

66A.12 MUTUAL FIRE COMPANIES; PREMIUMS; CONTINGENT LIABILITY.

Every mutual fire company shall charge and collect on each policy a premium, in cash or in notes absolutely payable, or it may accept a deposit of cash equal to one year's premium on the policy issued and while the deposit remains intact collect all future premiums on the policy by assessments thereon, and shall also provide in its bylaws, and specify in its policies, the maximum contingent mutual liability of its members for payment of losses and expenses not provided for by its cash fund. The contingent liability of a member shall not be less than a sum equal to and in addition to one annual premium, nor more than a sum equal to five times the amount of such annual premium or, in case of a policy written for less than one year, the contingent liability shall not exceed the amount of premium written in the policy. The total amount of the liability of the policyholder shall be plainly and legibly stated upon each policy. When any reduction shall be made in the contingent liability of members, such reduction shall apply proportionally to all policies in force. Mutual insurance companies complying with section 66A.16, subdivision 3, may issue policies without a contingent liability; but the fact that there is no contingent liability must be plainly and legibly stated in the policies.

History: 1967 c 395 art 7 s 12