31 it will be elected, and the names and addresses of the board

32 members until the first election; and

33 (6) whether the corporation is organized on the stock plan,

34 mutual plan, or otherwise; and, if organized as a stock company,

35 the amount of capital stock, how the capital stock is to be paid

36 in, the number of shares into which it is to be divided, and the

1 par value of each share; and, if there is to be more than one
2 class, a description and the terms of issue of each class and
3 the method of voting on each class.

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

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

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

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

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

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

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

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

3 Subd. 1c. [BYLAWS.] Bylaws may be adopted by the insurance
4 corporation in the manner set forth in section 302A.181. Within
5 90 days after the adoption of the bylaws or any amendment
6 thereof, a certified copy of the same must be filed with the
7 commissioner of commerce.

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

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

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

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

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

31 Subd. 6. [CONVERSION.] ~~(a)---{FILING}~~ Following approval
32 by the eligible members, the converting mutual company shall
33 file a copy of the company's amended or restated articles of
34 incorporation with the commissioner, together with a certified
35 copy of the minutes of the meeting at which the plan was adopted
36 and a certified copy of the plan. The commissioner shall review

1 and, if appropriate, approve the amended or restated articles.
 2 After approval by the commissioner, a converting mutual insurer
 3 company shall file the articles with the secretary of state as
 4 provided by section 60A.07, subdivision 1d, and chapter 300, or
 5 ~~a converting mutual holding company shall file the articles with~~
 6 ~~the secretary of state as provided by chapter 302A.~~

7 ~~(b) -- {EFFECTIVE DATE.} The reorganization of a converting~~
 8 ~~mutual company is effective on the date of filing an amendment~~
 9 ~~or restatement of the articles of incorporation with the~~
 10 ~~secretary of state, or on a later date if the plan so specifies.~~

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

13 Subd. 6. [INCORPORATION.] A mutual insurance holding
 14 company shall be incorporated pursuant to section 60A.07,
 15 subdivision 1, and this chapter 300. The articles of
 16 incorporation and any amendments to the articles of the mutual
 17 insurance holding company are subject to approval of the
 18 commissioner in the same manner as those of an insurance
 19 company. Members of a mutual insurance holding company shall be
 20 entitled to vote on all matters required to be submitted
 21 to domestic mutual insurance company members under chapter 300
 22 ~~and shall additionally be treated as shareholders for purposes~~
 23 ~~of the voting approval requirements of section 300.09 in~~
 24 accordance with the requirements of this chapter and chapter
 25 302A.

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

28 60B.23 [DISSOLUTION OF INSURER.]

29 The commissioner may petition for an order dissolving the
 30 corporate existence of a domestic insurer or the United States
 31 branch of an alien insurer domiciled in this state at the time
 32 the commissioner applies for a liquidation order. If the court
 33 issues a liquidation order, it also shall order dissolution if
 34 the commissioner has petitioned for it. The court shall order
 35 dissolution of the corporation upon petition by the commissioner
 36 at any time after a liquidation order has been granted. If the

1 dissolution has not previously occurred, it shall be effected by
 2 operation of law upon the discharge of the liquidator. The
 3 commissioner shall file a dissolution with the secretary of
 4 state pursuant to section 302A.711, subdivision 2, paragraphs
 5 (a), clauses (1), (2), and (5) and (b); and subdivisions 3 and 4.

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

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

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

17 66A.01 [SCOPE OF CHAPTER.]

18 This chapter shall apply to mutual insurance companies
 19 other than: ~~life-insurance-companies~~, assessment benefit
 20 associations, fraternal benefit societies, township mutual
 21 insurance companies and title insurance companies. Sections
 22 66A.08 to 66A.31 and 66A.20 do not apply to mutual life
 23 insurance companies.

24 Sections 60A.07, subdivision 1, clauses (1) and (2);
 25 61A.26; 61A.321; 61A.33; 61A.34; 61A.35; and 61A.36, do not
 26 apply to mutual property and casualty insurance companies.

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

29 66A.02 [APPLICABILITY OF ~~GENERAL~~ BUSINESS CORPORATION
 30 STATUTES.]

31 Subdivision 1. [GENERAL.] Chapter ~~300~~ 302A shall apply to
 32 domestic mutual insurance companies except where to the extent
 33 inconsistent with any provisions in this chapter or section
 34 60A.07, or otherwise in conflict with ~~the-express-provisions-of~~
 35 ~~this-chapter-and-the-reasonable-implication-of-such~~
 36 provisions any provisions in chapters 60A to 79A. Provisions of

1 chapter 302A relating to share certificates, classes of shares,
2 share values, or any other provisions relevant only to stock
3 companies do not apply to mutual insurance companies.

4 Subd. 2. [MUTUAL HOLDING COMPANIES.] For purposes of
5 sections 66A.01 to 66A.07 and 66A.21, the term "domestic mutual
6 insurance company" is deemed to include domestic mutual
7 insurance holding companies organized under section 60A.077 and
8 the term "member" is deemed to include members of a domestic
9 mutual insurance holding company as specified in section
10 60A.077, subdivision 1, paragraph (b). For purposes of section
11 60A.07, subdivisions 1, 1a, 1b, 1c, 1d, and 1e, a domestic
12 mutual insurance holding company is deemed to be an insurance
13 corporation.

14 Subd. 3. [TERMS.] For purposes of applying chapter 302A to
15 domestic mutual insurance companies, members of a domestic
16 mutual insurance company must be treated in the same manner as
17 shareholders of a stock corporation, except as otherwise
18 provided in this chapter. Every member of the mutual insurance
19 company shall be deemed to hold one share of the company for
20 purposes of applying provisions of chapter 302A relating to
21 voting. Mutual insurance companies are not included in the
22 definitions of "closely held corporation," "publicly held
23 corporation," or "issuing public corporation." The term
24 "distribution" does not include dividends paid on participating
25 policies issued by the mutual insurance company or any insurance
26 company subsidiary in the case of a mutual insurance holding
27 company.

