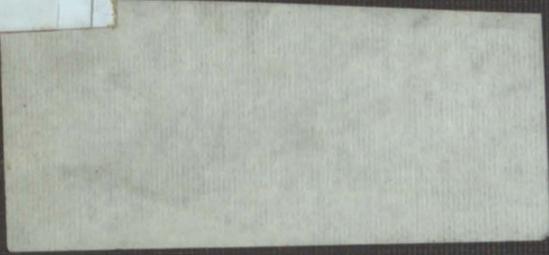


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FARMERS' MUTUAL INSURANCE
IN MISSOURI.

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Early History of Mutual Insurance.

The only form of co-operation which has been successful among the farmers of Missouri and in fact the farmers of the entire United States, is the present existing mutual insurance companies. This kind of co-operation has had an interesting historical development. For the sake of a better understanding, a short history of the early development of mutual insurance will be given.

The Amicable Contributionship, or Hand-in-Hand, organized in 1696, was the first mutual company ever formed in England. (1) This company is important, since fifty-six years later the Philadelphia Contributionship in America was modelled after it. The Philadelphia Contributionship was the first insurance company founded in America, and it is interesting to know that it was a purely mutual company. Some of the similarities of the two companies are as follows: 1. The names are almost alike. 2. Both have the same badge or emblem. 3. The constitution of each was called "The Deed of Settlement." 4. The term of insurance of each was seven

(1). Pamphlet, "Gen. Hist. of the Rise and Progress of Mutual Fire Ins.," F. J. Martin, Page 2.

years. (1)

The first notice in regard to the organization of the Philadelphia Contributionship was published Feb. 18, 1752, in the "Pennsylvania Gazette," a weekly paper published by Benjamin Franklin and David Hall. This notice read as follows: "All persons inclined to subscribe to the Articles of Insurance of houses from fire in and near the city, are desired to appear at the Court House, where attendance will be given to take in their subscriptions every seventh day of the week, in the afternoon, until the 13th day of April next, being the day appointed by the said articles for electing twelve directors and a treasurer." (2) On the day appointed the subscribers met and elected the directors and treasurer for the ensuing year.

(1). Pamphlet, "Centennial Meeting of Phil. Contributionship", page 10.

Mr. Horace Binney, one of the directors of the Phil. Contributionship, in a speech delivered at the Centennial Meeting of the Co., said concerning it: "We began one hundred years ago with nothing but a good thought, a seed which when it was sown, was no bigger than a grain of mustard seed, less than all the seeds that be in the earth; and at this day how many lodge in security under the shadow of the tree that has sprung up from it!... It was indeed a great and prolific thought, and great honor is due those who first conceived it among us or who first obtained the seed from elsewhere to plant it here."

(2). Pamphlet, "Centennial Meeting," page 20.

Among the men who signed the articles of insurance were James Hamilton, who was then Lieutenant Governor of Pennsylvania, and Benjamin Franklin, who was later one of the directors of the company. Franklin was a man of great prominence at that time and the attachment of his name to an enterprise meant the approval of it by his fellow-countrymen.

The first houses insured by the company and hence the first houses insured on the American continent were those belonging to one John Smith, who was the first treasurer of the company. The policy was for the insurance of two brick houses, three stories high. The survey for the insurance was made June 1, 1752. (1)

The original principles upon which the company conducted its business were as follows: 1. The policy of insurance was for seven years. 2. The business was conducted on the premium-note plan. 3. The risk of all fires was assured without any restrictions as to the cause. 4. A policy did not end with the destruction of a house, but continued throughout the term of insurance, if the property destroyed was re-

(1). ^{page} Ibid., 24-25.

placed. 5. The issuing of a policy to an individual made him a member of the company. 6. In case the funds of the company should be depleted, the members were liable for a sum equal to one-half of their original premium-note. 7. The interest on all money paid the company as premiums was returned to the policy-holders. (1)

The last principle enumerated in regard to profits was not a beneficial one for the company. As long as the business was conducted in this way the company was a dividend paying concern. There could be no accumulation of a reserve above the amount paid in as premiums, since all income accruing as interest on the premiums was returned to the policy-holders. The effect of this plan may be seen from the following statistics: the amount of ~~its~~ risks at the end of the first year was \$108,360.00, and the amount of the premiums paid in, \$126,131.00. At the end of ten years, the amount of its risks was \$67,773.00, and the amount of premiums paid in, \$982.25. Within ten years there was a decrease of nearly two-fifths in the amount of the risks and about one-

(1). ^{pages} *ibid.*, 30-31.

third in the amount paid as premiums.

It is not strange that the company did not prosper, as any considerable loss would have ~~depleted~~ ^{exhausted} its funds. At the meeting of the company in 1763 the members struck out this article in the constitution and substituted two others. The first one of these provided there should be no more profit sharing; the second, that all money arising from interest should go to a reserve fund. (1) These changes brought greater confidence, and from that time the company began to prosper.

Perhaps it will be interesting to know something in regard to the rates of insurance in those early days. They were not very different from those of today. The Philadelphia Contributionship insured brick and stone buildings for twenty shillings per hundred pounds. This is equal to a premium of one per cent. The average cost of insurance for the first year of the company's existence was 1.17 per cent, and at the end of ten years, 1.44 per cent. These rates are somewhat higher than those of today on property of the

(1). ^{page} Ibid., 33.

same kind. (1)

Soon after the formation of this company, several others were organized. In 1762 the Baltimore Equitable was formed, which is today a strong mutual company. During the same year the Mutual Assurance of Norwich, Connecticut, came into existence. In 1826 the Cincinnati Equitable was formed, being modelled after the Baltimore Equitable. The oldest insurance companies now doing business in many of the old eastern states are mutuals. This is true of Pennsylvania, Connecticut, Rhode Island, Maryland, South Carolina, and Georgia. (2)

Each company heretofore mentioned confined its business to the insurance of stone and brick buildings within or near the city in which it was organized. It was not until the birth of the Stock Companies, that all kinds of property came to be insured. By the extension of insurance to all kinds of risks, regardless of their nature, the cost of insurance was greatly increased. This led to the extension of mutual insurance, since in this way the cost of insurance

(1). Ibid,^{page} 42.

(2). Pamphlet on Insurance, F. J. Martin,^{page} 15.

could be greatly reduced.

The next class of mutuals to gain prominence were the Factory mutuals. The first company of this kind was founded in 1836 by Zachariah Allen, a cotton manufacturer of Alledale, Rhode Island. Allen had at that time built and fitted up his factory in such a way that the danger of loss by fire was very small. He desired a lower rate of insurance than that charged by the stock company. This led to the organization of the first factory mutual. The company formed was the Manufacturers' Mutual Fire Insurance Company of Providence, Rhode Island. Soon after this time, other factory mutuals were formed, and today more than fifty of this class of companies exist, carrying risks to the amount of \$1,400,000,000.00. (1)

Farmers' mutuals were the last form of mutuals to reach a high state of development. A few companies which insured farm property were organized before the first factory mutual, (2), but they were very small and unimportant. The oldest one of these at the time the eleventh census was taken was

(1). Ibid, 6.

(2). Census of 1890, Vol. I. on Agriculture, table I, pages 56, 29, and 54.

a small local company organized in Pennsylvania in 1811. In 1828, two companies were organized in Massachusetts; and in 1834, one in Ohio. The organization of these companies shows that early in the last century the idea of mutual insurance was beginning to extend beyond the cities into the rural districts. It is not until about 1850 that we find many farmers' mutuals being organized. Since then, however, this farm insurance has come to be very popular with the farmers of the United States; and today farmers' mutuals are to be found in nearly every state in the Union.

We have seen that the idea of mutual insurance, ^{as} ~~so~~ far as the United States is concerned, originated in England during the closing decade of the seventeenth century; that fifty-six years later, or in the middle of the eighteenth century, it was introduced into America; that in 1835 there was an extension of the idea in the formation of the first factory mutual; and, finally, that there has been a further extension of the idea in the formation of farmers' mutuals.

Early Period of Mutual Insurance in Missouri.

In 1820 Missouri had a population of 55,988. (1) On comparison of this small population with the area of the state, it is evident that the rural districts must have been almost entirely unsettled. There was no property to insure and farmers' mutuals could not develop. Beginning with about 1850 conditions began to change. The fertile districts accessible to a market were by this date very well developed. Wealth had been created which needed insurance protection. With this need comes the organization of mutual insurance companies.

The first mutual companies in Missouri were the Mutual Fire and Marine Insurance Company of Lexington, and the Missouri State Mutual Fire and Marine Insurance Company of St. Louis. Both these companies were incorporated by the legislature in the year 1849. (2) The act creating the former enumerates the following things which the company may insure: "dwelling houses, stores, and all other kinds

(1). Census Report 1850, page 665.

(2). Session Acts of 1849, pages 234, 377.

of buildings, vessels in port, house furniture, merchandise, also specie, bullion, bank-notes, bills of exchange, and all other kinds of property." The management of the company was placed in the hands of nine directors. They were authorized to choose a president and secretary and proceed to open the books of the company. As soon as the amount of insurance on real estate and merchandise should amount to \$50,000.00 and the premiums should have been paid or security given for them, the organization of the company ^{would be} was completed.

The company was authorized to conduct its business on the premium-note plan. By this plan an individual upon insuring his property gives his note to the company, payable upon demand, for an amount supposedly sufficient to pay his proportionate share of the losses during the period of his insurance. When the company needs money to meet losses, it collects a percentage of each note, sufficient to pay them. The Lexington Company was not to have, at any one time, more than \$20,000.00 of such funds. The period of incorporation was for twenty years, at the end of which time

the accumulated reserve was to be divided pro rata among all persons who had held policies in the company.

The State Mutual Fire and Marine Insurance Company was incorporated on a similar plan. It was authorized to insure property anywhere in the state. (1) Article VI of the act reads: "The directors may extend the insurance of said company to every part of the state, on real or personal property within the same, with the exceptions and provisions hereinafter enacted, not exceeding the sum of \$10,000.00 on any one risk at such a rate as said directors may, in view of the equity of the case and interests of the company, determine." The company was not authorized to insure such property as specie, bullion, bank-notes, and bills of exchange. (2)

The risks incurred by the company were insured against

(1). In the case of the other company, nothing concerning the territory in which the company could insure property is said. It is implied, however, that it could insure anywhere in the state.

(2). Session Acts ^{of} 1849, ^{page} 235.

destruction by fire. Property was not to be insured for a shorter time than one month or longer than ten years. The company was incorporated for twenty years.

The act of incorporation of this company is very carefully drawn, everything concerning the company being specified in it. The act incorporating the former company was, on the other hand, loosely drawn, many details of management being left to the directors of the company.

These companies, incorporated by the fifteenth General Assembly, were the first mutuals organized in Missouri. Strictly speaking, they were not farm mutuals; but evidently they could insure farm property. From this time on, we find each succeeding legislature incorporating mutual insurance companies, the majority of which are really farm mutuals.

