

§ 16. Whenever the owner, manager or person in charge of any hotel, restaurant, lodging house or boarding house shall have been convicted as provided in the preceding section and shall for a period of ten days after such conviction fail to comply with any provisions of this act, the license granted to such person to conduct such business may be cancelled by the Hotel Inspector.

§ 17. All act or parts of act in conflict herewith are hereby repealed.

Approved March 8, 1929.

INSURANCE

CHAPTER 145

(H. B. No. 96—Turner.)

CAPITAL STOCK, DOMESTIC INSURANCE COMPANIES

An Act to Amend and re-enact Section 4863 of the 1925 Supplement to the 1913 Compiled Laws of North Dakota.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. That Section 4863, of the 1925 Supplement to the 1913 Compiled Laws of North Dakota be amended and re-enacted to read as follows:

§ 4863. CAPITAL STOCK REQUIRED.] No stock company shall be incorporated under this chapter unless it has a capital stock of at least \$250,000.00, twenty-five per cent of which must be paid in previous to the issuance of any policy and the residue within twelve months from the time of filing the articles of incorporation; provided, that the commissioner of insurance may for good cause shown extend the time of payment of such residue for the further period of not to exceed one year; provided, however, that a domestic stock fire insurance company may be organized under the laws of this state with a capital stock of not less than \$100,000.00 for the purpose of purchasing, acquiring and taking over the business, property and assets of another domestic stock fire insurance company organized under the laws of this state prior to the enactment of Chapter 163 Laws of 1919 with a capital of \$100,000.00 and still doing business in this state, and upon the completion of such purchase and taking over thereof the charter of the selling corporation shall become forfeited and null and void. No fire, cyclone, tornado,

hail, marine, life or accident insurance company of any other state, territory, or nation shall hereafter be admitted to do business in this state unless it has a paid-up capital stock of at least two hundred and fifty thousand dollars in available cash assets, over and above all liabilities for losses reported, expenses, taxes and reinsurance of all outstanding risks.

Approved March 9, 1929.

CHAPTER 146

(H. B. No. 110—Cox.)

INVESTMENT OF FUNDS, REAL ESTATE HOLDINGS, DOMESTIC
INSURANCE COMPANIES

An Act to regulate the investment of funds and the real estate holdings of domestic insurance companies, and prohibiting loans to officers and directors of such companies; and for the repeal of Sections 4843, 4861 and 4862, Compiled Laws of North Dakota for the year 1913.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. INVESTMENT OF FUNDS RESTRICTED.] No domestic insurance company incorporated under the laws of this state shall after the first day of July, 1929, invest in or loan upon any shares of stock of any corporation, other than a municipal corporation; nor, excepting government, state or municipal securities, shall it invest in or loan upon, any bonds or obligations not secured by adequate collateral security, and when more than one-third of the total value of the collateral security shall consist of shares of stock it shall be deemed inadequate. No investment or loan, except policy loans, shall be made by any such insurance company unless the same shall first have been authorized by the board of directors or by a committee thereof charged with the duty of supervising such investment or loan. No such company shall subscribe to or participate in any underwriting of the purchase or sale of securities or property, or enter into any transaction for such purchase or sale on account of said company jointly with any other person, firm or corporation; nor shall any such company enter into any agreement to withhold from sale any of its property, but the disposition of its property shall be at all times within the control of its board of directors. Any such company, in addition to other investments allowed by law, may invest any of its funds and accumulations in the bonds or other obligations of the United States or of any state of the United States or of any county, city, town or village or duly organized school district therein, or of any municipality or civil division of any state, and may loan upon mortgages on improved