28 Subd. 4. [EXCEPTIONS.] The following provisions of chapter
29 302A do not apply to domestic mutual insurance companies:
30 sections 302A.011, subdivisions 2, 6, 6a, 7, 10, 20, 21, 25, 26,
31 27, 28, 29, 31, 32, and 37 to 59; 302A.105; 302A.137; 302A.161,
32 subdivision 19; 302A.201, subdivision 2; 302A.401 to 302A.429;
33 302A.433, subdivisions 1, paragraphs (a), (b), (c), and (e), and
34 2; 302A.437, subdivision 2; 302A.445, subdivisions 3 to 6;
35 302A.449, subdivision 7; 302A.453 to 302A.457; 302A.461;
36 302A.463; 302A.471 to 302A.473; 302A.553; 302A.601 to 302A.651;

1 302A.671 to 302A.675; 302A.681 to 302A.691; and 302A.701 to
2 302A.791. Those clauses of section 302A.111 that refer to any
3 of the sections previously referenced in this subdivision do not
4 apply to domestic mutual insurance companies. The following
5 sections of chapter 302A are modified in their application to
6 domestic mutual insurance companies in the manner indicated:

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

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

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

19 (4) with regard to section 302A.201, the references in
20 subdivision 1 of that section to "subdivision 2" and "section
21 302A.457" do not apply;

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

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

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

35 (8) with regard to section 302A.435, if the company
36 complies substantially and in good faith with the notice

1 requirements of section 302A.435, the company's failure to give
 2 any member or members the required notice does not impair the
 3 validity of any action taken at the member's meeting.

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

6 66A.03 [INCORPORATION.]

7 Domestic mutual insurance companies are must be
 8 incorporated under in accordance with the provisions of chapter
 9 ~~300~~ section 60A.07, subdivision 1. Except-as-otherwise-provided
 10 ~~in-this-chapter, the certificate or articles of incorporation~~
 11 ~~shall comply with section 300.025, other than:~~

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

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

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

18 66A.06 [RENEWAL OF CORPORATE EXISTENCE.]

19 ~~The procedure for renewal of corporate existence for mutual~~
 20 ~~companies having a limited period of existence is governed by~~
 21 ~~section 60A.07, subdivision 8, clause (2). Any domestic mutual~~
 22 insurance company, heretofore or hereafter organized and
 23 existing under the laws of this state, whose period of duration
 24 has expired or is about to expire, may, on or before the date of
 25 the expiration, or within six months after the date of
 26 expiration, renew its corporate existence from the date of the
 27 expiration for any period permitted by the laws of this state,
 28 by the adoption of a resolution to that effect by the
 29 affirmative vote of three-fourths of the members present, in
 30 person or by proxy, at a regular meeting of the members, or at
 31 any special meeting called for that expressly stated purpose,
 32 and by causing the resolution to be embraced in a certificate
 33 duly executed by its president and secretary or other presiding
 34 and recording officers, under its corporate seal, and approved,
 35 filed, recorded, and published in the manner prescribed by law
 36 for the execution, approval, filing, recording, and publishing

1 of an original certificate of incorporation or articles of
2 association.

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

5 66A.07 [MEMBERSHIP; MEETINGS; NOTICES; VOTING.]

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

14 "NOTICE OF ANNUAL MEETING

15 The policyholder named herein is hereby notified: while
16 this policy is in force you are by virtue thereof a member of
17 the (name of company) and that the annual meeting of said
18 company is held at its home office at (address) on the day
19 of each year at o'clock m."

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

22 Subd. 2. [LIFE INSURANCE COMPANIES.] (a) Unless otherwise
23 approved by the commissioner of commerce, a domestic mutual life
24 insurance company member is any person who is listed on the
25 records of the company as the owner of an in-force policy, and
26 each member is entitled to one vote regardless of the number of
27 policies owned by the member or the amounts of coverage provided
28 to the member. "Policy" means a policy or contract of
29 insurance, including an annuity contract issued by the company.
30 Except as otherwise provided in the company's certificate or
31 bylaws, a person insured under a group policy is not a member by
32 virtue of such coverage, unless (1) the person is insured or
33 covered under a group life policy or group annuity contract
34 under which funds are accumulated and allocated to the
35 respective covered persons; (2) the person has the right to
36 direct the application of the funds so allocated; (3) the group

1 policyholder makes no contribution to the premiums or deposits
2 for the policy or contract; and (4) the company has the names
3 and addresses of the persons covered under the group life policy
4 or group annuity contract.

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

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

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

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

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

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

35 Subd. 4. [MEMBERSHIP INTEREST.] A domestic mutual
36 insurance company must keep a list of members as part of its

1 books and records. Membership interest in a domestic mutual
2 insurance company must be uncertificated. A membership interest
3 in a domestic mutual insurance company does not constitute a
4 security as defined in section 80A.14, subdivision 18. No
5 member of a mutual insurance company may transfer or pledge
6 membership in the mutual insurance company or any right arising
7 from the membership except as attendant to the valid transfer or
8 assignment of the member's policy issued by the mutual insurance
9 company. A member of a mutual insurance company is not, as a
10 member, personally liable for the acts, debts, liabilities, or
11 obligations of the company. No assessments of any kind may be
12 imposed upon the members of a mutual insurance company by the
13 directors or members, or because of any liability of any company
14 owned or controlled by the mutual insurance company or because
15 of any act, debt, or liability of the mutual insurance company,
16 except as may otherwise be provided in the company's articles or
17 bylaws. A member's interest in the mutual insurance company
18 shall automatically terminate upon cancellation, nonrenewal,
19 expiration, or termination of the member's policy with the
20 insurance company that gave rise to the member's membership
21 interest.