The Sixteenth General Assembly, which met in 1851, incorporated three mutual companies. Two of these were St. Louis companies, namely, the St. Louis Mutual Fire and Marine Insurance Company and the Merchants' Mutual Insurance Company. (1) The former company was incorporated for a period of twenty-five years and the latter for a per-

(1). Session Acts ^M1851, Page 80.

iod of thirty years. Both companies were to conduct their business on the premium-note plan. The former company was authorized to extend its business to any part of the United States, while the latter could not go outside the state.

For the purposes of this paper, the most important company incorporated by this legislature was the Boone County Home Mutual Fire Insurance Company. (1) This was the first county mutual organized in the state. It was primarily a farmers' mutual but also insured urban property. The company was limited to Boone County. It was incorporated for a period of twenty years, and was authorized to insure dwelling houses, stores, shops, household furniture, and merchandise against loss or damage by fire or other cause.

The annual meeting of the company was to be held in Columbia on the first Wednesday of April. At this meeting the members were to choose a board of directors consisting of not more than fifteen members ^{nor} ~~of~~ less than nine. The

(1). Session Acts, 1851, pages 122-126.

directors were to choose the officers of the company, prescribe their duties, and fix their compensation. They were to determine the rate of insurance and the amount for which property should be insured, except that no building should be insured for more than two-thirds ^{and} no personal property for more than one-half its valuation, and no house for more than \$10,000.00

The company conducted its business on the premium-note plan, every person being required to pay ten percent of his premium in cash and give a promissory note payable on demand for the remainder. In addition to this, an amount equal to fifty cents on the hundred dollars could be collected in case of necessity. Not more than one assessment per year could be made. If this should prove insufficient to pay the losses, the directors were authorized to borrow an amount necessary to make up the deficiency.

This company was very successful until the Civil War, which compelled it to go out of existence.

The General Assembly which met in 1853 incorporated several companies on the same plan as that of the Boone

County Mutual Company. These were the Home Mutual Fire and Marine Insurance Companies of St. Charles, (1) the Clay County Home Mutual Insurance Company, (2) and the Howard County Home Mutual Insurance Company. (3)

These, like the Boone County Company, were incorporated for a term of twenty years and the Clay County Mutual and Howard County Mutual were authorized to insure the same kinds of property as the Boone County Company. The St. Charles Company was authorized to do a marine business in addition to that which the other companies did.

The Eighteenth General Assembly, which convened in 1855 incorporated more companies than any previous legislature. This assembly authorized the incorporation of four companies, all strictly county mutuals. These were: The Callaway County Home Mutual (4) the Cole County Home Mutual (5) the Lafayette County Home Mutual (6) and the Randolph County Home Mutual. (7)

- (1). Session Acts ¹⁸⁵³ 1853, page 84. (2). Ibid. ^{page 2} 37. (3) Ibid. ^{page 2} 37.
(4). Session Acts ¹⁸⁵⁵ 1855, page 307. (5). Ibid. ^{page 2} 307. (6) Ibid. ^{page 2} 119.
(7). Ibid. ^{page 2} 91.

These companies were modelled after the Boone County Mutual and need no comment.*

The Nineteenth General Assembly, which convened in regular session in 1857 incorporated the Monroe County Mutual. (1) This company was similar to the ones mentioned above. This same General Assembly, in an adjourned session, incorporated the Farmers' Mutual Insurance Company of North-east Missouri, which was the first company bearing the name of Farmers' Mutual. (2) The name of the company, however, does not signify any change in the usual method of organization or kinds of property insured. The board of directors was composed of a smaller number of individuals than in the case of the companies previously organ-

*Article III of the act incorporating the first reads as follows: "The said companies incorporated by this act shall, in all things, be subjected to the same restrictions, and entitled to all the powers, privileges, rights and immunities which were, and have been granted to the "Boone County Home Mutual Fire Insurance Company," by an act entitled, "an act to incorporate the Boone County Home Mutual Fire Insurance Company," approved Feb. 28, 1857, and all other acts amendatory of the same so far as the same are applicable to the companies hereby created, as fully and completely as if the same were herein re-enacted and embraced specially in this act."

(1). Acts 1854, part II, page 82. (2). Ibid, 87.

ized, there being only five. The headquarters and place of meeting for the transaction of business was to be in Marion County, no town being designated.

The Twentieth General Assembly incorporated two county mutuals, namely: The Ste. Genevieve Home Mutual and the Clay County Home Mutual. The former company was intended primarily for the insurance of property in the counties of Ste. Genevieve and St. Francis. (2) The headquarters of the company ^{were} ~~was~~ to be in Ste. Genevieve. It was practically the same in organization as the other companies.

The Clay County Home Mutual was to be regulated by the act, above described, by which the Lafayette County Mutual was established. The company was authorized to insure property in any county in the Fourth Congressional District. This district comprised the following counties: Clay,

(1). Acts ^{of} 1859, part II, page 82.

(2). Article I of the act reads as follows: "Francis C. Rozier, Louis C. Menard.....and all other persons residing in the counties of Ste. Genevieve and St. Francis or owning property therein who may hereafter become members of said company in the manner herein prescribed, he and they are hereby incorporated and made a body politic." Revised Statutes of Missouri of 1859, p. 349.

Caldwell, Davies, Harrison, Gentry, De Kalb, Clinton, Platte, Buchanan, Andrew, Nodaway, Archison, and Holt. This comprises all the territory in the extreme north-west portion of the state. The town of Liberty, Clay County, was designated as the place where the meetings of the company were to be held. The term of incorporation was for thirty years, while in the case of the other companies it was twenty years. This was practically the last assembly which incorporated mutuals by special acts. In 1861, as is well known, the Civil War broke out and people thought little of organizing any kind of companies. The country was in a state of turmoil and war, and industry was to a great extent stifled and property very insecure. This was particularly true of Missouri, as it was a border state and neighbors often found themselves on opposite sides. Such conditions were anything but favorable to ~~the encouragement of~~ the organization of mutual insurance companies. Not only were there no new companies formed, but all which had been created, passed out of existence.

Up to the beginning of the war, ten mutuals had been

formed, one in each of the following counties: Boone, St. Charles, Clay, Howard, Callaway, Cole, Lafayette, Monroe, Randolph, and Ste. Genevieve. This was good progress in view of the population and wealth of Missouri at that time. The population of the state, according to the census of 1850, was 682,044. (1) This included 87,422 slaves, which left a total free population of 594,622. The free population of the counties in which the eight mutual companies had been formed was as follows: Boone, 11,313, St. Charles, 9,492, Clay, 7,585, Howard, 9,039, Callaway, 9,895, Cole, 5,699, Lafayette, 9,005, Randolph, 7,267, Monroe, 8,493, and Ste. Genevieve, 4,697. These were then the most populous and wealthy counties in the state.

These counties, with one exception, border on the Missouri River. Randolph, which does not, is separated from it by only one county. They stretch across the state along the river from Clay on the west to St. Charles on the east. As these counties bordered on the river, they were more highly developed than other sections of the state. At

(1). Census of 1850, Page 664.

that time nearly all communication and commerce were carried on by water. People settled along the large water-ways for this reason. In addition, the great fertility of the land along the Missouri River promoted the growth of population and wealth. These facts account for the formation of the first mutuals in the counties above named.

In the above pages we have briefly sketched the beginning of farmers' mutual insurance companies. These companies must necessarily have confined their business largely to the rural districts. The towns in which they were were little more than villages. Columbia, the largest town in Boone County and the home of the first county mutual, had a population of 651; St. Charles, in St. Charles County, had a population of 1,496; and Liberty, in Clay County, had 699.(1) These three places were the largest towns in these three counties, and in other counties the towns in which mutuals were formed were no larger. It is therefore evident that the greater part of the property insured must have been in the farming districts.

(1). Census of 1850.

Farmers' Mutuals Since the Civil War.

We begin this period with the close of the Civil War for several reasons. In the first place, that was the date of the beginning of a new era along ^{many} ~~nearly all~~ lines. The state had passed through a most terrible war and progress had been stopped. After the war, the people began almost anew. After an absence of four or five years the soldiers returned, in many cases, only to find their homes in ashes and their farms grown up to weeds. It was almost like settling the country again.

A second reason for beginning with the close of the war, is, that all the companies existing today have been organized since that time. The present methods of mutual insurance are mainly of a development which has taken place since the war.

A third reason is, that the end of the war marks the close of special legislation. The Missouri Constitution of 1865 provided that no more special legislation be enacted. This necessitated the enactment of general laws regulating

mutuals as well as insurance companies of all other kinds.

During this period farmers' mutuals have sprung up all over the United States, and Missouri has not been backward in the movement; for within its borders there have been formed about ninety-eight such companies.

Let us now consider the causes for the organization of so many mutuals. Chief among them is the high cost of insurance in the stock companies. In 1885, the stock companies of the United States received an aggregate of about \$100,000,000.00 annually in premiums. Of this, the amount paid out for losses was 53.3 per cent, leaving 47.7 per cent for profits and operating expenses. The amount paid out for losses was, therefore, \$53,300,000.00 and that for expenses and profits, \$47,700,000.00. The average commission to agents was then about 15 percent and the cost of rents, salaries, and all other running expenses was about 20 percent. This leaves about 15 percent for profits. (1) Thus we see that insurance protection in such companies is high. The farmers' ~~mutuals~~ and others have to pay almost twice as much

(1). How to Co-operate, Herber Mynic, ¹⁹¹² 159.

as is returned to them in the form of losses. (1)

Many have urged, as a further reason for the formation of farm mutuals, that by having such companies, the farmers insure themselves and thereby keep capital from leaving the community, to be invested elsewhere. As is well known, nearly all the stock companies are located in the eastern states, and some of them, in foreign countries. When premiums are paid these companies, capital is taken from the community. Of this, only about one-half ever returns and that is, of course, the part paid for losses..

The following table, compiled by the Insurance Department of Missouri, demonstrates this fact.

(See table next page)

(1). Superintendent of Insurance, Tarbox, of Massachusetts, said in 1885 in his annual report: "The too great cost of insurance challenges the attention of a frugal public. We pay too much for insurance protection. Plainly, it should not be, as for a quarter of a century it has-cost the people of this county a hundred million dollars and more to protect themselves by insurance against sixty million dollars' loss of property by fire."

