

of his contract. No investment, sale or loan, except loans on its own policies, shall be made which has not first been authorized by the board of directors, or by a committee thereof charged with the duty of investing or loaning the funds of the company, nor shall any deposit be made in a bank or banking institution unless such bank or banking institution has first been approved as a bank of deposit by the board of directors, or said committee thereof and unless the vote authorizing such investment, sale or loan, or approval of the place of deposit has been duly recorded in the books of the company.

1922, ch. 492, sec. 116.

**119. *Investments in Real and Personal Property.*** No domestic company hereafter acquiring title to real estate under the conditions of any mortgage owned by it, or by purchase or set-off on execution upon judgment for debts due it previously contracted in the course of its business, or by other process in settlement for debts, shall hold it for a longer period than five years without permission granted in writing by the insurance commissioner; nor shall any such company hereafter invest in real estate except to the extent that may be necessary for its convenient accommodation in the transaction of its business, and then in no case to exceed ten per cent. of its invested assets, including cash in banks.

Such company shall not engage in buying or selling goods, wares or merchandise, except articles insured by it on which losses are claimed, and except in replacing, rebuilding or repairing insured property as provided in its policies, nor engage in any business other than as specified in its charter or agreement of association and expressly authorized by law.

1922, ch. 492, sec. 117.

**120. *Reserves.*** Such company shall maintain unearned premium and other reserves in the same manner, and upon the same basis as required of domestic stock insurance companies transacting the same kind of insurance; provided that such companies as write all, or the major portion of its policies, to expire on some certain date, or levy annual or periodic assessments against all policies in force payable on some certain date, shall maintain unearned premium reserves computed pro rata for the unexpired portion of the term. All reserves required to be maintained as aforesaid, shall be set up as a liability in all financial reports of or concerning each such company filed with the insurance commissioner. The commissioner may prescribe any reasonable basis other than the above for reserves for losses or claims, or may permit such reserves for losses or claims, when based upon the premium income, to be computed upon the net premium income after deducting any so-called dividend, or premium returned or credited to members.

1922, ch. 492, sec. 118.

**121. *Assessments.*** Such company not possessed of assets at least equal to the unearned premium reserve and other liabilities, shall make an assessment to provide for such deficiency upon only such members as are liable to