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

24 Subdivision 1. [CASUALTY LINES.] No mutual insurance
25 company hereafter organized shall be licensed to transact any of
26 the kinds of business specified in section 60A.06, subdivision
27 1, clause (3), (5), (6), (8), (9), (10), (12), (13), (14), or
28 (15), except upon compliance with the following conditions:

29 (1) It shall have not less than 300 bona fide applications
30 for policies of insurance of each kind sought to be written,
31 signed by at least 300 members, covering at least 300 separate
32 risks, each risk, within the maximum net single risk described
33 in clause (2) and one year's premiums thereon paid in cash, and
34 admitted assets of not less than \$100,000, which admitted assets
35 shall not be less than five times the maximum net single risk,
36 and shall have on deposit with the commissioner in accordance

1 with section 60A.10, subdivision 4, as security for all of its
2 policyholders, stock or bonds of this state or of the United
3 States or bonds of any of the municipalities of this state, or
4 personal obligations secured by first mortgage on real estate
5 within this state worth, exclusive of buildings, the amount of
6 the lien, and bearing interest of not less than three percent
7 per annum, to an amount the actual market value of which,
8 exclusive of interest, shall never be less than \$100,000-

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

14 (2) It shall not expose itself to any loss on any one risk
15 or hazard, except as provided in this clause, in an amount
16 exceeding ten percent of its net assets, actual and contingent.
17 For the purposes of this section contingent assets mean the
18 aggregate amount of the contingent liability of its members for
19 the payment of loss and expenses not provided for by its cash
20 funds. Contingent liability, for the purposes of this section,
21 means an amount not to exceed one annual premium as stated in
22 the policy. No portion of any risk or hazard which has been
23 reinsured, as authorized by the laws of this state, shall be
24 included in determining the limitation of risk prescribed by
25 this section. For the purpose of transacting employers'
26 liability and workers' compensation insurance, each employee
27 shall be considered a separate risk for determining the maximum
28 single risk;

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

33 (4) Except as expressly provided in this chapter, it shall
34 comply with all the provisions of the laws of this state
35 relating to the organization and internal management of mutual
36 fire insurance companies in so far as the same may be applicable

1 and not inconsistent with chapter 66A.

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

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

6 Sec. 18. [REVISOR'S INSTRUCTION.]

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

15	<u>Column A</u>	<u>Column B</u>
16	<u>60A.07, subd. 10, clause (1)</u>	<u>66A.32</u>
17	<u>60A.07, subd. 10, clause (2)</u>	<u>66A.33</u>
18	<u>60A.075</u>	<u>66A.41</u>
19	<u>60A.077</u>	<u>66A.40</u>
20	<u>61A.26</u>	<u>66A.34</u>
21	<u>61A.321</u>	<u>66A.35</u>
22	<u>61A.33</u>	<u>66A.36</u>
23	<u>61A.34</u>	<u>66A.37</u>
24	<u>61A.35</u>	<u>66A.38</u>
25	<u>61A.36</u>	<u>66A.39</u>
26	<u>61A.37</u>	<u>66A.42</u>
27	<u>61A.38</u>	<u>66A.43</u>
28	<u>66A.20</u>	<u>66A.311</u>
29	<u>66A.22</u>	<u>66A.221</u>

30 Sec. 19. [REPEALER.]

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

33 Page 15, line 21, delete "2" and insert "3"

34 Page 19, after line 20, insert:

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

1 61A.35 [VOTING RIGHTS.]

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

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

13 61A.36 [CONVERSION OF EXISTING COMPANIES; AMENDMENT OF
14 CERTIFICATES OF INCORPORATION.]

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

31 The certificate of incorporation of a stock and mutual life
32 insurance company may be amended in any respect therein provided
33 by section ~~300.45~~ 60A.07, subdivision 1d, in the manner therein
34 provided. The certificate of incorporation of a stock and
35 mutual life insurance company may also be amended in respect to
36 any matter which an original certificate of incorporation of a

1 stock and mutual life insurance company might lawfully have
2 contained, or so as to vest in its board of directors authority
3 to make and alter bylaws subject to the power of the
4 stockholders and members to change or repeal such bylaws, by the
5 affirmative vote, at a regular meeting of stockholders and
6 members or at a special meeting of stockholders and members
7 called for that expressly stated purpose by the board of
8 directors which shall first have proposed the amendment and
9 declared it to be advisable, of (1) a majority of the total
10 number of votes to which all stockholders are entitled, and (2)
11 at least one-fifth of the total number of votes to which all
12 participating policyholder members are entitled, provided the
13 proposed amendment does not receive the negative vote of more
14 than five percent of the total number of votes to which all
15 participating policyholder members are entitled. The
16 certificate of incorporation of a stock and mutual life
17 insurance company may also be amended so as to increase or
18 decrease its capital stock, or so as to change the number and
19 par value of the shares of its capital stock, or so as to limit
20 or deny to stockholders the preemptive right to subscribe to any
21 or all shares of stock which may be authorized to be thereafter
22 issued, by a majority vote of all its shares but without the
23 vote of its members, at a regular meeting or at a special
24 meeting of stockholders called for that expressly stated purpose
25 by the board of directors which shall first have proposed the
26 amendment and declared it to be advisable and not adverse to or
27 in conflict with the rights and interests of the members,
28 provided that if the proposed amendment is to increase or
29 decrease the capital stock or to change the number of the shares
30 of the capital stock, the resolution specifying the proposed
31 amendment and the certificate of amendment shall expressly
32 provide (1) that the stockholders holding all its shares shall,
33 at all meetings, be entitled to the same number of total votes
34 after the amendment is adopted as they were entitled to before
35 the amendment, and (2) that each stockholder shall, at all
36 meetings, be entitled to a fraction of one vote for each share

1 of stock held, the numerator of which fraction shall be the
2 number of shares outstanding before the first such amendment is
3 adopted and the denominator of which fraction shall be the
4 number of shares outstanding. The resolution specifying the
5 amendment shall be embraced in a certificate duly executed by
6 its president and secretary, or other presiding and recording
7 officers, under its corporate seal, and approved, filed,
8 recorded, and published in the manner prescribed for the
9 execution, approval, filing, recording, and publishing of an
10 original certificate of incorporation.

