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# CORPORATIONS

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## CHAPTER 152

S. B. No. 84

Introduced by Senator Bridston

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### COOPERATIVE ASSOCIATIONS, ORGANIZATION AND PURPOSE

An Act Amending and re-enacting Section 10-1502 of the North Dakota Revised Code of 1943 relating to cooperative associations and the purposes of organization.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ I. AMENDMENT.] That Section 10-1502 of the North Dakota Revised Code of 1943 be hereby amended and re-enacted to read as follows:

§ 10-1502. PURPOSES FOR WHICH COOPERATIVE ASSOCIATION MAY BE ORGANIZED; INCORPORATORS REQUIRED; HOW FORMED.] A cooperative association may be formed by fifteen or more persons for the purpose of conducting any one or more of the following lines of business: agriculture, grain elevator, dairy, mercantile, mining, manufacturing, mechanical, telephone, electric transmission and distribution, gas transmission and distribution, and the building of single unit homes and cooperative apartments. Persons desiring to form a cooperative association shall comply with the provisions of this chapter and also with the provisions of chapters 2 and 3 of this title which are not inconsistent with this chapter, except as otherwise provided herein.

Approved March 12, 1945.

## CHAPTER 153

H. B. No. 160

Introduced by Representatives Smart, Fleck, Saumur and Brady

LIMITING REAL ESTATE HOLDINGS OF RELIGIOUS AND  
CHARITABLE ORGANIZATIONS

An Act Amending and re-enacting Section 10-0807 of the North Dakota Revised Code of 1943, relating to real estate holdings of religious and charitable organizations and exempting hospital associations organized for non-profit from provisions of section; repealing all acts and parts of acts in conflict herewith; and declaring an emergency.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. That Section 10-0807 of the North Dakota Revised Code of 1943 be amended and re-enacted to read as follows :

10-0807. REAL ESTATE HOLDINGS OF RELIGIOUS AND CHARITABLE CORPORATIONS LIMITED; EXCESS PROPERTY ESCHEATS.] No Corporations or association organized for religious or charitable purposes shall acquire or hold real estate in this state of a greater value than five hundred thousand dollars. This provision shall not apply to hospital associations organized for non-profit. All real estate acquired or held contrary to the provisions of this section shall be forfeited and shall escheat to the State.

§ 2. All acts and parts of acts in conflict herewith are hereby repealed.

§ 3. This act is hereby declared to be an emergency act and shall be in full force and effect from and after its passage and approval.

Approved February 27, 1945.

## CHAPTER 154

H. B. No. 187

Introduced by Representatives Schnell and Fitch

## NON PROFIT MEDICAL SERVICE CORPORATIONS

An Act To Promote and Protect the Public Health and to Bring About a Wider Distribution of Medical Care in This State by Authorizing Nonprofit Medical Service Corporations to be Established for the Purpose of Putting into Effect Plans for the Benefit of Subscribers Making Specified Payments; Providing for the Supervision and Regulation of Such Medical Service Corporations by the Commissioner of Insurance; Investment of Funds and Declaring an Emergency.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. PURPOSE OF THE ACT.] It is the purpose and intent of the Legislative Assembly in enacting this act to promote and protect the public health; to promote a wider distribution of medical care and to maintain the standing and promote the progress of the science and art of medicine in this State. Medical service or medical care, as these terms are used in this act, shall mean the general and usual services rendered and care administered by doctors of medicine. Nothing in this act shall include hospital services.

§ 2. NONPROFIT MEDICAL SERVICE CORPORATIONS AUTHORIZED.] Corporations may be organized under the laws of this State on a strictly nonprofit basis for the purpose of establishing and putting into effect, non-profit medical service plans whereby medical service is provided by a group of participating licensed doctors of medicine, with which such corporation has contracted for such purpose, to such members of the public as become subscribers to said corporation under a contract which entitles each subscriber to certain specified medical care; such corporation shall be subject to, and governed by the provisions of this act and shall not be subject to the laws of the State relating to insurance and insurance companies, except as hereinafter specifically provided.

§ 3. MEDICAL SERVICES OF PHYSICIANS OTHER THAN THOSE PARTICIPATING UNDER MEDICAL SERVICE PLAN AUTHORIZED.] The medical service plan put into effect by any corporation organized under the provisions of this act may also provide for medical services to such subscribers by doctors of medicine other than those participating under the plan, subject to the approval of the governing body of such medical service plan corporation.

§ 4. ARTICLES OF INCORPORATION TO BE FILED WITH SECRETARY OF STATE; COPY OF ARTICLES TO BE FILED WITH INSURANCE COMMISSIONER.] Articles of Incorporation of nonprofit medical

service plan corporations organized under the provisions of this act, and all amendments thereto, shall be filed with the Secretary of State, and a certified copy thereof shall be filed with the Commissioner of Insurance. Any medical service plan corporation that has heretofore incorporated under the laws of the State of North Dakota, and which is now operating such nonprofit medical service plan in this State, may file a copy of its Articles of Incorporation, with amendments thereto, with the Commissioner of Insurance and thereupon be subject to the provisions of this act.

§ 5. BOARD OF DIRECTORS.] The Board of Directors of such medical service corporation shall consist of not less than nine members, a majority of whom shall be licensed physicians and surgeons who have contracted with such corporation to provide medical service to its subscribers.