unincumbered real estate within this state, or within any state in which such company is or becomes duly authorized and licensed to transact business, worth double the sum loaned thereon, exclusive of buildings, unless such buildings are insured and the policies made payable to the company as its interest may appear, or may invest in first mortgage bonds on improved city real estate, in any state, issued by a real estate corporation duly incorporated under the laws of any state of the United States, wherein the loans are made in accordance with the requirements as to first mortgage loans herein provided. Such companies may also invest in the mortgage bonds of any dividend paying railway company duly incorporated and organized under the authority of this state or any other state, Federal Land Bank bonds, or in the mortgage bonds of any dividend-paying industrial or public utility corporation duly incorporated and organized under the authority of the United States or of any state therein, and it may also make loans on the security of promissory notes amply secured by pledge of any bonds in which such insurance companies are hereby authorized to invest their funds. Domestic life insurance companies may also make loans upon the security of its own policies, but no loan on any policy shall exceed the reserve value thereof.

From and after the taking effect of this act, no insurance company or association organized under the statutes of North Dakota to transact an insurance business, shall invest its capital, surplus funds or other assets in, or loan the same on, property owned by any officer or director of such company or by any of the immediate members of the family of any such officer or director, neither shall any such officer or director gain through the investment of funds of any such company.

§ 2. HOLDING OF REAL PROPERTY LIMITED.] Every such insurance company may acquire, hold and convey real property only for the following purposes and in the following manner:

First. Such as shall be requisite for the convenient accommodation in the transaction of its business.

Second. Such as shall have been mortgaged to it in good faith by way of security for loans previously contracted or for moneys due.

Third. Such as shall have been conveyed to it in satisfaction of debts previously contracted in the course of its dealings.

Fourth. Such as shall have been purchased at sales on judgments, decrees or mortgages obtained or made for such debts.

All such property specified in sub-division two, three and four of this section which shall not be necessary for its accommodation in

the convenient transaction of its business, shall be sold and disposed of within two years after the company shall have acquired title to the same, or within two years after same shall have ceased to be necessary for the accommodation of its business; and it shall not hold such property for a longer period unless it shall procure a certificate from the commissioner of insurance that its interests will suffer materially by the forced sale thereof, in which event the time for sale may be extended to such time as the commissioner shall direct in such certificate.

§ 3. REPEAL.] That Sections 4843, 4861 and 4862, Compiled Laws of North Dakota for the year 1913 be, and the same are, hereby repealed.

Approved March 9, 1929.

CHAPTER 147

(S. B. No. 41—Tofsrud.)

HAIL TAX REFUND

An Act to amend and re-enact Chapter 172 of the Session Laws of North Dakota for the year 1927, providing for a refund to hail tax purchasers and persons paying hail taxes for which they were not liable, designating the funds from which payment shall be made, and declaring the duty of the insurance commissioner in relation thereto.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. AMENDMENT.] Chapter 172 of the Session Laws of 1927 is hereby amended and re-enacted to read as follows:

§ 1. Whenever any lands have been sold for hail taxes to purchasers other than the counties, and it develops that they were subject to a paramount lien and such lien is foreclosed and the purchaser's rights under his tax certificate cut out, such purchaser, or his assigns, shall be refunded the amount of the sale, with interest at the rate of five per cent per annum, by the hail insurance department as hereinafter provided.

§ 2. The holder of the certificate must make application for the refund to the commissioner of insurance, tendering his certificate and an assignment thereof to the hail insurance department and making proof satisfactory to the commissioner of insurance that the title to the land has been lost under a paramount lien and that he has not been compensated in any way for the money paid for the certificate. Upon being so satisfied, the commissioner of insurance shall refund to the holder such amount, with interest. Upon

ing any such refund the commissioner shall take an assignment of the certificate in trust for the benefit of the hail insurance department, and in case the tax debtor ever becomes the owner of the land affected the tax represented by such certificate shall again attach as a lien upon his interest.