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

13 61B.31 [INDEMNIFICATION.]

14 The association has authority to indemnify certain persons
15 against certain expenses and liabilities as provided in section
16 ~~300-083~~ 302A.521, including the power to purchase and maintain
17 insurance on behalf of these persons as provided by
18 section ~~300-083~~ 302A.521, subdivision 7. In applying
19 section ~~300-083~~ 302A.521 for this purpose, the term "member
20 insurers" shall be substituted for the terms "shareholders" and
21 "stockholders" and the term "association" shall be substituted
22 for the term "corporation."

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

25 67A.06 [POWERS OF CORPORATION.]

26 Every corporation formed under the provisions of sections
27 67A.01 to 67A.26, shall have power:

28 (1) to have succession by its corporate name for the time
29 stated in its certificate of incorporation;

30 (2) to sue and be sued in any court;

31 (3) to have and use a common seal and alter the same at
32 pleasure;

33 (4) to acquire, by purchase or otherwise, and to hold,
34 enjoy, improve, lease, encumber, and convey all real and
35 personal property necessary for the purpose of its organization,
36 subject to such limitations as may be imposed by law or by its

1 articles of incorporation;

2 (5) to elect or appoint in such manner as it may determine
3 all necessary or proper officers, agents, boards, and
4 committees, fix their compensation, and define their powers and
5 duties;

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

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

11 (8) to indemnify certain persons against expenses and
12 liabilities as provided in section ~~300-083~~ 302A.521. In
13 applying section ~~300-083~~ 302A.521 for this purpose, the term
14 "members" shall be substituted for the terms "shareholders" and
15 "stockholders."

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

18 Subd. 3. [CORPORATE POWERS.] In addition to the powers
19 conferred by sections 67A.40 to 67A.44, every such association
20 shall have the power to reinsure any part or all of any risk or
21 risks assumed by it, and every such association shall have the
22 corporate powers which are granted to corporations under the
23 general corporation laws of this state. Any such association
24 having a surplus of at least \$300,000 may, at any regular
25 meeting or at a special meeting called for that purpose,
26 transform itself into a mutual insurance company by amending its
27 articles of incorporation to provide for the doing of one or
28 more of the kinds of business specified in section 60A.06,
29 subdivision 1, clauses (1) to (14). Such transformed company
30 shall be subject to the general corporation laws contained in
31 chapter ~~300~~ 302A, and subject to the conditions and restrictions
32 as to the kinds of insurance which may be combined by a like
33 stock insurance company and to all restrictions contained in the
34 laws of this state with reference to general mutual insurance
35 companies transacting the same kinds of business. The bylaws
36 may also provide for voting rights to be based on one vote for

1 each policyholder, plus one vote for each \$100 of premium paid
2 within 12 months prior to the meeting at which the votes are
3 cast."

4 Page 25, line 9, delete "3" and insert "4"

5 Renumber the sections in sequence and correct the internal
6 references

7 Amend the title accordingly

1 Senator Betzold from the Committee on Judiciary, to which
2 was referred

3 S.F. No. 767: A bill for an act relating to corporations;
4 recodifying and modernizing the law regulating the formation,
5 structure, and operation of certain corporations; making
6 miscellaneous technical and clarifying changes; amending
7 Minnesota Statutes 2004, sections 47.12; 47.15; 47.16; 48.02;
8 48.03; 48.033; 48.04; 48.06; 48.07; 48A.01, subdivision 1;
9 48A.04, subdivisions 1, 3; 49.41; 50.001; 50.06; 50.085,
10 subdivision 1; 51A.03, subdivision 2b; 51A.131; 51A.17; 51A.21,
11 subdivision 1; 117.232, subdivision 1; 161.433, subdivision 3;
12 181.970, subdivision 2; 237.81; 301.75; 302A.011, subdivision 4;
13 302A.021, subdivision 10, by adding a subdivision; 302A.031, by
14 adding a subdivision; 303.02, subdivision 2; 317A.021,
15 subdivision 9; 322B.02; 398A.04, subdivision 6; 453.55,
16 subdivision 11; 453A.05, subdivision 11; proposing coding for
17 new law in Minnesota Statutes, chapters 47; 48; 50; repealing
18 Minnesota Statutes 2004, sections 48.056, subdivision 3; 300.01;
19 300.02; 300.025; 300.05; 300.06; 300.08; 300.081; 300.083;
20 300.09; 300.12; 300.13; 300.131; 300.14; 300.16; 300.17; 300.18;
21 300.19; 300.20; 300.21; 300.22; 300.23; 300.24; 300.25; 300.26;
22 300.27; 300.28; 300.29; 300.30; 300.31; 300.32; 300.33; 300.34;
23 300.35; 300.36; 300.37; 300.38; 300.39; 300.40; 300.41; 300.42;
24 300.43; 300.44; 300.45; 300.451; 300.46; 300.49; 300.51; 300.52;
25 300.53; 300.54; 300.55; 300.57; 300.58; 300.59; 300.60; 300.61;
26 300.62; 300.63.