Year,	Premiums Rec'd.	Losses Paid.	Amount Taken Out of State.
1871	2,548,900.00	1,105,300.00	1,433,600.00
1872	2,433,500.00	1,546,200.00	887,300.00
1873	2,545,100.00	1,305,100.00	1,240,000.00
1874	2,582,900.00	1,425,500.00	1,157,400.00
1875	2,655,600.00	1,445,000.00	1,209,400.00
1876	2,525,600.00	900,900.00	1,624,700.00
1877	2,133,500.00	1,545,800.00	587,700.00
1878	1,929,100.00	749,200.00	1,179,900.00
1879	2,223,600.00	1,608,100.00	615,500.00
1880	2,796,300.00	1,517,400.00	1,278,900.00
1881	3,186,600.00	2,315,400.00	871,200.00
1882	3,645,400.00	2,135,600.00	1,509,800.00
1883	3,932,400.00	2,049,900.00	1,882,500.00
1884	3,933,700.00	2,723,400.00	1,210,300.00
1885	3,977,300.00	2,184,900.00	1,792,400.00
1886	4,169,300.00	2,192,600.00	1,976,700.00
1887	4,246,800.00	3,084,400.00	1,162,400.00
1888	4,309,100.00	2,572,600.00	1,736,500.00
1889	4,666,300.00	2,869,800.00	1,996,500.00
1890	4,615,060.00	2,681,449.84	1,933,610.16
1891	4,616,447.46	3,351,521.33	1,264,926.13
1892	5,367,140.13	3,987,669.32	1,379,470.18
1893	5,211,731.44	4,674,224.18	537,507.26
1894	5,148,543.74	3,598,444.68	1,550,099.06
1895	5,119,930.14	2,566,441.55	2,553,488.59
1896	4,932,334.14	2,455,724.78	2,476,609.36
1897	4,854,105.44	2,716,620.28	2,092,485.16
	100,304,292.49	61,053,194.01	39,251,098.48

These figures apply to insurance in general, but ^{they show} how vast an amount of wealth has been taken from the state by the stock companies. According to the table, \$39,251,098.48 has been taken from the state and invested elsewhere. By the organization of farmers' mutuals and other kinds of mutuals, this amount of wealth could have been saved to the people. *approximately the same*

The fundamental reasons for the organization of farmers' mutuals have been given. We will now take up the ~~se~~ causes which led the farmers to form mutual companies. Before 1867 there was no general organization to encourage the formation of such companies. Doubtless many farmers realized they were paying too much for insurance, but on account of their isolated and independent life, the farming classes in general are slow to co-operate. To be successful, a farmers' mutual must cover considerable territory. The farmers living in such territory are not closely associated. An individual farmer seldom knows many others beyond a radius of a few miles from his home. Under these conditions it is extremely hard for a mutual insurance com-

pany to be formed without some outside impelling force.

What was needed was some organization to encourage co-operation among the farmers. The first such organization of any importance was the "Patrons of Husbandry" or "Grange." Its purpose was to bring the agricultural classes closer together and cause them to co-operate for their own benefit.

The "Grange" was organized in the year 1867 by several government officials at Washington. The one most instrumental in its formation was Mr. O. H. Kelly of the Bureau of Agriculture. (1) It was a secret organization, membership in which was limited to farmers. The following extract from a circular issued by the National Grange at Washington, D. C. shows what the order expected to accomplish: "The Order of the Patrons of Husbandry will accomplish a thorough and systematic organization among farmers and horticulturists throughout the United States, and will secure among them intimate social relations and acquaintances with each other for the advancement and elevation of their pursuits, with an appreciation and protection of their own interests.

(1). History of the Grange Movement, by Edward Winslow Martin, 1908.

By such means may be accomplished that which exists throughout the country in all other avocations and among all other classes--combined co-operative association for individual improvement and common benefit." (1)

The movement spread very rapidly for a few years, especially in the territory of the middle west, which is the great agricultural region of the country. While we have no figures for Missouri, some idea may be gained of the strength of the organization by the fact that in Iowa it had, in 1874, over 100,000 members.

The organization of farmers' mutual insurance companies was one of the numerous forms of co-operation brought about by the Grange. The following companies were formed by members of the Grange in Missouri: The Patrons' Mutual Insurance Company of Lafayette County, organized in 1875; The Patrons' and Farmers' Mutual Insurance Company of Cass County, organized in 1876; The Patrons' Home Protective Association of Clay County, organized in 1876; The Patrons' Home Protective Association of Davies County; the Grange Mutual Insur-

(1). Martin's History Grange Movement, page 420.

ance Company of Lewis County, organized in 1880; the Farmers' Home Insurance Company of Ray County, organized in 1877; and the Cedar Ford Mutual Aid Society, organized in 1871.

During the last few years while the Grange has almost disappeared, various associations have been formed for the betterment of existing mutuals and for the encouragement of the formation of new companies. ~~In Missouri,~~ An organization known as the State Association of Farmers' Mutual Insurance Companies, was formed in 1899 for this purpose. It is composed of delegates sent by the various farmers' mutuals of the state. It holds meetings, discusses questions connected with such insurance, and in every way encourages the formation of new companies in districts where none exist. Through its influence several companies have been organized.

Many companies have been formed by immigrants from other states, where such mutual insurance had already been established. The Johnson County Mutual is one of these.

In the case of one company in south-east Missouri,

which was organized in a German settlement as a kind of church organization, the idea seems to have been introduced from Germany; for the members of the company had lately come from Germany and knew nothing of mutual insurance in this country. Today this company is known as the Farmers' Mutual Insurance Company of Cape Girardeau County.

A few other companies, among them the Boone County Mutual, were established on the foundation of those which existed before the war.

Briefly to summarize, we have seen that the chief cause of the formation of mutual insurance companies in Missouri was the desire of the farmers to secure cheaper insurance and to keep their capital for home investment, and that the principal agencies in the establishment of such companies were the Grange and immigration from other states and from Germany.

Classifications of the Companies.

Since the Civil War, as stated above, there have been organized in the state ninety-eight farmers' mutuals, all of which still exist. The oldest and most numerous are those which insure against fire and lightning only. It is not until about 1890 that we find the formation of companies for protection against destruction from other causes. This can be accounted for on the ground that the destruction of property was and is yet nearly all due to fire. Hence there was found little necessity for the organization of other than fire companies.

The following table shows the number of this class of companies, organized each year.

Year.	Companies Formed.	Year.	Companies Formed.
1867	1	1890	9
1868	1	1891	7
1871	1	1892	7
1874	1	1893	3
1875	4	1894	3
1876	2	1895	7
1877	2	1896	8
1880	1	1897	3
1881	1	1898	1
1883	1	1899	1
1887	2	1900	1
1889	3	1901	1
1903	1	1904	1

This table shows a total of seventy one companies. We see that the organization of new companies was very slow up to about 1890. From this year until 1897, was the period of greatest increase. Since 1897, however, organization of new companies has gone on very slowly. The cause of this was twofold; first; in nearly all the more wealthy and better improved counties of the state, companies had been founded by 1897. Since the basis of organization is the ^{of farmers' companies} county, there is a definite limit to the number of companies which can be formed. Secondly, mutual insurance fell into disfavor in Missouri between 1897 and 1900 on account of the almost universal failure of the town mutuals. The legislature passed an act in 1895, authorizing the formation of such companies. (1) The law was loosely drawn and there were not sufficient safe guards to insure their stability. They were authorized to extend their insurance to any part of the state and could insure country property as well as town property. These companies and the farmers' companies inevitably came into conflict.

(1). Session Acts 1895, page 200.

Since the town mutuals had insured a great deal of farm property and were known throughout the state, their failure caused the farmers to distrust all kinds of mutual insurance.* The agents of the "Old Line" companies, who of course were anxious to extend their business, used the failure of these mutuals very effectively as an argument to prejudice the people against mutual insurance of any kind. Many of the mutuals which were in a very stable condition had a hard time in weathering the storm. As an example of this might be mentioned the Farmers' Mutual Fire and Lightning Insurance Companies of Nodaway County. In two

* Nearly every town in Missouri with a population of 2,000 and more had a town mutual. Fifty six such companies were organized. These town mutuals extended their business over the state and came into competition with each other. Then the natural thing happened. They began to reduce their rates and to underbid each other for insurance. With the extension of their business and the consequent great increase in expenditure and the reduction of their rates below the actual cost of insurance, failure was inevitable. In 1899 the legislature enacted a more stringent law governing the operation of town mutuals but it was of no avail; the mischief had already been done. Out of fifty six companies all failed but one, a St. Louis company which conducted its business along conservative lines.

years the membership of this company fell off from 1800 to between 1100 and 1200, a decrease of over one-third. After 1900 when the town mutuals had all failed, the farmers again began to have renewed confidence in their companies and they started again on the road to prosperity.

In 1896 the first farmers' Tornado and Windstorm mutual was formed. We will now consider this class of mutuals. The need of windstorm and tornado insurance protection was not felt so early as the other. Tornadoes and windstorms are of rather rare occurrence; ~~in Missouri~~, and furthermore, before the country was thickly settled, there was little to be destroyed. As the rural districts became more thickly populated, the occasional tornado worked much greater destruction. This caused the people to realize the need of windstorm and tornado mutuals.

The connection between these companies and the county mutuals is intimate. Since the loss from windstorm or tornado may be very large, it is necessary that the insurance area be wider, and the difficulties in the way of co-operation are therefore greater. But when the people had become ac-

customed to co-operating in the more local farmers' mutuals the step to wider co-operation was easy. Also the machinery of the county mutuals could be utilized in the formation of the tornado and windstorm mutuals.

In Missouri three such companies have been formed: The Farmers' Mutual Tornado and Windstorm Insurance Company of the First Congressional District, organized in the year 1889; the Farmers' Mutual Windstorm and Tornado Insurance Company of the Fifteenth Congressional District, organized in 1896; and the Farmers' Mutual Windstorm and Tornado Insurance Association of the Third Congressional District (now state of Missouri), organized in the year 1899. The second company named is organized with the Jasper County Farmers' Mutual Fire and Lightning Insurance Company. These two companies are separately incorporated, but both are under the same management and officers. The first and last companies named now extend their business over the entire state, as an act passed by the legislature in 1892 provides that when such a company has insurance in force to the amount of \$400,000.00 in the congressional district in which it started, it can

extend its business to any part of the state. Nearly every agent for a county fire mutual is also an agent for one of the tornado companies, and every farmer in the state has the opportunity of insuring his property in a tornado mutual. One of these companies includes insurance against loss by hail. (1)

There are in the state at least seven companies which insure property against fire and also against wind-storm and tornadoes. Such a combination is unwise, for as we have indicated above, the area covered by the county mutual is too small to insure payment of losses in case of a destructive storm. The same objection may be urged against the selection of the congressional district as a basis for windstorm and tornado insurance. And furthermore, the congressional district is unsatisfactory because its bounds are liable to change. The ultimate goal must be the restriction of the field of the county mutuals to insurance of property against fire and lightning and the formation of a mutual tornado and wind-

(1). In Missouri hail mutuals have not developed. In Iowa and other north central states, where hail storms are frequent, there are many such companies.

storm companies which shall operate throughout the state and which shall rest upon the various county mutuals.

Farm property forms nearly all the risks carried by the farmers' mutuals. The primary purpose of such companies is to insure farm property. Some companies do however, insure town property to a limited extent and many who are interested in farmers' mutuals strongly advocate the extension of their field ~~mutuals~~ so as to include town property. Those who favor this extension argue that such property forms a better risk than does farm property, and in support of this contention they cite the fact that the "Old Line" companies insure urban property at a less rate than farm property. The reason for this ^{lower} rate is, that cities and large towns are provided with water works and fire departments. Under such conditions ^{danger} ~~chance~~ of loss by fire is greatly reduced. Even property in small towns which enjoy no fire protection is considered by the "Old Line" companies to be a better risk than country property. This ^{is} because if a building catches fire there are always a number of people to co-operate in extinguishing it, which is not true in the country. It is also urged that in

the case of urban property the danger from fire is limited by more careful construction and more thorough inspection.

