

No. 577, A.]

[Published June 16, 1905.

**CHAPTER 373.**

**AN ACT to authorize school districts and boards of education to organize mutual fire and tornado insurance companies for the insurance of public school buildings and their contents.**

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

**Organization of insurance companies by boards of education and school districts authorized; terms defined.** SECTION 1. All boards of education and school districts in the state are hereby empowered to enter into, and organize mutual fire insurance companies for the insurance of public school buildings and their contents, against fire, lightning and tornado, in accordance with the provisions of this chapter. The terms school district, and district, as used in this act shall include all towns which have adopted or shall adopt the township system of school government, and all cities acting under general or special charters, and the term board shall include all boards of education, school district boards, boards of school directors, and other bodies having committed to them by law or by general or special charter, the management and control of public school buildings.

**How incorporated; officers.** SECTION 2. Any number of such boards and districts, not less than twenty-five, may form themselves into a corporation for the purposes aforesaid, by complying with the following conditions, namely: The representatives of such boards and districts, being first duly authorized to do so by the boards and districts represented, shall sign articles of organization which shall be substantially in the following form. The boards of education and school districts named below, by their duly authorized representatives, do hereby associate for the purpose of forming a mutual fire and tornado insurance corporation for the purpose of insuring public school buildings and their contents against loss and damage by fire, lightning and tornado, under the provisions of chapter . . . . of the laws of 1905.

The name of such corporation shall be . . . . .

The elective officers of the corporation shall be a president and a board of directors of four members, to be elected at the first

meeting of the signers of the articles of association from their number; two of said directors shall hold their office until the first annual meeting, and two of the directors shall hold their office until the second annual meeting. The president shall hold his office until the first annual meeting of the corporation, and shall thereafter be elected annually, and he shall be ex-officio president of the board of directors, and a member thereof. At each annual meeting two directors shall be elected for two years in the place of those whose terms shall expire at the time of such meeting. The board of directors shall fix the time and place for holding the annual meeting, and shall elect the secretary and treasurer, and such other officers as shall be provided for in the by-laws of the corporation.

In witness whereof we have herunto affixed our names by our duly authorized representatives, and have caused them to authenticate the same by their signatures respectively.

(Here insert names of boards and districts followed in each case by the signature of the selected representative.)

**Certificate of incorporation; first meeting. SECTION 3.**

Whenever such articles have been subscribed as required above, they shall be filed with the commissioner of insurance, with proof that not less than twenty-five applications for policies of insurance aggregating not less than two hundred fifty thousand dollars have been received, and if such articles shall be found to be in proper form, the commissioner shall issue a certificate to the effect that the association is organized and is authorized to do business. The first meeting of the signers must be held within sixty days after such certificate is issued, and may be held at any convenient place on a call signed by not less than ten of such signers, on not less than ten days' notice by mail to the remaining signers.

**Board of directors. SECTION 4.** The general management of the business of corporations so organized shall be vested in the board of directors which shall be chosen as provided in the articles of association, and shall have the powers therein enumerated and such other powers as shall be necessary to carry into effect the provisions of this act, and as shall be enumerated in the by-laws, and the said board shall keep a record of all its proceedings in a book kept for that purpose.

**By-laws. SECTION 5.** Such corporation before it shall issue any policies, shall prepare and adopt by-laws and file the same

with the commissioner of insurance as hereinafter provided, which shall prescribe the duties of its officers, the manner, time and place of electing them, the place and manner of transacting business, the time and manner of giving notice of loss and of adjusting and paying losses, and such other rules and regulations as may be deemed essential or convenient for the management of its affairs. Such by-laws may be adopted at the first meeting of the corporation or at an adjourned meeting, or may, if such meeting shall so determine, be framed and adopted by the board of directors, and such by-laws shall not be annulled, changed, suspended or repealed except in the manner therein set forth, and a copy thereof and of all amendments thereto and changes therein shall be filed by the secretary forthwith after its adoption with the commissioner of insurance.

**Policies.** SECTION 6. Such corporation may issue policies, signed by its president and secretary, agreeing to pay to the board of education or school district insured, any loss which may be sustained by it by fire, lightning and tornado for a period of not more than five years, not exceeding on any single risk two per cent of the amount of insurance in force or contracted for. Such policies shall contain such conditions as the by-laws shall prescribe, but such corporation shall not make or execute any policy until a blank form for the same shall have been submitted to and approved by the commissioner of insurance; provided that no such company shall be required to use the Wisconsin standard policy. The board of directors may classify property to be insured, according to the risk involved.

**Member of corporation entitled to one vote; representation.** SECTION 7. Each board of education and school district to which any policy shall be issued, shall be a member of the corporation, and shall be entitled to one vote at all meetings of the corporation, for each one thousand dollars or major fraction thereof of insurance held by it, and shall be represented at all meetings of the corporation by a member of its board selected by it for that purpose. In case no such representative shall be selected, then the clerk or secretary of such board of education or the clerk of the school district, shall act as such representative, if he shall be a member of such board, and if such clerk or secretary shall not be a member of the board, then the president of such board shall act as such representative. Such boards shall have the right to change their representatives at will, and in case of such a change shall notify the secretary of the corporation, specifying

the person, if any, chosen. Any representative of any board or district to which a policy of insurance has been issued, or which has agreed to accept any such policy, shall be eligible to the office of president or director, but on ceasing to be such representative, shall cease to be eligible and shall be deemed to have vacated such office, but shall nevertheless continue to act for ten days, or until his successor in such office shall be selected as provided in the by-laws.