§ 3. Any holder of a lien paramount to the hail indemnity tax lien who has paid hail indemnity taxes in connection with the payment of general taxes against the land covered by his lien, which hail indemnity taxes have been paid over by the county auditor or treasurer to the state treasurer to the credit of the hail insurance department, or to the tax sale certificate holder, as the case may be, shall be entitled to have refunded to him from the hail insurance department the amount paid by him on account of such hail indemnity taxes, upon filing application and proof as hereinafter provided, but no interest shall be considered to have accrued thereon from the time of such payment by said lien holder.

§ 4. Such paramount lien holder mentioned in the last preceding section must make application for refund to the commissioner of insurance, tendering his tax receipt containing a notation thereon by the county auditor showing amount of such hail indemnity tax, penalty and interest paid by him, and an assignment thereof to the hail insurance department, and make satisfactory proof to the commissioner of insurance that at the time he paid the said taxes the hail indemnity tax, penalty and interest thereon noted by said county auditor did not constitute a valid lien paramount to lien held by him. Upon being satisfied of such facts the commissioner of insurance shall refund to said lien holder the amount of said hail taxes, penalty and interest paid by him, and shall also issue him a certificate showing the amount of general taxes, penalty and interest which remains as an additional lien to the credit of said tax payer's mortgage. Upon making such payment and certificate the commissioner shall take an assignment of the tax receipt in trust for the benefit of the hail insurance department so far as it relates to said indemnity hail tax, and in case the title of the land affected passes and again reverts to the original mortgagor the hail indemnity taxes shall again attach as a lien upon his interest.

§ 5. Such refunds to certificate holders and to holders of paramount liens who paid hail indemnity taxes for which they were not liable shall be made from the following funds, to-wit: a reserve fund that has been set aside or otherwise created or treated as existing in the hail insurance department as a fund to meet anticipated refunds, or abatements of the indemnity hail taxes, and the fund created by interest collected on all interest bearing funds, of the

state hail insurance department for the year 1927, and successive years. These funds shall be resorted to in order stated to whatever extent may be necessary to make all such refunds.

§ 6. No claim for a refund by a tax certificate holder shall be allowed unless presented within one year after the lien of such tax certificate has been lost except where holders of sheriff's deeds did not redeem the taxes within one year after such deed was due to issue in which case the tax certificate holder shall be allowed 60 days after such tax redemption to apply for refund. Provided, however, that in cases where such loss has occurred prior to July 1st, 1929, the claim may be presented at any time up to January 1st, 1930. No claim for a refund of taxes paid by mortgagee who was holder of paramount lien as provided for in section 4 of this act shall be allowed unless made before January 1st, 1930.

§ 7. At each succeeding session of the legislature the commissioner of insurance shall make a report to the legislature of the refunds made under the provisions of this act, together with the fullest practical statement of probable outstanding claims, together with an estimate of the amounts that will be required in succeeding years to meet the requirements of this act.

§ 8. Whereas some question of constitutionality may become involved as to the right to resort to some of the funds herein mentioned for the purpose to which it is sought to apply them, it is especially declared that the resort to any particular fund is not the inducement for the resort to any other fund mentioned, and that if any such part of this act shall be held to be unconstitutional it is the purpose and intent that all other parts shall nevertheless be valid and enforceable.

§ 9. EMERGENCY.] This is hereby declared to be an emergency measure and shall be in full force and effect from and after its passage and approval.

Approved March 6, 1929.

CHAPTER 148

(H. B. No. 158—J. M. Thompson by Request.)

