

tain and determine the premium basis upon which said insurance shall be granted and the policy issued, the same to be computed according to the hazard of the risk as set out in the Company's table of rates as fixed by the Board of Directors, and upon which premium basis, so ascertained, the insured shall pay in advance to said Company the cash premium for maintaining such insurance and which shall be a certain percentage of the premium basis to be determined each year by the Board of Directors, and shall be the same for all policies in force.

Section 11. Any member of the Company shall have full power to withdraw therefrom at any time by surrendering his policy to the Company and paying any arrearages of the cash premium and the policy's proportion of losses and expenses incurred, but not paid; upon such payment the Company shall cancel such insurance as may be covered thereby and such cancellation shall release said member from all liability of any and all obligation, claims or demands due or owing to said Company on account thereof, and shall debar said member from any claim on the Company for any loss or damage by fire or lightning subsequent to the time of withdrawal or cancellation of policy or policies, and the Company may at any time cancel any policy issued by it upon the return of the un-earned portion of the cash premium.

Section 12. Whenever the Company shall issue a policy for the insurance of any property, the Board of Directors may require such security as they may deem necessary to secure the payment of the cash premium of the policy and such assessments as may be duly laid, together with all costs of collecting the same.

Section 13. The Board of Directors of the Company shall have power to regulate the time and duration of all policies issued by the Company; invest all income derived from whatever source; create and maintain a surplus fund and add thereto if the amounts received as cash premiums shall exceed the amount required to pay losses and expenses for any year, but if the amounts received in any one year as the cash premium for maintaining the insurance should be insufficient to pay the losses and expenses for such year the deficiency shall be taken from the surplus and no extra assessment shall be made to meet such deficiency until the available funds from the surplus shall first be exhausted, but such surplus fund shall not.