

**Mutual Insurance Companies — Insurance Companies —
Liability—Policy Holders.**

The ultimate liability of a policy holder in a mutual insurance company does not exceed the amount stipulated to be paid by him and represented by notes deposited with the company in such amount as the directors in their discretion require.

Mr. George P. Porter,
State Auditor and Commissioner of Insurance,
Helena, Montana.

March 3, 1932.

My dear Mr. Porter:

You have requested my opinion whether policy holders of a mutual insurance company are liable proportionately for the full amount of the losses of the company even though a policy contract provides for a limited liability of the policy holder.

Section 6143, R.C.M. 1921, provides that the directors of a mutual insurance company have the right to determine the amount of the note to be given in addition to the premiums by any person insured in such corporation subsequent to its organization, and section 6144, R.C.M. 1921, provides that the directors may make assessments against the members or policy holders for loss or damage but that no member shall ever be required to pay for any loss more than the whole amount of his deposit note or notes and that if the whole amount of said notes shall be insufficient to pay the losses the sufferers insured by the company shall receive a proportionate share of the whole amount of said notes.

The above provisions amply define the liability of a member or

policy holder in a mutual insurance company (other than a rural mutual company) and it is plain that their ultimate liability does not exceed the amount stipulated to be paid by him and represented by notes deposited with the company in such amount as the directors may in their discretion require.

Very truly yours,

L. A. FOOT,

Attorney General.