These arguments are valid. Under normal conditions, the danger of loss by fire in towns is much less than in the country. But in the opinion of the writer these ^{is a} ~~are~~ far stronger arguments against the insuring of urban property by farmers' mutuals. ~~In the first place, the~~ farmers' mutual is of a too limited territorial extent to carry such risks. In most counties where farmers' mutuals exist there are not more than one or two towns of ^{considerable} ~~any~~ size. If a great deal of property be insured by a company in one of these towns, ^{is} as is nearly always the case, the company ^{is} carrying too great a risk, since there is always the possibility of the town being destroyed by fire. In such a case the company has not enough resources to meet the loss, and only failure can result. An "Old Line" company, which has risks in thousands of towns, has a sufficient income to meet such losses; but a mutual covering only a county has not. This is one vital objection to the insuring of town property by farmers' mutuals.

Most of the farmers who are interested in mutual companies are opposed to the insurance of town property. Those who favor it, are in nearly all cases, retired farmers who have moved to town. The question of insuring town property came up in 1905 in the annual meetings of ~~the~~ two companies, and in both cases the members almost unanimously voted against the proposition.

Out of a total of seventy-one mutuals from which reports were received, forty-two insure no town property whatever, eighteen reported as insuring property in incorporated and unincorporated towns, provided the risks are isolated and from sixty to one hundred and fifty feet apart; (1) Eleven reported as insuring property in unincorporated villages only, and only where the risks are isolated.

In nearly all the cases the property which is insured in towns, consists of residences. A few companies do, however, insure business houses. One company reported as insuring houses in towns against loss by fire which shall originate in the building, but not against fire which shall originate in another house and extend to it. Another company makes a

(1). The distance required by most companies is about eight feet.

rather peculiar restriction in not insuring property in vil-
lages which have more than ten houses. From the above facts
it is seen that most farmers' mutuals insure no town property
and ^{that} of those which do, the majority do so only to a limited
extent.

With regard to the nature of the risk taken there is
wide diversity among the companies. This is due in some in-
stances to the time of organization and in others to the char-
acter of the communities in which the companies are organ-
ized. In some communities, nearly all the insurable property
consists of buildings, as very little live stock is kept.
Furthermore, the older companies usually confined their risks
to buildings and contents. With the growing importance of
live stock, the increased loss of ^{such property} it by lightning became se-
verely felt and many people began to desire live stock in-
surance almost as much as insurance on other property, and
Some "Old Line" companies insured live stock. ^{Hence} The farmers'
mutuals in order successfully to compete with them, were forced
to do likewise. Those which do not carry such risks are at
a great disadvantage, Since a farmer prefers to insure all

his property in the same company to save time and trouble; and if a farmers' mutual cannot satisfy these conditions, it fails to get the business. The remedying of this defect in many farm mutuals would undoubtedly strengthen the companies.

All the companies insure residences, barns, granaries, and all other kinds of buildings and their contents. This forms the bulk of insurable property. Fifty companies out of a total of seventy four from which we have obtained data insure live stock. All of these fifty companies insure the chief domestic animals, as cattle, mules, and horses. Some insure sheep and hogs, while others include only one or the other.

There is great lack of uniformity in the method of insuring live stock. There are however, two very well defined methods. The majority of the companies insure on what is known as the blanket policy plan. By this method cattle, horses, mules, and so forth are insured together for a specified amount. Some companies insure the different classes of stock separately, each for a fixed sum, insuring cattle for instance, for a certain amount, horses and mules for a certain

amount, and all other stock in the same way. All the companies insure especially valuable live stock, such as stallions, jacks, fine horses, and fine cattle individually for a specified sum, which usually cannot exceed \$200.00. This sum is too low, as many animals are worth much more. The companies should not fix a maximum value, but should insure such animals according to their value and pay losses accordingly.

In most companies the amount of insurance carried on live stock bears no definite proportion to its value. An individual who possesses a large amount may carry no more insurance than one who has not one-half so much, but in case of loss both receive the same remuneration. A few companies have corrected this injustice, by insuring the whole number of animals for a certain fixed percentage of their value. This is usually about seventy five per cent. If a farmer obtains more live stock after he has taken out a policy, it is provided that in case of loss he shall receive pay in proportion to the percentage the amount of his insurance bears to the value of the total amount. As, for example, if a farmer should have \$2,000.00^{worth} of live stock at the time

of insurance and later procure enough more to make the value of the entire lot \$2,500.00, he would in case of loss of any part of his herd, receive not the entire value of the animals lost but such proportion of the value as the amount for which he was originally insured bore to the present value of his stock. This supposes that the original insurance was for the full value. This method is certainly more equitable than the other, but great difficulty of administration has defeated its adoption to any considerable extent. Farm products, such as grain and hay, both in barns and in fields, constitute another important class of risks. The mutuals first organized did not insure such property, but nearly all those organized during the past few years, do. This arises from the facts that many farmers possess more property of this class than of any other, and that the "Old Line" companies insure such property.

With regard to the insurance of farm products, several problems arise. Chief among them is the period of insurance. Nearly all the mutuals insure property for at least three years and many of them for five years. It is evident that this period is too long for farm products. Evidently such a method is not just to all concerned. One year a farmer may have a large amount of such property and the next year, very little. It is almost impossible to formulate a plan

which will always do justice to all. In the opinion of the writer, the best plan is that used by two of the companies, which insure such property for only one year. This period is short enough for practical purposes and not long enough for inequalities to manifest themselves. Out of seventy two companies from which we have data, forty insure farm products in barns, bins, and fields; seventeen insure them only when in buildings; and fourteen do not insure them at all.

Country school houses and churches, with their contents, are considered by most mutuals as legitimate property for insurance. The reason is that such property is owned by the farmers. In most cases, school and church buildings are well constructed and the danger of loss is not great. Some companies, however, consider such risks less ^{desirable} good than ~~those~~ on ordinary farm buildings. As evidence of this they charge a much higher rate on school and church property. No definite statistics are available. (1)

(1). Some idea concerning the desirability of insuring schools and churches may be obtained from the following statistics collected by the secretary of the State Association of Farmers'

The insurance of such property as jewelry, paintings, plate, and musical instruments is of little importance ^{as} ~~so~~ far as farmers' mutuals are concerned, since farmers as a rule do not possess much of such property. Most mutuals insure this class of property under the head of household goods and some insure it separately. Out of a total of seventy one companies which reported, sixty one insure it either as household goods or specifically, and ten do not insure it. This kind of property should be insured by the mutuals and should, because of the greater value, be rated as a separate risk.

The relation which the amount of insurance bears to the Mutual Insurance Companies in 1899. In answer to ^a ~~the~~ question in regard to tenant property as risks; twenty eight answered good, one very good, two fair, one poor, two bad, and three do not insure: School houses; seventeen answered good, five fair, one bad, one poor, and eight did not answer: churches; sixteen answered good, four very poor, four fair, eight did not answer, and thirteen do not insure: heavily mortgaged property; twenty one good, eight fair, two bad, four did not answer, and ten do not insure: property out of repair; eleven answered good, three very good, five fair, two bad, one poor, six did not answer, and nineteen do not insure. According to this report, the most desirable property is placed first and the least desirable next as follows: 1. Churches, 2. Tenant property, 3. Heavily mortgaged property, 4. School houses, 5. Property out of repair. (Policy Holder, Feb. 1899.)

value of the property has been incidentally mentioned.

We now wish to take up ~~this~~ subject more in detail.

In order to prevent the wilful destruction of property, it is necessary that the amount of insurance shall be less than the real value. As regards the valuation of property there is no general conformity among the companies. A few insure all property for its full value. Some insure real property at a certain percentage of its valuation, and personal property at another; and others insure real and personal property at the same percentage of valuation. In the case of buildings, fifty five reported as insuring them at two-thirds of their value, thirteen at three-fourths, one at one-half, one for full value, and one, at a value not exceeding \$300.00. The great majority prefer two-thirds valuation. This is not high enough to encourage the wilful destruction of property. In case of live stock, as has been shown ^{above} ~~previously~~, there is no fixed rule. The most common provision is that only a certain percentage of the value shall be paid in case of loss. Forty seven companies which reported pay two-thirds of the value, six one-half, and eleven three-fourths. Nearly all

of these companies specify a maximum amount which shall be paid on each particular risk. For example, the farmers' mutual of Macon County provides that the company shall not pay more than \$75.00 on any one horse or mule over three years old, or more than \$40.00 on any one horse or mule under three years old, or more than \$35.00 on any one head of cattle over three years old, or more than \$30.00 on any one head of cattle two years old, or more than \$25.00 on any one head of cattle one year old. These valuations are high enough to cause very little injustice. In some companies, however, the maximum amounts which can be paid are much smaller. This frequently results in injustice. A farmer can get no more for the loss of a fine horse, than for the loss of an ordinary one. Companies so restricted should raise their maximum valuations sufficiently high to prevent injustice, but not high enough to cause over valuation.

In order that mutual companies may carry on their business successfully, incorporation would seem to be ^{desirable} ~~necessary~~. Incorporated companies alone have a legal existence. They alone are capable of suing and of being sued and they alone

can compel members to pay their share of assessments. However, the peculiar nature of mutual companies seems to make incorporation unnecessary. Although the majority are incorporated, many are not. Of eighty two companies from which statistics have been collected, fifty six are incorporated and twenty six are not. The success of the unincorporated companies depends on the honesty of their members and officers. As a matter of fact, however, most mutuals, whether incorporated or unincorporated, have little trouble in conducting their business, since the policy holders compose the companies and ~~they~~ are working for their own benefit. Trouble seldom arises among them.. Incorporated companies seldom need to take advantage of their corporate power to sue members. The practice of dropping delinquent members and not allowing them to reinsure while they remain indebted to the company has been found to be a sufficient check on non-payment of assessments. In but few cases have incorporated companies been sued and in all such suits the companies have been successful.

The reasons given by most unincorporated companies for not incorporating are not convincing, while others give no

reason. Those companies, however, who insure outside their home counties do not incorporate for the reason that incorporated companies are by law prohibited from thus extending their business. (1)

As to the methods of assessment, two different plans are in vogue, namely: the premium-note plan and the simple assessment plan. By the former, as has been previously explained, the property is insured at a certain rate, part of which, usually ten percent, is paid at the time of insurance; for the remainder of the premium a note, payable on demand, is given. In addition, a member is always liable for an ~~an additional~~ ^{further} sum in case the losses of the company are greater than the amount of all the premium-notes. This additional liability is usually fifty percent of the amount of the original premium-note. The second method is somewhat different. At the time of ~~issuing~~ ^{insuring}, a certain percent is

(1). The companies doing business beyond their own home counties are; the Farmers' Mutual Insurance Company of Christian County, The Farmers' Mutual Insurance Company of Lewis County, The Farmers' Mutual Insurance Company of Johnson County, and The Farmers' Mutual of Franklin and Miller Counties.

assessed on the value of the property, and is paid in advance. From the fund thus obtained, losses are met; and when it proves insufficient, an assessment is made against the policy holders. Most of the companies which have adopted this method make no restrictions as to the ^{levying} ~~making~~ of assessments except that it shall be done only when necessary. Some companies do not allow assessments oftener than once a month, while some others allow only one assessment a year. The latter authorize the officers to borrow sufficient money to pay losses, provided there is not enough in the treasury. The simple assessment plan is the one usually employed. On close examination, it is seen that the two methods are almost the same. The only difference is, that the companies which use the premium-note plan are restricted as to the amount of money which they can raise by assessment for the payment of losses, while the companies using the simple assessment plan are not. On account of its simplicity the simple assessment plan is better. The consideration of methods of meeting losses suggests the question whether mutuals should levy sufficient assessments to accumulate a considerable reserve.