LIABILITY INSURANCE, ETC., AUTO TRANSPORTATION
COMPANIES

An Act to amend and re-enact Section 2976v9 of the Supplement to the 1913 Compiled Laws of the State of North Dakota, as amended by Chapter 90 of the Session Laws of 1927, relating to and requiring auto transportation companies to procure liability insurance, or surety bonds, for the protection of the interests of the public, and providing for direct liability in case of default in the payment of final judgment, and regulating trials of actions for damages for negligence against said company.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. AMENDMENT.] That Section 2976v9 of the Supplement to the 1913 Compiled Laws of the State of North Dakota be, and the same is hereby amended, and re-enacted to read as follows:

§ 2976v9. INSURANCE OR BOND REQUIRED. LIABILITY OF INSURER AND SURETY. TRIAL.] The commission shall in the granting of certificate to operate any auto transportation company, for transporting persons, and, or property, for compensation require the owner or operator to first procure liability and property damage insurance from a company licensed to make liability insurance in the State of North Dakota or a surety bond of a company licensed to write surety bonds in the State of North Dakota in such amounts as the commission may fix as being adequate for the protection of the interests of the public, with due regard to the hazard and density of traffic, which insurance policy or surety bond shall guarantee the payment of any loss or damage to property, or death or injury to persons, not exceeding the amounts determined by the commission and specified in such policy or bond, resulting from the negligence of such auto transportation company. In any action for damages resulting from negligence of such auto transportation company, the insurer or surety shall not be joined as a party defendant with such auto transportation company, nor shall the fact of the ultimate liability of such insurer or surety be disclosed or commented upon to the jury, but upon final judgment the insurer or surety shall become directly liable to the owner of such judgment for the full amount thereof, but not exceeding the amount of the policy of insurance or surety bond applicable to such loss. Each policy of insurance or surety bond required, shall be filed with the commission and kept in full force and effect and failure so to do shall be cause for the revocation of the certificate.

Approved March 11, 1929.

CHAPTER 149

(H. B. No. 218—Committee on Delayed Bills.)

**DISTRIBUTION AVAILS OF LIFE ASSURANCE PAYABLE TO
DECEASED, HIS HEIRS, ETC.**

An Act to provide for the distribution of the avails of life insurance made payable to the deceased, his personal representatives, his heirs or estate, and exempting such avails from the debts of the decedent.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. The avails of a life insurance policy or of a contract payable by any mutual aid or benevolent society, when made payable to the deceased, the personal representatives of the deceased, his heirs or estate, upon the death of a member of such society or of such insured, shall not be subject to the debts of the decedent, except by special contract, but such avails shall be inventoried as part of the estate of the deceased, and shall be distributed without deduction, and pass to the heirs at law or legatees of the deceased, in due course of administration, in accordance with the laws of succession or will, as the case may be. The insured may by will or contract transfer the avails of such life insurance policies or contracts heretofore or hereafter made; provided, however, that nothing herein contained shall be construed as permitting any insured to dispose by will of the avails of contract by a mutual or fraternal society to anyone who could not be a beneficiary in such contract under the charter or by-laws of such society; provided further that nothing herein contained shall be construed as affecting in any manner any life insurance policy or beneficiary certificate that is made payable to a designated person, including the spouse of the insured, or persons, or to the members of a family designated as a class—for example “all children” or “all brothers and sisters”, even though such children or brothers and sisters are not designated by name. This statute is intended to apply only to life insurance policies and beneficiary certificates that by their terms are made payable to the insured, to the personal representatives of the insured, or to his heirs or estate.

Approved March 11, 1929.

CHAPTER 150

(H. B. No. 154—Freeman.)

MUTUAL INSURANCE POLICIES

An Act to amend and re-enact Section 4874, Compiled Laws of 1913, relating to domestic mutual insurance companies.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. AMENDMENT.] That Section 4874, Compiled Laws of 1913 be, and the same is, hereby amended and re-enacted to read as follows:

§ 4874. PREMIUM. CONTINGENT LIABILITY STATED ON POLICY.] Mutual insurance companies other than life shall charge and collect upon their policies the full mutual premium in cash or notes, and may by their by-laws fix the contingent mutual liability of its members for the payment of losses and expenses not provided for by their cash funds; provided, that such contingent liability of a member shall not be less than a sum equal to, and in addition to the cash premium written in his policy; provided, further, that in case said premium be not so paid in cash or unconditional notes within sixty days from the date of issue, the policy shall become and be absolutely void and to remain void during the non-payment of such premium, and upon payment of the premium as above provided, such policy shall re-attach; provided, there has been no loss while the policy was void. The total amount of the liability of a policy holder shall be clearly and legibly stated upon the back of each policy.