27 Reports the same back with the recommendation that the bill
28 be amended as follows:

29 Page 15, after line 20, insert:

30 "ARTICLE 2

31 INSURANCE CORPORATIONS

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

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

46 (1) ~~the requirement that a majority of board members shall~~
47 ~~always be residents of this state~~ the corporation's name, which
48 must distinguish it from all other corporations authorized to do

1 business in this state, and must contain the word "company,"
2 "corporation," or "incorporated"; and

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

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

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

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

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

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

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

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

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

31 Subd. 1a. [FILING.] The certificate of an insurance
32 corporation must be filed for record with the secretary of
33 state. If the secretary of state finds that it conforms to law
34 and that the required fee has been paid, the secretary of state
35 must record it and certify that fact on it. The secretary of
36 state may not accept a certificate for filing unless the

1 certificate also contains the endorsement of the commissioner of
2 commerce.

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

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

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

18 Subd. 1c. [BYLAWS.] Bylaws may be adopted by the insurance
19 corporation in the manner set forth in section 302A.181. Within
20 90 days after the adoption of the bylaws or any amendment
21 thereof, a certified copy of the same must be filed with the
22 commissioner of commerce.

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

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

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

35 Subd. 1e. [APPLICATION OF BUSINESS CORPORATION ACT.] The
36 provisions of chapter 302A apply to domestic stock corporations

1 formed to carry on the business of insurance, except to the
2 extent those provisions are inconsistent with any provisions
3 contained in this chapter or to the extent in conflict with any
4 provisions contained in chapters 60A to 79A. The provisions of
5 chapter 302A apply to domestic mutual corporations formed to
6 carry on the business of insurance only to the extent provided
7 for in chapter 66A.

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

10 Subd. 6. [CONVERSION.] ~~{a}--[FILING.]~~ Following approval
11 by the eligible members, the converting mutual company shall
12 file a copy of the company's amended or restated articles of
13 incorporation with the commissioner, together with a certified
14 copy of the minutes of the meeting at which the plan was adopted
15 and a certified copy of the plan. The commissioner shall review
16 and, if appropriate, approve the amended or restated articles.
17 After approval by the commissioner, a converting mutual insurer
18 company shall file the articles with the secretary of state as
19 provided by section 60A.07, subdivision 1d, and chapter 300-er.
20 ~~a-converting-mutual-holding-company-shall-file-the-articles-with~~
21 ~~the-secretary-of-state-as-provided-by-chapter 302A.~~

22 ~~{b}--[EFFECTIVE-DATE.]~~ ~~The-reorganization-of-a-converting~~
23 ~~mutual-company-is-effective-on-the-date-of-filing-an-amendment~~
24 ~~or-restatement-of-the-articles-of-incorporation-with-the~~
25 ~~secretary-of-state, or on a later date if the plan so specifies.~~

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

28 Subd. 6. [INCORPORATION.] A mutual insurance holding
29 company shall be incorporated pursuant to section 60A.07,
30 subdivision 1, and this chapter 300. The articles of
31 incorporation and any amendments to the articles of the mutual
32 insurance holding company are subject to approval of the
33 commissioner in the same manner as those of an insurance
34 company. Members of a mutual insurance holding company shall be
35 entitled to vote on all matters required to be submitted
36 to domestic mutual insurance company members ~~under-chapter-300~~

1 ~~and-shall-additionally-be-treated-as-shareholders-for-purposes~~
2 ~~of-the-voting-approval-requirements-of-section-300.09 in~~
3 accordance with the requirements of this chapter and chapter
4 302A.

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

7 60B.23 [DISSOLUTION OF INSURER.]

8 The commissioner may petition for an order dissolving the
9 corporate existence of a domestic insurer or the United States
10 branch of an alien insurer domiciled in this state at the time
11 the commissioner applies for a liquidation order. If the court
12 issues a liquidation order, it also shall order dissolution if
13 the commissioner has petitioned for it. The court shall order
14 dissolution of the corporation upon petition by the commissioner
15 at any time after a liquidation order has been granted. If the
16 dissolution has not previously occurred, it shall be effected by
17 operation of law upon the discharge of the liquidator. The
18 commissioner shall file a dissolution with the secretary of
19 state pursuant to section 302A.711, subdivision 2, paragraphs
20 (a), clauses (1), (2), and (5), and (b); and subdivisions 3 and
21 4.

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

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

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

33 66A.01 [SCOPE OF CHAPTER.]

34 This chapter shall apply to mutual insurance companies
35 other than: ~~life-insurance-companies~~, assessment benefit
36 associations, fraternal benefit societies, township mutual

1 insurance companies and title insurance companies. Sections
2 66A.08 to 66A.31 and 66A.20 do not apply to mutual life
3 insurance companies.

4 Sections 60A.07, subdivision 1, clauses (1) and (2);
5 61A.26; 61A.321; 61A.33; 61A.34; 61A.35; and 61A.36, do not
6 apply to mutual property and casualty insurance companies.

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

9 66A.02 [APPLICABILITY OF ~~GENERAL~~ BUSINESS CORPORATION
10 STATUTES.]

11 Subdivision 1. [GENERAL.] Chapter ~~300~~ 302A shall apply to
12 domestic mutual insurance companies except where to the extent
13 inconsistent with any provisions in this chapter or section
14 60A.07, or otherwise in conflict with the-express-provisions-of
15 this-chapter-and-the-reasonable-implication-of-such
16 provisions any provisions in chapters 60A to 79A. Provisions of
17 chapter 302A relating to share certificates, classes of shares,
18 share values, or any other provisions relevant only to stock
19 companies do not apply to mutual insurance companies.