This is not the practice of Missouri mutuals, which depend upon special assessments. But there should doubtless be a reserve fund. By this means the cost of insurance would be more evenly distributed over long periods. Some years large losses occur, necessitating large assessments; ⁱⁿ other years the losses are small and, therefore, the assessments will be small. By means of a reserve fund, the yearly assessments could be made more nearly uniform. Moreover, in case of exceptionally large losses, a reserve would increase the stability of the company in that the assessments would not be so heavy as to discourage members. In addition to the above advantages, a reserve enables the company to pay its losses more promptly and thus to retain the confidence of its members.

In this chapter we have seen that nearly all the farmers' mutuals confined their risks to country property and insure against fire only. We have also seen that there is great diversity in methods of insuring the various forms of farm property. However, in general, we can say that the majority of the companies insure, in some manner, buildings, contents,

live stock and grain.

ORGANIZATION.

Upon the method of organization of farmers' mutuals depends in great measure their success or failure. Many are not well organized. The companies are so independent that they do not profit from each other's experience. The members, and especially the officers of each company, usually consider themselves quite capable of managing its affairs. Owing to this lack of co-operation there are no uniform rules of organization.

The first thing to consider in the matter of organization, is the board of directors. They shape the policy of the organization, and upon them, to a great extent depends the success or failure of it. Out of a total of seventy companies from which data have been obtained, all but eight have a board of directors. Upon the officers of these eight companies devolve the duties which are usually those of a board of directors.

In the number of directors and their tenure of office there is great lack of uniformity. The following incomplete table compiled from reports of the various companies shows

the wide diversity in this respect.

Number of Companies.	Number of ^{Directors,} Members.	Term.	Number elected yearly.
23	9	3	3
2	12	3	3
3	3	3	1
1	5	2	2 and 3
4	7	not given	not given
1	11	"	"
5	5	"	"
2	6	"	"
8	none	"	"
10	not given	"	"

In all the above cases but one, members of the board are elected by the policy-holders. In six cases the directors are elected annually, one director being elected from each township. The policy of electing directors annually, involves the possibility of the board's being composed entirely of men unacquainted with the business of the company. In all but two of the companies given in the table, each policyholder has one vote, regardless of the amount of insurance. In the case of one, a vote is allowed for every \$500.00 of insurance and in another, a vote for every \$1000.00 of insurance. Such provisions as these would, in most companies, make little difference. Usually very few members attend

the meetings and little interest is taken in the election of the board of directors. In several companies with a membership of from six hundred to one thousand, the officers of the company report that usually not more than fifty members attend the meetings.

The most important duty of the board of directors is to choose the officers. In all cases these officers are a president, vice-president, secretary, and treasurer. In seven companies, the offices of secretary and treasurer are held by the same individual and are in reality one office. The duties of these officers are the same as those usually performed by such officers in ^{similar} ~~any~~ organizations. In addition to the officers named, some companies have others which are appointed by the board of directors. Usually the work of adjusting, soliciting, appraising, collecting, etc. is done by the secretary, treasurer, or president or by the board of directors as a whole. Two companies, however, have separate solicitors, four have separate appraisers, and six have separate adjusters. These officers are all chosen by the board of directors.

As regards the term of office the general rule is, that officers are elected for one year. Out of a total of seventy five companies which reported, ~~data collected,~~ sixty three elect for one year, nine for three years, one for two years, one for four years, and one for five years. By this it is seen that the most popular term is one year, and the second, ~~three~~ years. Apparently the best term is one year. If the officers be good ones, they can be and usually are continued in office for an indefinite period of time and if they prove not to be good, others can be elected in a short time.

The board of directors have other duties in addition to the election of officers. They usually approve risks, order assessments, investigate losses, and allow payment for the same.

There is a great diversity in the ^{regulations regarding} ~~term of the~~ meetings of the various boards. Many of them meet when called by the president, others have regular times of meeting. The following table will give some idea of the frequency of meeting.

Number of Companies.	Number of Yearly Meetings.
2	3
9	12
9	4
5	2
1	1
1	5
1	7

This accounts for only twenty eight companies. As stated above many companies cannot be classified, as they have no regular time of meeting. Others failed to report and statistics cannot be given. It seems, however, that most boards hold either monthly or quarterly meetings.

Monthly meetings are, in most cases, the best as the time is not too long or too short. By monthly meetings the affairs of the companies are kept almost up-to-date, ~~all the time.~~

Where quarterly meetings are held, things are not ^{always} attended to ~~so~~ ^{as} soon as they should be.

In regard to the pay of directors, officers, and other servants of the various companies, no two companies are alike. The salaries of the officers depend mainly upon the size of

the company, the larger companies paying more than the smaller ones.

In all the companies the directors are paid per diem and mileage. They receive all the way from one to three dollars per diem in addition to from five to eleven cents mileage one way.

Of all the officers the secretaries are the best paid. Their salaries range from ten to one thousand dollars per year. In most companies the secretary's salary ranges from one hundred to seven hundred dollars. Where the secretary's salary is small this is partly compensated for in fees, so much being allowed for every policy written, etc. In some companies the secretary does nearly all the soliciting, inspects all risks, and adjusts all losses. In these cases he receives a certain monthly salary, amounting ^{to} from ten to seventy five dollars per month. When the offices of secretary and treasurer are combined, the salary is larger.

The other officers of the company seldom receive a fixed salary. In a few cases the president gets a small salary, ranging from twenty-five to one hundred dollars.

He is, however, usually paid per diem and mileage as a member of the board of directors. In some cases he is allowed small fees for signing policies. The treasurer is usually allowed a small percent of the money collected and handled. In a few instances he is paid a salary of about twenty five dollars. He, too, is paid per diem and mileage for doing other business, such as attending meetings of the board of directors. Solicitors are paid from fifty cents to one dollar and a half for each application written. In very few cases are they paid a commission upon the insurance written as agents or solicitors of "Old Line" companies are. In a few small companies the officers receive no pay.

MUTUAL INSURANCE LEGISLATION.

Mutual Insurance Legislation ^{of a general character} dates from after the adoption of the constitution of 1865. Previous to this time, the state constitution permitted ~~the legislature to enact~~ special legislation, incorporating mutual insurance companies, and as a consequence all the companies established before this time were established by special acts of incorporation. Section IV of article 8 of the Constitution of 1865 reads: "Corporations may be formed under general laws, but shall not be created by special acts, except for municipal purposes. All general laws, and special acts passed pursuant to this section may be altered, amended, or repealed." (1)

The above provision necessitated the passage of a general law in regard to the incorporation of mutual insurance companies. The first act was passed in the year 1869. It was entitled, "An act for the incorporation of Insurance Companies, other than Life Insurance Companies, and for the regulation of insurance business, other than life insurance

(1). General Statutes of Missouri, 1865, Page 40.

business." (1) The law is a general one and applies to all kinds of insurance companies other than life. The first part applies to the organization of both stock and mutual companies. It provides, "That any number of persons, not less than thirteen in number, a majority of whom shall be citizens of this state, may associate and form an incorporation, association or company for the following purpose, to-wit: first, to make insurance on houses, buildings, merchandise, furniture, and all other kinds of property against loss or damage by fire; second, to insure horses, cattle, and other live stock against loss or damage by accident, theft, disease, or death, or any other unknown contingent event whatever, which may legally be the subject of insurance; third, to make insurance upon the health of individuals and against personal injury resulting from traveling or general accidents." (2)

This act, it is seen, extended to three kinds of insurance; namely, buildings, live stock, ^{and persons,} etc. Only the first

- (1). Session Acts of 1869, Page 45.
- (2). Session Acts of 1869, Page 46.

two concern us in this paper. The next part of the act takes up first the organization of companies ^{on} of the joint stock plan.

Then follow provisions regulating the organization of the mutual companies. For the formation of a mutual company, the promoters shall file a copy of their declaration of intention with the insurance commissioner, and, for four weeks previous to the organization of the company, shall publish their declaration in a newspaper in the county in which the company is to be formed. If the insurance commissioner approve the application after submitting it to the attorney general, he shall issue a charter of incorporation. Before a company can begin to do business, it must have at least two hundred applicants for insurance and the premiums on insurance must amount to not less than fifty thousand dollars. Forty percent of this amount must be paid in cash and premium notes must be taken for the remainder. None of the notes can be for a sum greater than one hundred dollars. The assessments on the notes are payable within thirty days after notice has been given, and in case of non-payment, suit

can be brought for the collection of the amount.

The act provides for the officers of the company and their duties. They are directed to report to the insurance commissioner during the month of January each year, the condition of the company, including the amount of their unpaid claims, amount of cash on hand, amount of losses for the year, amount of outstanding risks, and everything else that goes to make up a statement of the condition of such a company.

Nearly all the oldest companies now existing were incorporated under this act and still continue to conduct their business according to its provisions. The act put all mutual companies under the authority of the insurance commissioner, but this provision was later repealed. It was so hard to meet the requirements of the act of 1869, that it impeded rather than encouraged the formation of mutual companies. When the Grange came to be a strong organization in Missouri, which was about the time of the passage of the act of 1874, agitation for less stringent mutual insurance laws began. Largely through the agitation of this organization,

a bill was introduced by ex-governor Hardin, into the Seventeenth General Assembly in 1874, which greatly changed the mutual insurance laws. It is entitled, "An act providing for the incorporation and management of local insurance companies." (1) It applies only to local mutual insurance companies, and is hence very definite.

According to this act any association of fifty or more persons, citizens of any county, can apply to the circuit court for articles of incorporation, and if the court decides that the constitution presented, conflicts with no laws of the state or United States the applicants are granted a certificate of association. A company organized under the act is restricted to a single county and cannot insure property outside the county. Any person residing in the county can become a member after complying with the rules of the company.

The annual meeting of all companies organized under this act is to be held on the first Wednesday in April, unless another date be fixed by the constitution of the ^{Company.} ~~county.~~ A

(1). Session Acts of 1874, page 90.

board of directors are to be elected consisting of not more than fifteen members or not less than nine members. They are to be elected for a term of three years, except those first chosen, who are to divide themselves into three divisions by lot, one to hold ^{office} for one year, another for two years, and the third for three years. The duties of the board of directors are defined. They shall superintend the business of the company, manage the funds, elect the officers and fix their compensation and determine the amount of insurance, but without insuring any building for more than two-thirds of its valuation or personal property for more than one-half of its valuation, and do all other things necessary for carrying on the business of the company.

