

**Fifty-ninth Legislative Assembly of North Dakota  
In Regular Session Commencing Tuesday, January 4, 2005**

SENATE BILL NO. 2088  
(Industry, Business and Labor Committee)  
(At the request of the Insurance Commissioner)

AN ACT to amend and reenact sections 26.1-05-07, 26.1-13-02, 26.1-13-33, and 26.1-16-07 of the North Dakota Century Code, relating to review of insurance company articles of incorporation and amendments by the insurance commissioner.

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

**SECTION 1. AMENDMENT.** Section 26.1-05-07 of the North Dakota Century Code is amended and reenacted as follows:

**26.1-05-07. Examination of articles by ~~attorney general~~ and by commissioner - Certificate - Filing.** The ~~attorney general~~ commissioner shall examine the articles of incorporation and any amendments ~~and if they conform to this chapter and to determine if the articles and any amendments~~ are consistent with the constitution and laws of this state ~~shall certify to the commissioner~~. The commissioner shall examine the company to ascertain whether it has complied with the requirements of law according to the nature of the business proposed to be transacted by it. If the commissioner is satisfied by the examination that the corporation has complied with the law, the commissioner shall deliver to it a certified copy of the articles of incorporation or amendments to the articles of incorporation and a certificate stating the corporation has complied with all requirements of law. The certified copy of the articles of incorporation or amendments to the articles of incorporation and of the certificate may be used for or against the company with the same effect as the originals and are conclusive evidence of the fact of organization of the company as of the date of the certificate.

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

**26.1-13-02. Articles of incorporation - Territory of operation - Insurance applications required.** Persons desiring to form a county mutual insurance company shall submit to the commissioner a description of the territory of operation and shall submit to the commissioner ~~and to the attorney general~~ the articles of incorporation of the proposed company. The territory of operation is subject to the review and approval of the commissioner. An existing county mutual insurance company that desires to expand its territory of operation shall submit a description of the current territory of operation and proposed territory of operation to the commissioner for review and approval. If merger of two or more county mutual insurance companies is proposed, the commissioner shall determine the territory of operation of the merged company. Upon a showing of good cause, the territory of operations of the merged company may exceed thirty counties. If the articles are found to comply with this chapter, the commissioner shall approve the articles and the articles must be filed in the office of the secretary of state and a certified copy must be filed with the commissioner. The articles must be signed by the number of persons required to incorporate the company and must be accompanied by sufficient evidence of the execution of bona fide applications for insurance to the number and in the amount stated in section 26.1-13-01. The articles of incorporation must set forth:

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

**SECTION 3. AMENDMENT.** Section 26.1-13-33 of the North Dakota Century Code is amended and reenacted as follows:

**26.1-13-33. Articles and bylaws of mutual reinsurance company - Certificate of authority - Right to do business.** The articles of incorporation and bylaws of a mutual reinsurance company formed under section 26.1-13-31 must be submitted for approval to the ~~attorney general and to the~~ commissioner. If the articles and bylaws are found to conform with this chapter and not inconsistent with the constitution or laws of this state, the commissioner shall approve the articles and bylaws and they must be filed in the office of the secretary of state. A certified copy of the articles and bylaws then must be filed with the commissioner, and a copy must be delivered to the members of the company. The commissioner shall issue a certificate to the effect that the company has complied with the requirements of law. The certificate is the company's authority to commence business and issue policies. A certified copy of the articles and the certificate may be used for or against the company with the same effect as the originals and is conclusive evidence of the organization of the company as of the date of the certificate.

**SECTION 4. AMENDMENT.** Section 26.1-16-07 of the North Dakota Century Code is amended and reenacted as follows:

**26.1-16-07. Articles of incorporation - Filing - Approval - Deposit required - Authority to solicit.** The articles of incorporation must be submitted to the ~~attorney general, and if the attorney general finds them in conformity with this chapter and not inconsistent with the constitution and laws of this state, the attorney general shall approve the articles and certify them to the~~ commissioner, who ~~also~~ shall examine the articles to ascertain whether they comply with all applicable requirements of the law. After the articles have been approved by the ~~attorney general and by the~~ commissioner, they must be filed in the office of the secretary of state, and a certified copy must be filed with the commissioner. The society shall deposit with the commissioner United States government bonds, United States treasury certificates, bonds of the state of North Dakota, or certificates of deposit of the Bank of North Dakota in the amount of at least two hundred fifty dollars. Upon filing the certified copy of its articles and making the deposit, the society may solicit and secure the necessary preliminary members as the basis for the issuance to it of a certificate of authority. The solicitation of such members, however, must be conducted in accordance with any applicable rules adopted by the commissioner.

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President of the Senate

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Speaker of the House

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Secretary of the Senate

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Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Fifty-ninth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2088.

Senate Vote:    Yeas    43        Nays    1        Absent    3

House Vote:    Yeas    90        Nays    0        Absent    4

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Secretary of the Senate

Received by the Governor at \_\_\_\_\_ M. on \_\_\_\_\_, 2005.

Approved at \_\_\_\_\_ M. on \_\_\_\_\_, 2005.

\_\_\_\_\_  
Governor

Filed in this office this \_\_\_\_\_ day of \_\_\_\_\_, 2005,  
at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

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Secretary of State