

enactment.

Approved May 27, 1977.

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CHAPTER 315—S.F.No.572

*An act relating to credit unions; extending the authority of state chartered credit unions to permit same activities as federally-chartered credit unions where commissioner of banks authorizes by rule; amending Minnesota Statutes 1976, Section 52.04.*

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

Section 1. Minnesota Statutes 1976, Section 52.04, is amended to read:

52.04 **CREDIT UNIONS; POWERS.** Subdivision 1. A credit union shall have the following powers:

(1) To receive the savings of its members either as payment on shares or as deposits, including the right to conduct Christmas clubs, vacation clubs, and other such thrift organizations within its membership;

(2) To make loans to members for provident or productive purposes as provided in section 52.16;

(3) To make loans to a cooperative society or other organization having membership in the credit union;

(4) To deposit in state and national banks and trust companies authorized to receive deposits;

(5) To invest in any investment legal for savings banks or for trust funds in the state;

(6) To borrow money as hereinafter indicated;

(7) To adopt and use a common seal and alter the same at pleasure; and

(8) To make payments on shares of and deposit with any other credit union chartered by this or any other state or operating under the provisions of the federal credit union act, in amounts not exceeding in the aggregate 25 percent of its unimpaired assets providing that payments on shares of and deposit with credit unions chartered by other states shall be restricted to credit unions insured by the National Credit Union Administration. The restrictions imposed by this clause shall not apply to share accounts and deposit accounts of Minnesota central credit union in U.S. central credit union;

(9) To contract with any licensed insurance company or society to insure the lives

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of members to the extent of their share accounts, in whole or in part, and to pay all or a portion of the premium therefor;

(10) To indemnify each director, officer, or committee member, or former director, officer, or committee member against all expenses, including attorney's fees but excluding amounts paid pursuant to a judgment or settlement agreement, reasonably incurred by him in connection with or arising out of any action, suit, or proceeding to which he is a party by reason of being or having been a director, officer, or committee member of the credit union, except with respect to matters as to which he shall be finally adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of his duties. Such indemnification shall not be exclusive of any other rights to which he may be entitled under any bylaw, agreement, vote of members, or otherwise; and

(11) Upon written authorization from a member, retained at the credit union, to make payments to third parties by withdrawals from the member's share or deposit accounts or through proceeds of loans made to such member, or by permitting the credit union to make such payments from the member's funds prior to deposit; to permit draft withdrawals from member accounts; however, this clause does not permit a credit union to establish demand deposits (checking accounts) for its members;

(12) To inform its members as to the availability of various group purchasing plans which are related to the promotion of thrift or the borrowing of money for provident and productive purposes by means of informational materials placed in the credit union's office, through its publications, or by direct mailings to members by the credit union;

(13) To facilitate its members' voluntary purchase of types of insurance incidental to promotion of thrift or the borrowing of money for provident and productive purposes including, but not limited to the following types of group or individual insurance: Fire, theft, automobile, life and temporary disability; to be the policy holder of a group insurance plan or a sub-group under a master policy plan and to disseminate information to its members concerning the insurance provided thereunder; to remit premiums to an insurer or the holder of a master policy on behalf of a credit union member, provided that the credit union shall obtain written authorization from such member for remittance by share or deposit withdrawals or through proceeds of loans made by such members, or by permitting the credit union to make such payments from the member's funds prior to deposit; and to accept from the insurer reimbursement for the actual cost of ministerial tasks performed pertaining to insurance;

(14) In furtherance of the twofold purpose of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest for provident purposes, and not in limitation of the specific powers hereinbefore conferred, to have all the powers enumerated, authorized, and permitted by this chapter, and such other rights, privileges and powers as may be incidental to, or necessary for, the accomplishment of the objectives and purposes of the credit union.

Subd. 2. The commissioner of banks may by rule authorize a state chartered credit union to engage in any activity in which the credit union could engage were it operating

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as a federally chartered credit union provided that the activity is not expressly prohibited by the laws of this state and was permitted by law or rule as of June 1, 1977.

Sec. 2. This act shall be effective the day following final enactment.

Approved May 27, 1977.

CHAPTER 316—S.F.No.583

[Coded in Part]

*An act relating to insurance companies; prescribing penalties for violation of certain filing requirements; providing for the reporting of certain claims and other information to the commissioner of insurance; amending Minnesota Statutes 1976, Chapter 72A, by adding a section; repealing Minnesota Statutes 1976, Section 72A.06.*

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

Section 1. Minnesota Statutes 1976, Chapter 72A, is amended by adding a section to read:

[72A.061] INSURANCE; MANDATORY FILINGS; FAILURE TO COMPLY; PENALTIES. Subdivision 1. ANNUAL STATEMENTS. Any insurance company licensed to do business in this state, including fraternal, reciprocals and township mutuals, which neglects to file its annual statement in the form prescribed and within the time specified by law shall be subject to a penalty of \$25 for each day in default. If, at the end of 90 days, the default has not been corrected, the company shall be given ten days in which to show cause to the commissioner why its license should not be suspended. If the company has not made the requisite showing within the ten day period, the license and authority of the company may, at the discretion of the commissioner, be suspended during the time the company is in default.

Any insurance company, including fraternal, reciprocals, and township mutuals, willfully making a false annual or other required statement shall pay a penalty to the state not to exceed \$5,000. Either or both of the monetary penalties imposed by this subdivision may be recovered in a civil action brought by and in the name of the state.

Subd. 2. ARTICLES OF INCORPORATION; BYLAWS. Any insurance company licensed to do business in this state, including fraternal and township mutuals, which neglects to file amended bylaws or related amendments within 30 days after date of approval by shareholders or members of the company shall be subject to a penalty of \$25 for each day in default.

Any insurance company licensed to do business in this state, including fraternal and township mutuals, which neglects to file amended articles of incorporation or related amendments within 30 days after date of approval by shareholders or members of the company shall be subject to a penalty of \$25 for each day in default, provided that

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