No one risk is to be for more than \$10,000.00 and no policy can be issued without the approval of the board of directors. The companies can conduct their business on the premium-note plan or the simple assessment plan. If on the premium-note plan, ten percent of the premium shall be paid when the insurance is taken and a note given for the remainder. If on the other plan, a certain percent shall be paid

in advance.

The act prescribes the manner of reporting losses and how they shall be adjusted. Companies are given ninety days to adjust losses, or in the case of a house, to repair the damage or rebuild.

In case of loss, members of the company shall be assessed proportionally and notified by an officer of the company. In case of companies which shall have adopted the premium-note plan, when the losses exceed the whole amount of the premium-notes, the directors can assess the members in addition to the amount of the premium-notes, an amount not exceeding forty cents on each one hundred dollars insured in the company. Not more than one assessment per year shall be made by the companies doing business on the premium-note basis. The term of insurance under this act cannot be for a longer period than ten years or less than one month.

The act provides that in case property be sold, the insurance on it shall become void, and where property is in any way altered so that the risk is impaired, the insurance also shall become void.

This act definitely defined and gave shape to mutual insurance companies. It allowed them to be organized more easily and more easily managed. Under this act many companies were formed which still do business in accordance with it.

The laws in regard to mutual insurance companies up to 1889 were general and applied to mutual insurance companies of whatever kind. *But in this year,*

— The Thirty-fifth General Assembly enacted a law in regard to farmers' mutual insurance companies. This is the most important and the last law enacted in regard to these companies. It sets forth that all farmers' mutual ^{fire} insurance companies, shall, from the date of the passage of the act, be exempt from the provisions of the general insurance laws, providing such companies do business only in the counties in which they are organized. (1)

(1). Session Acts, 1889, Page 55, Section I: "That hereafter all farmers' mutual fire insurance companies organized for the sole purpose of mutually insuring the property of the members, and for the purpose of paying any losses incurred by any member thereof, by assessment as provided by their constitution and by-laws, are hereby exempt from the provis-

By this law, farmers' mutuals were made independent of the insurance department and their management left entirely to the members of the companies. The law made it easy for companies to organize and incorporate, and within a few years after its passage many new companies were formed. In 1891 the above law was slightly amended in order to make it clearer, but it was changed in no vital way.

As before said, this law applied only to farmers' mutual fire insurance companies. In 1891 another act was passed exempting farmers' mutual tornado and windstorm insurance companies from the act of 1879. Its wording is identical with that of the act in regard to fire companies except ~~that~~

ions of the insurance laws, as mentioned in chapter 119 of the revised statutes of Missouri, and nothing therein shall be so construed as to impair or in any manner interfere with any of the rights or privileges of any such company doing a mutual insurance business in this state, as herein provided: provided, that such companies shall do business only in the counties in which they are organized; and provided further that any member of such company may sue such company the same as if he were not a member thereof."

Section II: "All farmers' mutual fire insurance companies may incorporate by filing a copy of their constitution (and) by-laws, and a sworn statement of the amount insured and the assessed value thereof, with the secretary of ~~the~~ state, and paying the sum of ten dollars to said secretary."

it is provided, that the companies shall do business in the congressional districts in which they are organized. (1)

In 1893 this act was amended by inserting a provision enabling such companies to do business throughout the state when they have as much as \$400,000.00 worth of property insured. (2)

All three of the tornado companies now existing in the state are organized under this act. Two of them have taken advantage of the clause allowing them to extend their insurance over the state.

In 1897 an act was passed similar to the two above, in regard to farmers' mutual ^{hail} ~~home~~ insurance companies. (3)

Such companies are authorized to extend their business to all parts of the state, but as yet no companies of this character have been organized. This act is the last act in regard to farmers' mutuals.

By the passage of these last three acts all the farmers' mutual insurance companies have been exempted from the operation of the law of 1879 and from the supervision of the

- (1). Session Acts of 1891, page 166.
- (2). Session Acts of 1893, page 186.
- (3). Session Acts of 1897, page 131.

state insurance commissioner. State commissioners have, from time to time, advocated the passage of a law putting all farmers' mutuals back under the supervision of the insurance department. An act has also been advocated, prescribing a uniform constitution and by-laws. Neither of the above proposals has found favor with the majority of farmers' mutual insurance companies. The state association has almost unanimously adopted a resolution at every meeting during the last few years declaring that the farmers' mutual insurance laws are satisfactory and do not need revising. It seems that the farmers' mutuals want to be strictly independent and subject to the authority of no public official. It is claimed that the supervision of the town mutuals was unsatisfactory and hence it would not be successful if applied to farmers' mutuals. In several states the farmers' mutuals are under strict supervision. This is true of Michigan, which is considered to have the best and safest farmers' mutual insurance laws in the country. (1) Under this regulation farmers' mutual insurance companies have been extended very

(1). "How to Co-operate", by Herbert Mynic, Page 161.

widely. (1) The farmers' mutuals in the state of North Carolina are under the supervision of the insurance department and are required to keep a reserve fund. (2) A letter from the insurance commissioner, Mr. James R. Young, says, "Such companies are operated very well in this state." From the above two cases it is evident that regulation of such companies can be brought about in a satisfactory manner. By such regulation the companies are given greater stability and are compelled to adopt good business methods.

- (1). "How to Co-operate", by Herbert Mymic, Page 163.
- (2). Pamphlet, Insurance Laws of North Carolina, Page 15.

Extent of Mutual Insurance Business and
Rate of Insurance.

We will first consider the territorial extent of farmers' mutual insurance business. They are found in nearly every section and nearly every county in Missouri. North of the Missouri River there is at least one company in every county and in some counties as many as five companies. South of the river there are several counties in which there are no companies. With two or three exceptions these are in the southeast and south central parts of the state, which are undeveloped. The counties south of the river in which there are no mutual companies number twenty seven. They are Butler, Camden, Carter, Dallas, Dent, Douglass, Howell, Iron, Jackson, Laclede, McDonald, Miller, Mississippi, New Madrid, Oregon, Osage, Ozark, Pemmiscot, Pulaski, Shannon, Stoddard, Stone, Taney, Washington, Wayne, Webster, and Wright.

The second point to be taken up is the amount of insurance the farmers' mutuals have in force. The following table, compiled from the yearly reports of the secretary of the state association, shows the amount of insurance in force for those companies reporting.

Year.	Number of Companies	Amount of Insurance.
1897		
1898		
1899	45	28,542,704.00
1900	54	33,685,359.00
1901	48	34,466,156.00
1902	77	55,013,917.00
1903	52	49,253,282.00
1904	80	70,757,916.00

This table is so incomplete that it is hard to get any satisfactory results for purposes of comparison. However, it can be easily seen, that the amount of insurance carried by the mutuals is gradually increasing.

At the present time it is estimated there is not far from \$100,000,000.00 insurance carried by the mutuals. (1) This estimate is evidently too high, judging from statistics collected by the writer for the year 1904. In this special investigation, seventy one companies reported as carrying \$56,055,157.00. If this be taken as a basis for an estimate of the amount carried by all the companies, the result is \$77,372,666.00. There is a difference of over \$5,000,000.00

(1). W. L. Shouse, Shelbina, Mo.

between this estimate and the one made from the figures in the table above. However, we can safely say that the amount of insurance carried by the Missouri mutuals is not far from \$80,000,000.00.

Statistics collected by the writer in regard to the number of individuals who are members of farmers' mutuals, show that seventy one companies had at the beginning of 1905, 66,608 members. Taking this as a basis, ^{it is reasonable to infer} ~~(we find)~~ that there are in the ninety eight companies, 91,728 members. This means that almost 100,000 farmers in Missouri are interested in such companies. By the census of 1900, 154,404 (1) farmers in Missouri owned farms with buildings on them. This includes the great majority of individuals who have property which can be insured in farmers' mutuals. From these figures it ^{appears} ~~is evident~~ that about three-fifths of the farm property is insured in farmers' mutuals.

The incentive for this growth is found in the cost of that insurance. It is not difficult to show, farmers have saved thousands of dollars by insuring in the mutuals.

(1). Volume I on Agriculture, General Tables, page 164.

The following table is a comparison of the cost of insurance in mutual companies with that in the "Old Line" companies.

Year,	Cost in Mutuals,	Cost in Stock Companies.
1899	\$2.47	\$10.00
1900	2.65	"
1901	2.75	"
1902	3.25	"
1903		"
1904	3.00	"
1906		"

It is seen by this table that mutual insurance is much cheaper than insurance written by stock companies, and this in the main accounts for the growth of mutual companies. This table does not accurately show the difference between the two kinds of companies as to the cost of insurance. In the case of mutual insurance the cost on all classes of risk is included, while in the case of insurance in stock companies, only the cost on buildings and contents is included. The cost of insuring live stock is a little higher than the cost of insuring houses and contents. This, however, makes very little difference and the above table is sufficiently

accurate for purposes of comparison. ~~Today~~ The cost of insuring property in stock companies is and has been for some time, one percent or one dollar on each one hundred dollars' worth of property. In mutuals it is about three-tenths percent, or thirty cents on the one hundred dollars. Therefore it costs less than one-third as much in mutuals as it does in stock companies. In some mutuals the cost is below, and in some above thirty cents, but thirty cents is a fair average.

It is claimed by some mutual insurance advocates, that mutual insurance companies, by their cheap cost of insurance, have caused the "Old Line" companies to reduce their rates and the facts bear out this contention. In a paper laid before the Tennessee Legislature in 1905, by the legislative committee of the Tennessee State Association of Mutual Insurance Companies, asking for more favorable mutual laws, it is shown by reports from insurance commissioners that insurance rates are cheaper in states where there are mutuals. In Alabama where there are no mutuals, the average rate for fifteen years, ending Dec. 31, 1903, was one dollar and sixty

two cents per one hundred dollars. In Tennessee, where mutual companies have existed eight years, and in Texas, where they have existed nine years, the rate was one dollar and fifty-six cents per one hundred dollars. In Colorado, where mutual insurance is older, the rate is one dollar and fifty-one cents. In Illinois, where mutuals have existed for twenty seven years, the rate is one dollar and twenty three cents. In Connecticut, Delaware, Pennsylvania, and Rhode Island, where mutuals have existed from fifty to one hundred and thirty five years, the average rate is from seventy seven cents to ninety seven cents. In the four states, Alabama, Tennessee, Texas, and Colorado, where mutuals have been in existence only a few years, the average rate is one dollar and fifty six and one-half cents; but in the four states of Delaware, Pennsylvania, Connecticut, and Rhode Island, the average rate is eighty six and three-fourths cents per one hundred dollars. (1) In Missouri, where mutual insurance companies have been in existence much longer than in the four states first mentioned, the rate for the year 1903 is one

(1). Report of Legislative Committee of Tennessee Mutuals to Legislature, 1905.

dollar and twenty four cents. (1) The average rate for a period of twenty three years, between 1880 and 1903, was one dollar and nineteen cents per one hundred dollars. (2) In the four states of Colorado, Alabama, Texas, and Tennessee, the average rate for the same time was one dollar and fifty seven cents, which is much higher than the Missouri rate. As to whether all the reduction in the rates in Missouri and other states where mutuals exist is due to their presence, is hard to tell, but undoubtedly they are partly responsible.

