

40-1008. Liability for losses; assessments; indebtedness. Every person who effects insurance in any company organized under the provisions of this article, and also such person's heirs, executors, administrators and assigns, continuing to be so insured, shall thereby become members of the company during the period of insurance and shall be bound to pay losses and such necessary expenses as accrue in and to the company in proportion to the original amount of such person's deposit note or notes or cash deposit as made for one annual rate. The directors shall annually at or before the annual meeting, levy a sufficient assessment on all deposit notes to liquidate all liabilities of the company existing at the time of the assessment, and they shall make such assessments oftener when necessary. They may also, at or before the annual meeting of each year, estimate the rate of assessment on the deposit notes which the experience of the company indicates will be necessary to provide for the losses and expenses for the ensuing year and make and collect assessments in advance on all deposit notes of the company deemed by the board sufficient to pay such losses and expenses.

In determining the rate of assessments to be made the directors shall not include either the guarantee fund, the reserve fund, or the unused portion of the cash premiums on hand, as funds available for the payment of accrued liabilities, but shall levy such assessments on the notes as may be necessary in order to require the makers thereof to pay their ratable shares of all losses and expenses already accrued and estimated to accrue within the ensuing year. The notices of assessment may be given in such number of different lists throughout the year as the board deems advisable, having regard to the dates of the policies. The sums to be paid on any assessment by each member shall always be in proportion to the original amount of such member's deposit note or notes for one annual rate and shall be paid to the company within thirty (30) days next after notice of such assessment is given in the manner provided in the bylaws. The company shall not be liable to the insured for any loss that may occur during the period from the day on which an assessment on such insured's deposit note is due and the date of the payment thereof. No such company shall borrow money or create a debt, unless for the purpose of necessary office buildings, to continue beyond the period when such assessment may be collected and applied to the payment thereof, and no member shall be assessed for liabilities prior to such member's membership.

History: L. 1927, ch. 231, 40-1008; L. 1976, ch. 215, § 2; July 1.