

Opinion No. 20-2728

November 16, 1920

BY: N. D. MEYER, Assistant Attorney General

TO: Insurance Commissioner, Santa Fe, New Mexico.

Local Mutual Insurance Companies.

OPINION

Referring to the Home Aid Association of New Mexico in regard to which Association you spoke to me a few days ago, and which is operating under Section 2864, Code 1915, and to the letter from Attorney Mabry which you left in our office, we beg to advise:

We can see no objection to the organization of a mutual company providing for life insurance in accordance with the provisions of said section. It is very essential, however, to comply with this section in regard to the number of persons which may enter such an association, which is not to exceed two hundred. Also, that no salary or compensation shall be paid to officers, agents or other employes of the Association. I am not in accord with Mr. Mabry's views that one central governing body of directors can lawfully and properly direct the operations of several groups of Associations. That would be a violation of the inhibition contained in the Section that these Associations may organize with a membership of not to exceed two hundred persons. When an Association of this kind organizes and reaches the number of persons that can become members thereof, I do not believe that another Association or group can use the same name. Nor can the directors of one Association or group act for another Association or group. Each association formed must be independent from any other association of like character and have its own officers.

In the case of the Home Aid Association of New Mexico, I would say that they can organize one Association of not to exceed two hundred members, but they cannot, under any circumstances, organize more than one group. When they have perfected the organization of one group, they have gone as far as Section 2864 will permit, in my opinion.

We are returning herewith letters of Mr. Mabry.