- (1). Report Special Legislative Insurance Committee of Tenn. Legislature, 1905, page VI.
- (2). *ibid.*, page XII.

CONCLUSION.

Farmers' mutual insurance companies have passed beyond the experimental stage. They are firmly established and are saving the farmers of the state thousands of dollars every year. They have brought about a saving not only to those who are insured in them, but also to those who are insured in "Old Line" companies.

The stability of the mutuals can not be doubted. So far as we have been able to find, not one has ever failed. This is an excellent showing in view of the fact that there are almost one hundred in the state. In no case have the officers of the company been guilty of mismanagement. The officers are honest, reliable men, in whom the greatest trust and confidence can be placed. However, the companies could add to their stability by creating a reserve fund. Such a fund would enable them to pay losses more promptly, and would distribute the cost of insurance more evenly over a long period of time.

There is gradually being aroused a friendly spirit of

co-operation among the mutuals. The old idea that each company is perfect, is dying out. The companies are beginning to profit by the experience of each other. Because of this, great improvement in methods of business in many mutuals may be expected within a few years.

The success of farmers' mutuals has demonstrated that the farmers can co-operate for their own protection. This success is leading to their co-operation in other fields of industry. Within a few years we may expect to see great strides in the direction of co-operation, not only among the farmers of Missouri, but also among those of the entire country.

A P P E N D I X.

Some statistics concerning farmers' mutuals in
Missouri.

Year,	Number of Companies,	Amount written during year,	Losses for the year,
1899	45	6,164,441.00	6,479,218.00
1900	54	7,439,868.00	70,884.00
1901	48	8,158,485.00	71,658.00
1902	77	10,481,361.00	120,493.74
1903	52	10,258,371.00	116,046.37
1904	80	15,736,876.00	170,298.54

Year,	Cash on Hand,	Indebtedness,	Losses on Dwellings,
1899	1,350,495.00	6,961.28	3,586,650.00
1900	20,953.00	483.00	37,828.00
1901	20,618.95	6,235.01	26,982.10
1902	25,603.09	10,798.24	46,224.44
1903		35,000.00	43,004.37
1904	34,759.12	35,409.49	66,152.80

Year,	Loss on Barns.	Loss on Live Stock.
1899	15,761.67	458,889.00
1900	17,771.00	5,201.00
1901	31,498.48	6,368.38
1902	38,279.14	12,228.21
1903	42,337.87	19,824.47
1904	75,709.65	33,047.74

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The following is one of the poorest constitutions in
the state.

CONSTITUTION AND BY-LAWS
of the
FARMERS' MUTUAL PROTECTION ASSOCIATION,
OF BENTON COUNTY, MISSOURI.

McMurdo School House,

Benton County, Mo., May 20, 1882.

We, the undersigned citizens of Benton County, Missouri,

propose to organize a home insurance company, against the loss of property by fire or lightning, and name it The Home Insurance Company.

1. We agree to submit^{to} the following Resolutions and By Laws.
2. Members of this Company can be any person who lives within the boundary established and for the present the lines shall include all of Benton County north of the Osage river, except town property and territory already organized.
3. The purpose of this Company will be to bear the loss of any one who may suffer from fire or lightning according to our assessments.
4. It shall be the duty of officers who are elected to make out lists of names and property of members belonging to this Company and keep a record of all proceedings.
5. The assessors are instructed to insure dwellings, furniture, barns and out houses at two-thirds their real value, giving the party insured a duplicate of his insurance and keep a record of the same, and for services they shall receive twenty-five cents for each building insured, but where they have to go a long distance can make private contracts for more.
6. The officers shall inspect the chimneys and flues of the dwellings every four years.
7. Any member who shall build a new house or improve in

any way must make the same known to the officers and that he desires a new assessment and if he fails to do this and suffers loss he must be content with the old assessment and for changing assessment must pay a fee of one dollar.

8. Saved property shall be assessed and the amount deducted from the amount insured.
9. The assessors shall be elected for the term of four years but should persons elected fail to serve, their places can be filled by election or the other two can appoint in their places.
10. To be a legal member of this Company he must subscribe to our rules and by laws, and should he desire to leave the Company he can do so at any time by notifying the officers but all dues must first be paid.
11. Should a member be so dishonest as to refuse to pay his lawful assessments he shall immediately be expelled from the Company and never again be allowed to enter it.
12. Any person belonging to this Company and insuring in another insurance company, should he suffer loss and get his pay from the other company, cannot collect anything from this Company.
13. The officers of this Company shall be three in number to be known as assessors.
14. In case of loss each member shall pay a fee of ten cents

in addition to his assessment to the officers for their services.

15. April 3, 1886: When a house is vacated the insurance shall cease in this Company. Fee for new members shall be 50¢ per building.
16. October 8, 1901: A meeting shall be called once a year.
17. The name of this Company shall hereafter be The Farmers' Mutual Protection Association, of Benton County, Missouri.
18. Assessors shall be limited to \$150 of borrowed money.

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The constitution of the Shelby County mutual is one of the best in the state. It is as follows:

C O N S T I T U T I O N .

ARTICLE I.

Name.

This Association shall be known as the FARMERS' MUTUAL FIRE ASSOCIATION, of Shelby County, Missouri.

ARTICLE II.

Aims and Objects.

The objects of this Association shall be to protect

its members, so far as their insurance extends, from loss or damage by fire or lightning, and said insurance may extend to all buildings, household property and live stock, farm implements and farm products owned by any member, also to churches and school houses situated outside the limits of incorporated towns.

ARTICLE III.

Plan of Business.

The business of this Association shall be transacted on the Mutual Assessment plan. No premium shall be paid or assessment levied except to pay loss or damage by fire or lightning which has or may hereafter occur, or to defray the necessary expense of the Association.

ARTICLE IV.

Membership.

All persons who list their property for insurance with this Association, either as owner, agent or curator, shall be members thereof and be subject to the Constitution and By-Laws governing this Association.

ARTICLE V.

Officers and Elections.

There shall be annually one regular meeting of the members on the third Saturday of October. At the first annual meeting nine Directors shall be elected by the members thereof, three of said Directors to serve one year, three to serve two years and three to serve for three years. At all subsequent annual meetings there shall be three Directors elected to serve three years.

ARTICLE VI.

Duties of Directors.

The newly elected Board shall hold a meeting within ten days after the annual meeting for the purpose of choosing one of their number to act as President, and one as Vice-President, and shall elect a Secretary and Treasurer not necessarily of the Board. The Board shall meet quarterly on the First Monday in January, April, July and October, in Shelbina, at 2 o'clock P. M., or such other hour or place as may be agreed upon. The Board may hold special meetings subject to the call of the President. Each Director attending these

meetings of the Board shall be allowed one dollar and fifty cents per day and five cents per mile one way.

In all vacancies happening in the Board, whether by death, removal from the county, or refusing or neglecting to serve during the space of six months, then and in every such case, the Board shall, at any of its meetings, by a majority vote, elect a Director for each and every such vacancy so happening, and each Director so chosen shall remain in office until the annual meeting of the Association, when the members shall elect a Director or Directors to fill the unexpired term or terms of such vacancies.

ARTICLE VII.

Duties of Officers.

The President shall preside at the meetings of the Board and shall, when ordered by the Board execute all contracts and agreements, and when so executed shall be binding on the Association. He shall sign all warrants, and shall call special meetings of the Board when in his judgment the business of the Association requires it. A majority of the Board shall constitute a quorum.

The Vice-President shall, in the absence of the President, his failure or refusal to serve, act as President subject to the same restrictions and powers as the President.

The Secretary shall attend all meetings of the Board when practicable, and make and keep a proper record of proceedings and business transacted, and issue policies of insurance for the term of three years said policies to be issued in the name of the Association, record the same in a book kept for that purpose, which shall be opened at all times for inspection by members. He shall keep a list of all property insured in the Association, which shall contain a description of the same. If buildings it shall so state, what kind of building, of what material, size, value, where situated, giving township, range, section, sub-division, and if dwelling, whether occupied by owner, tenant or vacant. Also each article or class of household goods and the value thereof. Also each and every animal to be insured against loss by fire or lightning, only giving the number of each kind of stock. No stallion or jack kept for service shall be insured for more than two hundred dollars,

but registered live stock may be insured for not to exceed two hundred and fifty dollars, and no building shall be listed or insured within a less distance than one hundred feet of the building owned by another.

It shall be the further duty of the Secretary to provide the necessary blanks to carry on the business of the Association. He shall also make out a pro rata schedule of assessment, according to the plan hereafter set forth, and in case of loss or losses shall, when ordered by the Board, mail to each and every member a proper notice of said loss or damage, and the amount due from each member, and that the amount assessed must be forwarded to the Secretary, or to any collector authorized by him to receive the same.

The amount so collected shall be paid over to the Treasurer, taking his receipt therefor. When the amount due any beneficiary of the Association is determined, the Secretary shall within three days after the expiration of the thirty days notice as above draw his warrant on the Treasurer signed by the President and attested by the seal of the Association, for the amount due. He shall also draw

his warrant for such other amounts, and in favor of such other parties as may be ordered by the Board. He shall procure a suitable seal, and safely keep the same, with which he shall attest all applications for insurance when allowed, and all other legal documents coming into his hands. He shall receive such compensation for his services as the Board shall allow. He shall give a good and sufficient bond to be approved of by the Board.

The Treasurer shall safely keep all money or other property of the Association intrusted to him, pay out the same only on warrant of the Secretary signed by the President, attested by the seal of the Association. He shall keep a true record of all money received and disbursed by him: give good and sufficient bond to be approved of by the Board. He shall receive one per cent of all money passing through his hands as compensation for his services, and shall report to the Board at each quarterly meeting.

The Board shall audit all accounts and determine the compensation due to any party performing services for the Association not herein specified, and shall constitute a

Board of final resort, and as such shall have full power to inquire into and determine the real value of any and all property insured in the Association, that may be in dispute, and all matters pertaining thereto, and their decision shall be final. It shall be the duty of the Board to levy such assessment as in their judgment may be necessary to liquidate the actual expenses and losses of the Association for at least the year in which the assessment is levied, which dues shall be collected from all members in proportion to the amount of property insured for each, and shall be paid to the Secretary within thirty days after receiving notice of same through the mail. The Board shall appoint a competent person who shall be styled the Adjuster, whose duty it shall be to attend in person to the adjustment of all claims against the Association occasioned by fire or lightning, and make a report of same to the Executive Committee. The President and two directors appointed by the Board shall constitute the executive committee. The President shall be ex-officio chairman.