**Undertaking; percentage; fee.** SECTION 8. Each board of education or school district to which any policy shall be issued, shall, at the time of making and issuing any such policy, give its undertaking in such form as the by-laws shall prescribe to pay its pro rata share of all losses or damages which shall be sustained by the said corporation under any policy of insurance issued by it, and its necessary business expenses, together with all legal costs and charges which shall be incurred in case legal proceedings are commenced against it on account of any such loss, at the time and in the manner provided in the by-laws. Each such undertaking shall be filed with the secretary of the corporation at the time the policy shall be issued and shall remain on file in his office. Each member at the time such insurance is effected shall pay such a percentage of the amount insured as the by-laws shall provide for the class of risk insured, and such a reasonable fee for the policy and survey of the premises and property insured as the by-laws shall determine.

**Assessments.** SECTION 9. Whenever the amount of any loss so ascertained and adjusted shall exceed the amount of cash in the treasury of the corporation, and its probable receipts for the three succeeding months, the president shall convene the board of directors and they shall make an assessment pro rata on the members of the corporation, according to the amount of insurance held by them respectively and the rate at which the same shall be issued, which assessment shall be sufficient to pay the amount of such loss and of the expenses in connection therewith, and such a sum in addition thereto as the directors shall determine, but no such assessment shall exceed three per cent of the policies in force, and not more than five per cent of such policies shall be levied in assessments during any one year. The assessments thus levied shall be payable not less than ninety days nor more than six months after the same are levied, as the by-laws shall determine. Notice of the assessment shall be given in the manner provided in the by-laws, and the notices so given shall

state the amount of the loss and the probable amount to be derived from such assessment, and such other matters as the by-laws shall provide or the directors shall determine. If any member shall fail to pay its assessment in the manner provided in the by-laws, it shall be liable to the corporation on its undertaking, for the amount of the assessment duly levied, and for interest thereon after due at the rate of one per cent for each month or part of a month which the same shall remain unpaid after due, which may be recovered in any court of competent jurisdiction, with costs as in other cases.

**Bonds; commissions.** SECTION 10. The corporation may require such bonds from its officers and agents as the by-laws shall provide, and may pay such reasonable commissions as the by-laws shall prescribe, or the board of directors shall determine in case the by-laws are silent.

**Vacancies.** SECTION 11. Vacancies in any office shall be filled by the board of directors at their first meeting after the secretary shall be notified of or shall ascertain such vacancy. In filling vacancies in the board of directors, a majority of the remaining directors shall have power to act.

**Quorum; general office.** SECTION 12. At any meeting of the members of the corporation the representatives of members holding ten per cent of the outstanding policies of the corporation shall constitute a quorum, but a less number may adjourn from time to time. The general office of the corporation shall be in the town, city or village in which the secretary shall reside, unless the directors shall otherwise determine.

**Withdrawals; liability for losses.** SECTION 13. Any member may withdraw from such corporation at any time by giving notice in writing to the secretary of such corporation, and paying all assessments which shall have been duly levied, but it shall, notwithstanding such notice of withdrawal, be liable for its share of all losses sustained by the corporation previous to such withdrawal, and all expenses in connection therewith, whether such losses were ascertained and adjusted prior to the giving of such notice of withdrawal or not, but no member shall be liable on account of any assessment to pay losses incurred before it became a member.

**Annual statements.** SECTION 14. The secretary of every such corporation shall annually prepare a statement of its con-

dition on the 31st day of December, preceding the annual meeting, which shall contain the number and amount of each policy outstanding and to whom issued, the aggregate of the insurance in force on each class of property insured, the amount of losses paid during the year and to whom, the total number and the amount of the losses paid since the organization of the corporation, the amount of losses sustained and unpaid, and such other matters as the by-laws shall require to be shown therein. The treasurer shall make a detailed statement of the moneys collected by him from the several assessments made, and from all other sources, and also state every item of disbursement, and shall show the condition of the association on the date specified. The reports of both the secretary and the treasurer shall be presented to the annual meeting, and copies shall be filed with the commissioner of insurance not later than the 31st day of January after the date on which they are made.

**Authority conferred.** SECTION 15. All boards of education, school district boards, boards of school directors, and other bodies having the control and management of public school buildings, in addition to the powers already conferred on them by law, or by the general or special charter under which they are organized, are authorized and empowered to become members of any corporation created under this act.

**Conflicting laws repealed.** SECTION 16. All acts and parts of acts conflicting with this act are hereby repealed.

SECTION 17. This act shall take effect and be in force from and after its passage and publication.

Approved June 14, 1905.