

Fifty-seventh  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1303

Introduced by

Representatives Monson, Gulleson, Nicholas, Wald

Senators Kelsh, Traynor

1 A BILL for an Act to create and enact a new section to chapter 26.1-13 of the North Dakota  
2 Century Code, relating to county mutual insurance companies; and to amend and reenact  
3 sections 26.1-13-01 and 26.1-13-02 of the North Dakota Century Code, relating to county  
4 mutual insurance companies.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Section 26.1-13-01 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **26.1-13-01. County mutual insurance company - Organization.** A corporation for  
9 mutual insurance may be formed in accordance with this chapter by any number of persons,  
10 not less than fifty, residing in not more than ~~twenty~~ thirty counties in this state, who collectively  
11 own property of not less than one hundred thousand dollars in value which they desire to  
12 insure; or any number of persons, not less than twenty-five, residing in any one county in this  
13 state, who collectively own property of not less than twenty-five thousand dollars in value which  
14 they desire to insure. A county mutual insurance company organized under this chapter shall  
15 maintain a surplus of at least fifty thousand dollars.

16 **SECTION 2. AMENDMENT.** Section 26.1-13-02 of the North Dakota Century Code is  
17 amended and reenacted as follows:

18 **26.1-13-02. Articles of incorporation - Territory of operation - Insurance**  
19 **applications required.** Persons desiring to form a county mutual insurance company shall  
20 submit to the commissioner a description of the territory of operation and shall submit to the  
21 commissioner and to the attorney general the articles of incorporation of the proposed  
22 company. The territory of operation is subject to the review and approval of the commissioner.  
23 An existing county mutual insurance company that desires to expand its territory of operation  
24 shall submit a description of the current territory of operation and proposed territory of operation

1 to the commissioner for review and approval. If merger of two or more county mutual insurance  
2 companies is proposed, the commissioner shall determine the territory of operation of the  
3 merged company. Upon a showing of good cause, the territory of operations of the merged  
4 company may exceed thirty counties. If the articles are found to comply with this chapter, the  
5 commissioner shall approve the articles and the articles must be filed in the office of the  
6 secretary of state and a certified copy must be filed with the commissioner. The articles must  
7 be signed by the number of persons required to incorporate the company and must be  
8 accompanied by sufficient evidence of the execution of bona fide applications for insurance to  
9 the number and in the amount stated in section 26.1-13-01. The articles of incorporation must  
10 set forth:

- 11 1. The name of the company.
- 12 2. The name of the city in or near which the business office of the company is to be  
13 located.
- 14 3. The intended duration of the company, which is perpetual.

15 **SECTION 3.** A new section to chapter 26.1-13 of the North Dakota Century Code is  
16 created and enacted as follows:

17 **County mutual insurance company - Reports to commissioner.** Each county  
18 mutual insurance company shall file an annual report with the commissioner no later than  
19 March first of each year which must be verified by at least two principal officers of the company  
20 and which must cover the preceding calender year. The commissioner may require additional  
21 reports as are deemed necessary and appropriate to enable the commissioner to carry out the  
22 commissioner's duties under this chapter. The reports must be on forms prescribed by the  
23 commissioner. The commissioner may also require a company that operates in more than  
24 twenty counties to file audited financial statements as deemed necessary.