

Insurance Companies, Mutual.

Section 653 of the Political Code provides for the organization of Insurance Companies with a cash capital and shares of stock, and also for the organization of Mutual Insurance Companies without a capital stock upon agreements for insurance and notes given for the premiums.

April 21, 1905.

Hon. H. R. Cunningham, State Auditor, Helena, Montana.

Dear Sir:—Your letter of the 17th instant, submitting articles of incorporation of the Montana Mutual Fire Insurance Company, of Billings, Montana, together with affidavit of publication, for our approval, to hand.

These articles provide that "there shall be no capital stock, but the business of the corporation shall be conducted on the plan of mutual insurance, and each person or organization taking insurance in the company shall be a member of the corporation;" and that the purposes of the corporation are to insure property "owned by its members against loss or damage by fire, on the plan of mutual insurance.

It is evident from the above language, used in the articles of incorporation, that the persons submitting the same are seeking to incorporate under Section 653, Division I, Part IV., Title IV., of the Political Code. The language used in said chapter is very contradictory and a strict construction of certain sections would practically nullify Section 653, or at least destroy the well established meaning of the term "plan of mutual insurance," as used in Section 653 and other sections of said chapter.

From the manner of using the words "stock company," and "mutual insurance" throughout the sections of said chapter, I am of the opinion that it was the intention of the legislature to provide in said chapter for the organization of insurance companies with a cash capital and shares of stock, and also for the organization of mutual insurance companies without a capital stock, upon agreements for insurance and notes given for the premiums.

I therefore certify that said articles of incorporation are not in conflict with the constitution and laws of the United States or of this State, and that upon the company complying with the provisions of Section 653, and satisfying you of its compliance therewith, as provided in Section 657 of said chapter, you can give your approval of the organization, as provided in Section 651 of said chapter, after which it will be entitled to commence business.

I return herewith the articles of incorporation and affidavit of publication.

Yours very truly,

ALBERT J. GALEN,

Attorney General.