20 Subd. 2. [MUTUAL HOLDING COMPANIES.] For purposes of
21 sections 66A.01 to 66A.07 and 66A.21, the term "domestic mutual
22 insurance company" is deemed to include domestic mutual
23 insurance holding companies organized under section 60A.077 and
24 the term "member" is deemed to include members of a domestic
25 mutual insurance holding company as specified in section
26 60A.077, subdivision 1, paragraph (b). For purposes of section
27 60A.07, subdivisions 1, 1a, 1b, 1c, 1d, and 1e, a domestic
28 mutual insurance holding company is deemed to be an insurance
29 corporation.

30 Subd. 3. [TERMS.] For purposes of applying chapter 302A to
31 domestic mutual insurance companies, members of a domestic
32 mutual insurance company must be treated in the same manner as
33 shareholders of a stock corporation, except as otherwise
34 provided in this chapter. Every member of the mutual insurance
35 company shall be deemed to hold one share of the company for
36 purposes of applying provisions of chapter 302A relating to

1 voting. Mutual insurance companies are not included in the
2 definitions of "closely held corporation," "publicly held
3 corporation," or "issuing public corporation." The term
4 "distribution" does not include dividends paid on participating
5 policies issued by the mutual insurance company or any insurance
6 company subsidiary in the case of a mutual insurance holding
7 company.

8 Subd. 4. [EXCEPTIONS.] The following provisions of chapter
9 302A do not apply to domestic mutual insurance companies:
10 sections 302A.011, subdivisions 2, 6, 6a, 7, 10, 20, 21, 25, 26,
11 27, 28, 29, 31, 32, and 37 to 59; 302A.105; 302A.137; 302A.161,
12 subdivision 19; 302A.201, subdivision 2; 302A.401 to 302A.429;
13 302A.433, subdivisions 1, paragraphs (a), (b), (c), and (e), and
14 2; 302A.437, subdivision 2; 302A.445, subdivisions 3 to 6;
15 302A.449, subdivision 7; 302A.453 to 302A.457; 302A.461;
16 302A.463; 302A.471 to 302A.473; 302A.553; 302A.601 to 302A.651;
17 302A.671 to 302A.675; 302A.681 to 302A.691; and 302A.701 to
18 302A.791. Those clauses of section 302A.111 that refer to any
19 of the sections previously referenced in this subdivision do not
20 apply to domestic mutual insurance companies. The following
21 sections of chapter 302A are modified in their application to
22 domestic mutual insurance companies in the manner indicated:

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

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

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

35 (4) with regard to section 302A.201, the references in
36 subdivision 1 of that section to "subdivision 2" and "section

1 302A.457" do not apply;

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

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

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

15 (8) with regard to section 302A.435, if the company
16 complies substantially and in good faith with the notice
17 requirements of section 302A.435, the company's failure to give
18 any member or members the required notice does not impair the
19 validity of any action taken at the members' meeting.

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

22 66A.03 [INCORPORATION.]

23 Domestic mutual insurance companies are must be
24 incorporated under in accordance with the provisions of chapter
25 ~~300~~ section 60A.07, subdivision 1. Except-as-otherwise-provided
26 ~~in-this-chapter,-the-certificate-or-articles-of-incorporation~~
27 ~~shall-comply-with-section-300-025,-other-than:~~

28 ~~(1)-the-requirement-that-a-majority-of-board-members-must~~
29 ~~always-be-residents-of-this-state,-and~~

30 ~~(2)-the-requirements-of-section-300-025,-paragraph-(a),~~
31 ~~clause-(7):~~

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

34 66A.06 [RENEWAL OF CORPORATE EXISTENCE.]

35 ~~The-procedure-for-renewal-of-corporate-existence-for-mutual~~
36 ~~companies-having-a-limited-period-of-existence-is-governed-by~~

1 ~~section-60A.07, subdivision-8, clause-(2)-~~ Any domestic mutual
2 insurance company, heretofore or hereafter organized and
3 existing under the laws of this state, whose period of duration
4 has expired or is about to expire, may, on or before the date of
5 the expiration, or within six months after the date of
6 expiration, renew its corporate existence from the date of the
7 expiration for any period permitted by the laws of this state,
8 by the adoption of a resolution to that effect by the
9 affirmative vote of three-fourths of the members present, in
10 person or by proxy, at a regular meeting of the members, or at
11 any special meeting called for that expressly stated purpose,
12 and by causing the resolution to be embraced in a certificate
13 duly executed by its president and secretary or other presiding
14 and recording officers, under its corporate seal, and approved,
15 filed, recorded, and published in the manner prescribed by law
16 for the execution, approval, filing, recording, and publishing
17 of an original certificate of incorporation or articles of
18 association.

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

21 66A.07 [MEMBERSHIP; MEETINGS; NOTICES; VOTING.]

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

30 "NOTICE OF ANNUAL MEETING

31 The policyholder named herein is hereby notified: while
32 this policy is in force you are by virtue thereof a member of
33 the (name of company) and that the annual meeting of said
34 company is held at its home office at (address) on the day
35 of each year at o'clock m."

36 Notice given in this manner is deemed to comply with the

1 requirements of section 302A.435.