Approved March 7, 1929.

CHAPTER 151

(S. B. No. 150—Magnuson.)

INVESTMENT FUNDS COUNTY MUTUAL INSURANCE COMPANIES

An Act to amend and re-enact Chapter 168 of the Session Laws of the State of North Dakota for the year 1927, relating to the investment of funds of county mutual insurance companies, and prescribing the character of such investment.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. That Chapter 168 of the Session Laws of 1927 be amended and re-enacted as follows:

From and after the taking effect of this act every county mutual insurance company, organized or existing under Article 20 of Chapter 18 of the Civil Code of North Dakota, and acts amendatory thereto, must have and keep sixty per cent of all its reserve or moneys over and above \$1,000.00 accumulated in the course of its business invested in United States Bonds, United States Treasury Certificates, bonds of the State of North Dakota, or of certificates of deposit issued by the Bank of North Dakota.

§ 2. EMERGENCY.] This act is hereby declared an emergency measure, and shall be in full force and effect from and after its passage and approval.

Approved March 9, 1929.

CHAPTER 152

(H. B. No. 87—Thatcher.)

SURVEYS FIRE INSURANCE RATES

An Act to require rating bureaus to make written surveys of certain rates for fire insurance; to provide for hearings on complaints and a review by the commissioner of insurance of the same, and providing an appropriation for the administration of this act by the commissioner of insurance and his department.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Every rating bureau engaged in making rates or estimates for rates for insurance on property in this state shall inspect every risk specifically rated by it upon schedule and make a written survey of such risk. A copy of any such survey shall be furnished to the commissioner of insurance of this state and to the owner of the property upon written request.

§ 2. Upon written complaint that the survey on any individual risk is not correctly made up in accordance with the standard method of rating used in this state, the commissioner of insurance shall have power to make a full investigation of the same in the bureau and at the location of the property involved and if after investigation and hearing he is satisfied said rating is not correctly made up, he shall order said rating to be corrected to conform to said standard method of rating. The bureau shall be furnished with a copy of any such complaint.

§ 3. No such hearing shall be had until after ten days written notice to the bureau and the owner of the property involved in said hearing. Said hearing shall be held at the place designated by the

commissioner of insurance. During the pendency of such hearing the rate involved shall be suspended and in the event the final determination shall be that said rate is excessive, any overcharge on account of such rate found to be excessive shall be refunded to the insurer.

§ 4. There is hereby appropriated out of any money in the state treasury not otherwise appropriated the sum of ten thousand dollars (\$10,000.00) or so much thereof as is needed, to pay salaries, traveling and other expenses necessarily incurred by the commissioner of insurance and his department in the administration of this act.

Approved March 11, 1929.

LIENS

CHAPTER 153

(H. B. No. 209—Indergaard.)

REGISTER OF DEEDS INDEX CONTINUING CROP LIENS

An Act providing that the register of deeds shall keep a separate index for continuing crop liens.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Every register of deeds shall in addition to the registry index provided by Section 6765 of the Compiled Laws of the State of North Dakota for 1913, keep an index of "continuing crop liens", in which it shall be the duty of the register of deeds upon receiving any crop mortgage or other instrument which is a continuing lien upon any crops upon lands within his county which lien affects the crops of two or more crop years, to make an entry in such index of "continuing crop liens", which entry shall be a duplicate of his entry made in the registry index as provided in Section 6765 of the Compiled Laws of North Dakota for 1913.

§ 2. This law shall not be construed to entitle any instrument to be filed in the office of the register of deeds which would not under the laws now in force be entitled to be so filed.

Approved March 11, 1929.