

- (j) sickness insurance;
- (k) explosion insurance;
- (l) tornado insurance;

upon the cash premium or upon the mutual system, but except as hereinafter provided, the amount of insurance 5 written in any year on the cash premium system shall not exceed one-half of the amount written during the said year on the mutual system, nor shall the amount of insurance in force at any time on the cash premium system exceed one-half of the amount in force at the said time on the 10 mutual system.

Applications before commencing business.

**5.** The Company shall not commence business until *bona fide* applications have been received for insurance on the mutual system to an amount of at least ten million dollars.

Limitation to cease when surplus of \$350,000 maintained.

**6.** (1) When the Company shall acquire a surplus to 15 the amount of three hundred and fifty thousand dollars and so long as the Company shall maintain a surplus of three hundred and fifty thousand dollars, the provisions of section four of this Act respecting the limitation of the amount of insurance written and in force on the cash 20 premium system shall cease to apply.

"Surplus" defined.

(2) In this section the word "surplus" means the excess of assets over liabilities including the reserve of unearned premiums calculated *pro rata* for the unexpired term of all policies of the Company in force. 25

Board of directors.

**7.** (1) There shall be elected at the first annual meeting and at each subsequent annual meeting a board of not less than nine nor more than twenty-one directors who shall hold office as hereinafter provided.

Number of directors elected by policyholders.

(2) The Company shall, by by-law passed not less than 30 three months prior to the holding of its second annual meeting after the passing of this Act determine the number of directors to be elected at said annual meeting by the policyholders. The Company may by the said by-law provide that the directors shall be elected for one, two, or 35 three years. If the by-law provides for two years' or three years' term of office it may also provide either (a) that the term of office shall be continuous for all directors, or (b) that a certain proportion not less than one-third shall retire annually. All retiring directors shall be eligible for 40 re-election.

Who may be elected a director.

**8.** Any policy-holder who holds a policy or policies to the amount of at least one thousand dollars who is not in default in respect of any premium or any assessment on his deposit or premium note and who has paid in cash all 45 liabilities incurred by him to the Company shall be eligible