

1 H.547

2 Introduced by Representative Jewett of Ripton

3 Referred to Committee on

4 Date:

5 Subject: Insurance; cooperative insurance corporations; bylaws

6 Statement of purpose of bill as introduced: This bill proposes to make
7 amendments to the State law governing the bylaws of a cooperative insurance
8 corporation.

9 An act relating to the bylaws of a cooperative insurance corporation

10 It is hereby enacted by the General Assembly of the State of Vermont:

11 Sec. 1. 8 V.S.A. § 3925 is amended to read:

12 § 3925. BYLAWS; COMPULSORY PROVISIONS

13 The bylaws of a cooperative insurance corporation to which a certificate of
14 authority is issued shall include substantially the following provisions:

15 (1) The corporate powers of such corporation shall be exercised by a
16 board of directors, who shall be not less than five in number. Such directors
17 shall be divided into classes and a portion only elected each year. They shall
18 be elected for a term of not more than four years each and shall choose ~~from~~
19 ~~their number~~ a president, secretary, and such other officers as may be deemed
20 necessary. After the first year, the directors shall be chosen at an annual

1 meeting to be held on the second Tuesday of January, unless some other day is
2 designated in such bylaws, at which meeting each person insured shall have
3 one vote and may be entitled to vote by proxy under such rules and regulations
4 as may be prescribed by the bylaws;

5 (2) Such corporation shall keep proper books, including a policy
6 register, in which the secretary shall enter the complete record of all its
7 transactions and those of the board of directors and executive committee. Such
8 books shall at all times show fully and truly the condition, affairs, and business
9 of such corporation and shall be open for inspection by every person insured,
10 each day from nine o'clock in the forenoon to four o'clock in the afternoon,
11 Saturdays, Sundays, and legal holidays excepted;

12 (3) If authorized as an assessment cooperative insurance corporation as
13 outlined in subsection 3920(a) of this title, such corporation may assess for the
14 purposes specified in section 3927 of this title and the bylaws shall specify the
15 manner of giving notice of such assessments, which may be either personal or
16 by mail, and, if by mail, shall be deemed complete if such notice is deposited,
17 postage prepaid, in the post office at the place where the principal office of the
18 corporation is located, directed to the person insured at his or her last known
19 place of residence or business. A person insured who neglects or refuses to
20 pay his or her assessments, for that reason or for any other reason satisfactory
21 to the board of directors or its executive committee, may be excluded from

1 such corporation and, when thus excluded, the secretary shall cancel or
2 withdraw his or her policy or policies, subject to the cancellation provisions in
3 sections 3879 through 3882 and subchapter 2 of chapter 113 of this title,
4 provided that such person shall remain liable for his or her pro rata share of
5 losses and expenses incurred on or before the date of his or her exclusion and
6 for the penalty herein provided, in case an action is brought against him or her.
7 If a member of such corporation is so excluded and his or her policy so
8 canceled, the secretary shall forthwith enter such cancellation and the date
9 thereof on the records kept in the office of the corporation and serve notice of
10 such cancellation on the person so excluded, as provided herein for the service
11 of notice of assessment. However, in such event, the person so excluded or
12 whose policy is so canceled shall be entitled to the repayment of an equitable
13 portion of the unearned paid premium on such policy. The officers of such
14 corporation shall proceed to collect all assessments within 30 days after the
15 expiration of the notice to pay the same. Neglect or refusal on their part so to
16 proceed or to perform any of the duties imposed on them by law shall render
17 them individually liable for the amount lost to any person, due to such neglect
18 or refusal, and an action may be maintained by such person against such
19 officers to collect such amount. An action may be brought by the corporation
20 against a person insured therein to recover all assessments which he or she may
21 neglect or refuse to pay, and there may be recovered from him or her in such

1 action both the amount so assessed, with lawful interest thereon, and, as a
2 penalty for such neglect or refusal, 50 percent of such assessment in addition
3 thereto;.

4 (4) Any person insured by an assessment cooperative insurance
5 corporation may withdraw therefrom at any time by giving written notice to
6 the corporation, stating the date of withdrawal, paying his or her share of all
7 claims then existing against such corporation and surrendering his or her policy
8 or policies;.

9 (5) Any person insured by a nonassessment cooperative insurance
10 corporation may withdraw from it at any time by giving written notice to the
11 corporation stating the date of withdrawal and surrendering his or her policy or
12 policies;.

13 (6) Persons residing or owning property within ~~the state of Vermont~~ any
14 state where the corporation is authorized to do business may be insured upon
15 the same terms and conditions as original members and such other terms as
16 may be prescribed in the bylaws of the corporation;.

17 (7) Nonresidents owning property within ~~the state of Vermont~~ any state
18 where the corporation is authorized to do business may be insured therein and
19 shall have all the rights and privileges of the corporation and be accountable as
20 are other persons insured therein, but shall not be eligible to hold office in the
21 corporation;.

1 (8) The bylaws of such corporation may be amended at any time.

2 Sec. 2. EFFECTIVE DATE

3 This act shall take effect on passage.