ARTICLE VIII.

Alteration and Amendment.

This Constitution may be altered or amended by two-thirds majority vote of the members present at a regular meeting, thirty days notice being given stating the desired alteration or amendment.

BY-LAWS.

SECTION 1. All buildings insured in this Association shall be listed at two-thirds their true value, and in case of loss or damage by fire or lightning, the Association agrees to make good the loss; but in no case to pay more than the amount insured, of which each member shall pay a sum bearing the same ratio to the amount of loss or damage as the sum he has insured bears to the total value of all the property insured.

SECTION 2. In case of damage or loss by fire or loss by fire or lightning to any building or other property insured in the Association, the owner thereof, his agent or attorney, within ten days thereafter shall file with the

Secretary of the Board, his written statement of said loss or damage, setting forth whether by fire or lightning, how the same occurred (so far as is known) and the extent of loss or damage, verified by oath before some officer of law authorized to take the same, and attested by two disinterested witnesses also under oath.

SECTION 3. Upon receipt of statement referred to in Sec. 2 of By-Laws the Adjuster shall proceed to estimate the amount of loss or damage. If on buildings totally destroyed the full amount for which they are insured shall be paid unless said buildings have been allowed to depreciate, by neglect of owner, or are partially removed or destroyed in which case no more than their actual value at time of loss shall be paid. If on household goods, farm products, farm implements, etc., said loss shall be listed, each article at its true value at time of loss. If live stock this company shall be liable only for such portions of said loss as the amount of insurance on such live stock bears to three-fourths the value of the entire live stock of that kind owned by assured at time of loss. In NO case will more insurance be paid on any article or class than the amount for which

it is insured. It shall be the duty of the Secretary, when ordered by the Board to make out a pro-rata assessment of the amount due from each member according to Sec. 10 of the By-Laws, and mail the same with proper notice of time of payment as herein provided to the (last known) address of each member. Said assessment shall contain the following facts, viz: Amount of insurance in force together with the general condition of the Association; also the names of those suffering loss, the amount each has received or will receive, names of items, date of each loss and cause of each loss so far as is known.

SECTION 4. It shall be the duty of each member of this Association within thirty days from the mailing of any notice by the Secretary of any amount due the Association, either for paying losses or damages, or other necessary expenses levied by the proper authority, to forward the full amount to the Secretary or other persons authorized by him to collect the same, who shall receipt for the same. In case any member shall refuse or neglect to pay over to the Secretary the full amount of said assessment within the time

above specified, the Secretary is hereby authorized to proceed to collect the same in the name of the Association, together with all resulting damages including a reasonable lawyer's fee, and he shall be debarred from other benefits of the Association unless reinstated by a two-thirds vote of the members present at a regular meeting.

SECTION 5. To entitle an individual to membership in this Association and to receive a certificate thereto, he or she shall pay a membership fee not to exceed two dollars; also in addition thereto twenty five cents on every one hundred dollars at risk, which shall go into an incidental fund to defray the expenses of the Association. The Secretary appointed by the Board shall receive as salary, any amount agreed upon by the Board. No application will be received upon property under one hundred dollars valuation. The property holder may make the valuation, and if approved of by the executive committee, the certificate will be issued.

SECTION 6. Any person who shall sell or otherwise part from the ownership of any property insured in this Association, shall forfeit all right in the Association, so

far as the property is concerned, but the Secretary may grant a transfer of such property to the new owner upon receipt of 50 cents in payment therefor. But the assured upon application may have his insurance transferred from one class of property to another, or his insurance changed from one location to another, said application subject to the approval of the Executive Committee.

SECTION 7. This Association will not insure vacant or unoccupied dwelling houses, and will not be liable or pay any losses on any dwelling house which has been vacant or unoccupied seven days previous to the occurrence of the loss, unless consent thereto be endorsed on the policy by the Secretary and President of the Association. Occupancy of property revives policy. Failure of assured to notify this company of any change of occupancy of property insured by this Association or any change of flue risk increasing the hazard, will vitiate his or her insurance.

SECTION 8. Permission to use steam power for threshing is granted.

SECTION 9. These By-Laws can be altered or amended by a two-thirds majority of the votes of the members present at a regular meeting, thirty days notice being given stating the desired alteration or amendment.

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A List of Farmers' Mutual Companies in Missouri.

1. Adair County Farmers' Mutual Fire and Lightning Insurance Company.
2. Andrew County Mutual Insurance Company.
3. Atchison County Mutual Fire Insurance Company.
4. Farmers' and Laborers' Co-operative Insurance Company of Audrain County.
5. Farmers' Mutual Fire and Lightning Insurance Company of Barry County.
6. Farmers' Mutual Fire and Lightning Insurance Company of Barton County.
7. Prairie Farmers' Mutual Fire Insurance Company of Bates County.



8. Farmers' Mutual Protective Association of Benton County.
9. Bollinger County Farmers' Mutual Aid Society.
10. Boone County Home Mutual Insurance Company.
11. Farmers' Mutual Fire and Lightning Insurance Company
of Buchanan County.
12. Caldwell County Farmers' Mutual Fire Insurance Company.
13. Farmers' Mutual Insurance Company of Callaway County.
14. Farmers' Mutual Aid Society of Cape Girardeau County.
15. Farmers' and Laborers' Co-operative Insurance Company
of Carroll County.
16. Patrons' and Farmers' Mutual Insurance Company of Cass
County.
17. Cedar County Farmers' Mutual Fire Insurance Association.
18. Farmers' Mutual Fire Insurance Company of Chariton County.
19. Farmers' Mutual Fire Insurance Company of Christian
County.
20. Farmers' Mutual Insurance Company of Clark County.
21. Patrons' Home Protective Association of Clay County.
22. Farmers' Mutual Fire Insurance Company of Clinton County.
23. Cole County Mutual Fire Insurance Company.

24. Cooper County Farmers' Mutual Insurance Company.
25. Crawford County Farmers' Mutual Fire Insurance Company.
26. Cedar Fork Mutual Aid Society of Crawford County.
27. Farmers' Mutual Fire Insurance Company of Dade County.
28. Patrons' Home Protective Association of Davies County.
29. Farmers' Mutual Fire Insurance Company of DeKalb County.
30. Clover Bottom Mutual Fire Insurance Company of Franklin
County.
31. Owensville Mutual Aid Association of Gasconade County.
32. Farmers' Mutual Fire Insurance Company of Gentry County.
33. Farmers' Mutual Insurance Company of Grundy County.
34. Farmers' Mutual Insurance Company of Harrison County.
35. Farmers' Mutual Insurance Company of Henry County.
36. Farmers' Mutual Insurance Company of Hickory County.
37. Farmers' Mutual Fire and Lightning Insurance Company
of Holt County.
38. Farmers' Mutual Insurance Company of Howard County.
39. Jasper County Farmers' Mutual Insurance Company.
40. Farmers' Mutual Fire Insurance ^{Company} of Jefferson County.
41. Johnson County Mutual Insurance Association.

42. Farmers' Mutual Insurance Company of Knox County.
43. Clay Farmers' Aid Association of Lafayette County.
44. Patrons' Mutual Insurance Company of Lafayette County.
45. Freedom Farmers' Fire Association of Lafayette County.
46. Farmers' Mutual Insurance Company of Lawrence County.
47. Grange Mutual Insurance Company of Lewis County.
48. Farmers' Mutual Insurance Company of Lewis County.
49. Monroe Farmers' Mutual Fire Insurance Company of
Lincoln County.
50. Farmers' Mutual Fire Insurance Company of Lincoln County.
51. Farmers' Mutual Insurance Company of Linn County.
52. Laclede Farmers' Mutual Fire and Lightning Insurance
Company of Linn County.
53. Livingston County Mutual Fire Insurance Company.
54. Macon County Farmers' Mutual Fire Insurance Company.
55. Lois Mutual Aid Association of Maries County.
56. Farmers' and Laborers' Mutual Insurance Company of Ma-
rion County.
57. Farmers' Mutual Insurance Company of Mercer County.
58. German Mutual Benevolent Fire Insurance Association

of Moniteau County.

59. Highland Farmers' Mutual Fire Insurance Company of Mon-
iteau County.
60. Hazel Dell Farmers' Mutual Insurance Company of Mon-
iteau County.
61. Farmers' and Laborers' Co-operative Insurance Company
of Monroe County.
62. Farmers' Lightning Insurance Company of Montgomery
County.
63. Farmers' Mutual Insurance Company of Newton County.
64. Farmers' Mutual Fire Insurance Company of Conception,
Nodaway County.
65. Farmers' Mutual Fire Insurance Company of Nodaway County.
66. Arnsberger Mutual Fire and Lightning Insurance Company
of Perry County.
67. Farmers' Mutual Fire Insurance Company of Pettis County.
68. Farmers' Mutual Fire and Lightning Insurance Company
of Phelps County.
69. Pike County Farmers' Insurance Company.
70. Farmers' Mutual Fire Insurance Company of Platte County.

71. Farmers' Mutual Fire Insurance Company of Polk County.
72. Farmers' Mutual Insurance Company of Putnam County.
73. Ralls County Farmers' Fire Insurance Association.
74. Farmers' Mutual Fire Insurance Company of Randolph County.
75. Farmers' Home Insurance Company of Ray County.
76. Mutual Private Fire Association of St. Charles County.
77. New Hope Mutual Fire Insurance Company of St. Charles
County.
78. Central Farmers' Mutual Fire Insurance Company of St.
Charles County.
79. Prairie Queen Fire Insurance Company of St. Clair County.
80. Farmers' Mutual Fire Insurance Company of St. Francois
County.
81. Farmers' Mutual Fire Insurance Company of Ste. Gene-
vieve County.
82. Farmers' Mutual Fire Insurance Company of St. Louis
County.
83. Farmers' Mutual Fire Insurance Company of Saline County.
84. Farmers' Fire and Lightning Insurance Company of
Schuyler County.

85. Farmers' Mutual Insurance Company of Scotland County.
86. Farmers' Home Mutual Insurance Company of Scott County.
87. Farmers' Mutual Fire Association of Shelby County.
88. Farmers' Mutual Insurance Company of Sullivan County.
89. Texas County Farmers' Mutual Fire and Lightning Insurance Company.
90. Farmers' Mutual Fire and Lightning Insurance Company of Vernon County.
91. Farmers' Mutual Fire Insurance Company of Warren County.
92. Worth County Fire Insurance Company.
93. Farmers' Mutual Protective Association of Colfax ^{Township.} ~~County.~~
94. Farmers' Mutual Tornado and Windstorm Insurance Company ^{the} of ^{the} First Congressional District.
95. Farmers' Mutual Windstorm and Tornado Insurance Company of the Fifteenth Congressional District.
96. Farmers' Mutual Windstorm and Tornado Insurance Association of the ~~the~~ Third Congressional District.

This list is complete with the exception of two companies in St. Charles County, the names of which we were unable to obtain.

DUE	RETURNED
- Aug 2 '63	JUL 18 1963
Jun 4 '64	JUN 26 94
JUN 16 1978	APR 30 1978

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