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

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

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

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

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

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

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

15 Subd. 4. [MEMBERSHIP INTEREST.] A domestic mutual
16 insurance company must keep a list of members as part of its
17 books and records. Membership interest in a domestic mutual
18 insurance company must be uncertificated. A membership interest
19 in a domestic mutual insurance company does not constitute a
20 security as defined in section 80A.14, subdivision 18. No
21 member of a mutual insurance company may transfer or pledge
22 membership in the mutual insurance company or any right arising
23 from the membership except as attendant to the valid transfer or
24 assignment of the member's policy issued by the mutual insurance
25 company. A member of a mutual insurance company is not, as a
26 member, personally liable for the acts, debts, liabilities, or
27 obligations of the company. No assessments of any kind may be
28 imposed upon the members of a mutual insurance company by the
29 directors or members, or because of any liability of any company
30 owned or controlled by the mutual insurance company or because
31 of any act, debt, or liability of the mutual insurance company,
32 except as may otherwise be provided in the company's articles or
33 bylaws. A member's interest in the mutual insurance company
34 shall automatically terminate upon cancellation, nonrenewal,
35 expiration, or termination of the member's policy with the
36 insurance company that gave rise to the member's membership

1 interest.

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

4 Subdivision 1. [CASUALTY LINES.] No mutual insurance
5 company hereafter organized shall be licensed to transact any of
6 the kinds of business specified in section 60A.06, subdivision
7 1, clause (3), (5), (6), (8), (9), (10), (12), (13), (14), or
8 (15), except upon compliance with the following conditions:

9 (1) It shall have not less than 300 bona fide applications
10 for policies of insurance of each kind sought to be written,
11 signed by at least 300 members, covering at least 300 separate
12 risks, each risk, within the maximum net single risk described
13 in clause (2) and one year's premiums thereon paid in cash, and
14 admitted assets of not less than \$100,000, which admitted assets
15 shall not be less than five times the maximum net single risk,
16 and shall have on deposit with the commissioner in accordance
17 with section 60A.10, subdivision 4, as security for all of its
18 policyholders, stock or bonds of this state or of the United
19 States or bonds of any of the municipalities of this state, or
20 personal obligations secured by first mortgage on real estate
21 within this state worth, exclusive of buildings, the amount of
22 the lien, and bearing interest of not less than three percent
23 per annum, to an amount the actual market value of which,
24 exclusive of interest, shall never be less than \$100,000-

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

30 (2) It shall not expose itself to any loss on any one risk
31 or hazard, except as provided in this clause, in an amount
32 exceeding ten percent of its net assets, actual and contingent.
33 For the purposes of this section contingent assets mean the
34 aggregate amount of the contingent liability of its members for
35 the payment of loss and expenses not provided for by its cash
36 funds. Contingent liability, for the purposes of this section,

1 means an amount not to exceed one annual premium as stated in
 2 the policy. No portion of any risk or hazard which has been
 3 reinsured, as authorized by the laws of this state, shall be
 4 included in determining the limitation of risk prescribed by
 5 this section. For the purpose of transacting employers'
 6 liability and workers' compensation insurance, each employee
 7 shall be considered a separate risk for determining the maximum
 8 single risk;

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

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

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

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

22 Sec. 18. [REVISOR'S INSTRUCTION.]

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

31	<u>Column A</u>	<u>Column B</u>
32	<u>60A.07, subd. 10, clause (1)</u>	<u>66A.32</u>
33	<u>60A.07, subd. 10, clause (2)</u>	<u>66A.33</u>
34	<u>60A.075</u>	<u>66A.41</u>
35	<u>60A.077</u>	<u>66A.40</u>
36	<u>61A.26</u>	<u>66A.34</u>

1	<u>61A.321</u>	<u>66A.35</u>
2	<u>61A.33</u>	<u>66A.36</u>
3	<u>61A.34</u>	<u>66A.37</u>
4	<u>61A.35</u>	<u>66A.38</u>
5	<u>61A.36</u>	<u>66A.39</u>
6	<u>61A.37</u>	<u>66A.42</u>
7	<u>61A.38</u>	<u>66A.43</u>
8	<u>66A.20</u>	<u>66A.311</u>
9	<u>66A.22</u>	<u>66A.221</u>

10 Sec. 19. [REPEALER.]

11 Minnesota Statutes 2004, sections 60A.07, subdivision 8;
12 61A.32; 66A.04; 66A.05; and 66A.075, are repealed."

13 Page 15, line 21, delete "2" and insert "3"

14 Page 19, after line 20, insert:

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

17 61A.35 [VOTING RIGHTS.]

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

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

29 61A.36 [CONVERSION OF EXISTING COMPANIES; AMENDMENT OF
30 CERTIFICATES OF INCORPORATION.]

31 Any existing stock or mutual insurance company authorized
32 to do the kinds of business referred to in section 61A.33 may
33 amend its certificate of incorporation so as to become a stock
34 and mutual company; provided, that no such amendment shall
35 deprive any stockholder or member or policyholder of the right,
36 at any and all meetings of stockholders and members or

1 policyholders held thereafter, to cast as many votes for
2 directors as are provided by the certificate of incorporation in
3 force at the time of the adoption of such amendment, or by the
4 law in force at such time. No such amendment shall be construed
5 to change the identity of the corporation and it shall
6 thereafter continue to be governed by the laws applicable
7 thereto at the time of such amendment and as amended hereafter
8 and not inconsistent with sections 61A.33 to 61A.36, as well as
9 those relating to the added characteristic of capital stock or
10 mutuality which it shall have acquired by such amendment.

