

transaction of the business of said corporation; and at the expiration of the term of insurance for which a policy is issued the said note shall be surrendered; provided, there are no losses and expenses which have accrued during said term, a *pro rata* share of which said note should bear, in which event said note will not be surrendered until such *pro rata* share of losses and expenses are paid; or instead of requiring a member taking out insurance to sign a premium note as is hereinbefore required by this section, the company may insert in the body of its policies a provision or condition precedent upon which said policy is issued, that by the acceptance of said policy the insured covenants and agrees with said company to pay the said company such sum of money as the board of directors may require, in such proportions and at such times as the company, agreeably to its act of incorporation, may require; said provision or condition and its terms to appear on the books of the said company as and in place of the premium note, subject in all respects to the same rights and remedies as a premium note, and the insured, by surrendering up his policy, may be released from all obligation under its provisions, except for losses and expenses accrued prior to said surrender, a due proportion of which the insured is liable to pay, in which event payment on such due portion of losses and expense alone will discharge the obligation; and provided further, that said company, upon the payment of a cash premium of such amount as the board of directors of said company may deem requisite, may issue the aforesaid policies of insurance not further assessable during the term for which said insurance may be issued, unless during said term the losses and expenses of said company may aggregate a sum equal to five per cent. of the aggregate of its premium notes and aforementioned conditional policies; in which event non-assessable policies issued under the provisions of this Act shall bear their due proportion of said excess and be liable for assessment in an amount sufficient to pay said excess, but not for any other purpose; and in computing the aggregate of premium notes and conditional policies for the purpose of ascertaining whether or not said excess and the amount of it exists, said non-assessable policies shall not be included, but in ascertaining the rate of assessment necessary to pay losses and expenses in excess of said five per cent. the policies issued by said company shall be included and bear their share of said assessment in proportion to the terms and conditions of said policies, and a holder of said policy shall bear the same relationship to the company as any other policy holder.

CHAP. 556.

When note
shall be
surrendered.