11 The certificate of incorporation of a stock and mutual life
12 insurance company may be amended in any respect therein provided
13 by section ~~300-45~~ 60A.07, subdivision 1d, in the manner therein
14 provided. The certificate of incorporation of a stock and
15 mutual life insurance company may also be amended in respect to
16 any matter which an original certificate of incorporation of a
17 stock and mutual life insurance company might lawfully have
18 contained, or so as to vest in its board of directors authority
19 to make and alter bylaws subject to the power of the
20 stockholders and members to change or repeal such bylaws, by the
21 affirmative vote, at a regular meeting of stockholders and
22 members or at a special meeting of stockholders and members
23 called for that expressly stated purpose by the board of
24 directors which shall first have proposed the amendment and
25 declared it to be advisable, of (1) a majority of the total
26 number of votes to which all stockholders are entitled, and (2)
27 at least one-fifth of the total number of votes to which all
28 participating policyholder members are entitled, provided the
29 proposed amendment does not receive the negative vote of more
30 than five percent of the total number of votes to which all
31 participating policyholder members are entitled. The
32 certificate of incorporation of a stock and mutual life
33 insurance company may also be amended so as to increase or
34 decrease its capital stock, or so as to change the number and
35 par value of the shares of its capital stock, or so as to limit
36 or deny to stockholders the preemptive right to subscribe to any

1 or all shares of stock which may be authorized to be thereafter
2 issued, by a majority vote of all its shares but without the
3 vote of its members, at a regular meeting or at a special
4 meeting of stockholders called for that expressly stated purpose
5 by the board of directors which shall first have proposed the
6 amendment and declared it to be advisable and not adverse to or
7 in conflict with the rights and interests of the members,
8 provided that if the proposed amendment is to increase or
9 decrease the capital stock or to change the number of the shares
10 of the capital stock, the resolution specifying the proposed
11 amendment and the certificate of amendment shall expressly
12 provide (1) that the stockholders holding all its shares shall,
13 at all meetings, be entitled to the same number of total votes
14 after the amendment is adopted as they were entitled to before
15 the amendment, and (2) that each stockholder shall, at all
16 meetings, be entitled to a fraction of one vote for each share
17 of stock held, the numerator of which fraction shall be the
18 number of shares outstanding before the first such amendment is
19 adopted and the denominator of which fraction shall be the
20 number of shares outstanding. The resolution specifying the
21 amendment shall be embraced in a certificate duly executed by
22 its president and secretary, or other presiding and recording
23 officers, under its corporate seal, and approved, filed,
24 recorded, and published in the manner prescribed for the
25 execution, approval, filing, recording, and publishing of an
26 original certificate of incorporation.

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

29 61B.31 [INDEMNIFICATION.]

30 The association has authority to indemnify certain persons
31 against certain expenses and liabilities as provided in section
32 ~~300.083~~ 302A.521, including the power to purchase and maintain
33 insurance on behalf of these persons as provided by
34 section ~~300.083~~ 302A.521, subdivision 7. In applying
35 section ~~300.083~~ 302A.521 for this purpose, the term "member
36 insurers" shall be substituted for the terms "shareholders" and

1 "stockholders" and the term "association" shall be substituted
2 for the term "corporation."

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

5 67A.06 [POWERS OF CORPORATION.]

6 Every corporation formed under the provisions of sections
7 67A.01 to 67A.26, shall have power:

8 (1) to have succession by its corporate name for the time
9 stated in its certificate of incorporation;

10 (2) to sue and be sued in any court;

11 (3) to have and use a common seal and alter the same at
12 pleasure;

13 (4) to acquire, by purchase or otherwise, and to hold,
14 enjoy, improve, lease, encumber, and convey all real and
15 personal property necessary for the purpose of its organization,
16 subject to such limitations as may be imposed by law or by its
17 articles of incorporation;

18 (5) to elect or appoint in such manner as it may determine
19 all necessary or proper officers, agents, boards, and
20 committees, fix their compensation, and define their powers and
21 duties;

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

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

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

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

34 Subd. 3. [CORPORATE POWERS.] In addition to the powers
35 conferred by sections 67A.40 to 67A.44, every such association
36 shall have the power to reinsure any part or all of any risk or

1 risks assumed by it, and every such association shall have the
2 corporate powers which are granted to corporations under the
3 general corporation laws of this state. Any such association
4 having a surplus of at least \$300,000 may, at any regular
5 meeting or at a special meeting called for that purpose,
6 transform itself into a mutual insurance company by amending its
7 articles of incorporation to provide for the doing of one or
8 more of the kinds of business specified in section 60A.06,
9 subdivision 1, clauses (1) to (14). Such transformed company
10 shall be subject to the general corporation laws contained in
11 chapter 300 302A, and subject to the conditions and restrictions
12 as to the kinds of insurance which may be combined by a like
13 stock insurance company and to all restrictions contained in the
14 laws of this state with reference to general mutual insurance
15 companies transacting the same kinds of business. The bylaws
16 may also provide for voting rights to be based on one vote for
17 each policyholder, plus one vote for each \$100 of premium paid
18 within 12 months prior to the meeting at which the votes are
19 cast."

20 Page 25, line 9, delete "3" and insert "4"

21 Renumber the sections in sequence

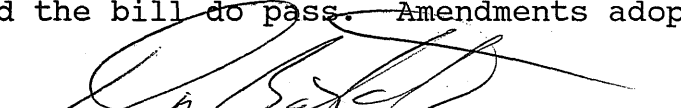
22 Amend the title as follows:

23 Page 1, line 11, after the first semicolon, insert "60A.07,
24 subdivision 1, by adding subdivisions; 60A.075, subdivision 6;
25 60A.077, subdivision 6; 60B.23; 61A.14, by adding a subdivision;
26 61A.35; 61A.36; 61B.31; 66A.01; 66A.02; 66A.03; 66A.06; 66A.07;
27 66A.08, subdivision 1; 67A.06; 67A.40, subdivision 3;"

28 Page 1, line 19, after "50;" insert "66A;"

29 Page 1, line 20, after the first semicolon, insert "60A.07,
30 subdivision 8; 61A.32; 66A.04; 66A.05; 66A.075;"

31 And when so amended the bill do pass. Amendments adopted.
32 Report adopted.


.....
(Committee Chair)

February 22, 2005.....
(Date of Committee recommendation)

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