§ 6. ANNUAL STATEMENT.] Every corporation organized under the provisions of this act shall annually on or before the first day of March, file in the office of the Commissioner of Insurance, a verified statement signed by two or more of its principal officers, showing the condition of its affairs on the 31st day of December last past, which statement shall be in such form and shall contain such information as the Commissioner of Insurance shall prescribe.

§ 7. INVESTIGATION AND EXAMINATION.] The Commissioner of Insurance or any deputy examiner, or other person designated by him for such purpose, shall have the authority to inspect and examine into the affairs of such corporation and shall have the authority and power to examine all books, papers, records, letters and documents of any kind that relate to the business of such corporation, and may subpoena and qualify witnesses under oath to examine its officers, agents, employees or any other persons having knowledge of the affairs, transactions and conditions of such corporation. In the event that any person shall fail or refuse to appear at the time and place designated in such subpoena, the Insurance Commissioner shall have the authority to apply to a judge of the District Court in and for the county in which such corporation has its principal place of business for an order citing said witness to appear before such court at such time and place as the court may direct, and said District Court is hereby given the authority and jurisdiction to cause such witness to be examined as the said court now has in the examination of witnesses in any manner pending before the said court.

§ 8. CONTRACTS WITH PHYSICIANS; BENEFITS MAY BE LIMITED.] Every doctor of medicine duly licensed and registered in the State of North Dakota, shall have the right to contract with any corporation organized and doing business under the provisions of this act for furnishing general or special medical care as the case may be. A nonprofit medical care corporation shall impose no restrictions as to the methods of diagnosis or treatment on the doctors of

medicine who treat subscribers. The private relationship of physician and patient shall be maintained at all times and the subscriber shall have the right of free choice in selecting any doctor of medicine with whom the corporation has a contract.

Such medical care corporation may, in its discretion, by its Articles of Incorporation, Articles of Association or by its by-laws, and in its contract with its subscribers, limit the benefits that such corporation will furnish, and may provide for a division of such benefits as it shall agree to furnish into classes or kinds. In the absence of any such limitations or division of services, a nonprofit medical care corporation shall be authorized to provide both general and special medical and surgical care benefits, including such services as may necessarily be incident to such medical care. A medical care corporation organized and doing business under the provisions of this act may, in its discretion, limit the issuance of contracts as specified by its by-laws.

§ 9. DISSOLUTION OR MERGER.] The dissolution, liquidation or merger of any medical care corporation organized and doing business under the provisions of this act shall be conducted under the supervision of the Commissioner of Insurance, who shall have all the authority and power with respect thereto which is granted to him under the insurance laws of this State.

§ 10. CONTRACTS, EFFECT OF.] The issuance of a contract by any corporation organized and doing business under the provisions of this act to a subscriber shall not be deemed to create the relationship of physician and patient between the corporation and such subscriber. The subscriber shall at all times have the right to select any participating physician or surgeon named in his contract, subject to the terms and conditions of such contract. No action at law or in equity arising out of the relationship of physician and patient shall be maintained against any nonprofit medical care corporation governed by this act.

§ 11. INVESTMENT OF FUNDS.] The funds of any corporation subject to the provisions of this act shall be invested only in such securities as provided by law for the investment of funds of domestic insurance companies of this State.

§ 12. MEDICAL AID FOR NEEDY PERSONS; PAYMENTS.] Every nonprofit medical care corporation organized and doing business under the provisions of this act may, in its discretion, receive and accept from various governmental agencies payments covering all or any part of the costs of subscriptions to provide medical care for needy persons. Every such corporation may, in its discretion, receive from private agencies, corporations, associations, groups or individuals payments covering all or any part of the cost of subscriptions to provide medical care for needy and other persons.

§ 13. FUNDS AND PROPERTY OF MEDICAL CARE CORPORATIONS TAX EXEMPT; LAW GOVERNING CHARITABLE ORGANIZATIONS APPLICABLE.] Every corporation subject to the provisions of this act is hereby declared to be a charitable and benevolent organization and its funds and property shall be exempt from taxation by the State or any political subdivision thereof. Except as otherwise provided in this act, the laws of this State relating to and affecting nonprofit charitable and benevolent corporations shall be applicable to all corporations created under the provisions of this act.

§ 14. EMERGENCY.] This act is hereby declared to be an emergency and shall be in full force and effect from and after its passage and approval.

Approved February 28, 1945.

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## CHAPTER 155

H. B. No. 61

Introduced by Representatives Moe, Fitch, Sandness, Crockett, Levin

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### RENEWAL OF CORPORATE EXISTENCE AFTER EXPIRATION

An Act To amend and re-enact Section 10-0217 of the North Dakota Revised Code of 1943 relating to renewal of corporate existence after the expiration of charter and declaring an emergency.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. AMENDMENT.] That section 10-0217 of the North Dakota Revised Code of 1943, be and the same is hereby amended and re-enacted to read as follows:

10-0217. RENEWAL OF CORPORATE EXISTENCE AFTER THE EXPIRATION OF CHARTER.] Any corporation organized under the laws of this state, the charter of which has expired, may renew its corporate existence for the term of years not exceeding the period limited by law, if such corporation has continued to transact its corporate business. To effectuate such renewal, a corporation must take the same proceedings as are provided by law for the extension of the corporate existence of a corporation in cases where such extension is made before the expiration of its charter, and pay the fees provided for in section 54-0904, subsection 11. Such proceedings shall relate back to the date of expiration of the corporate charter, and when a certificate of renewal is issued by the Secretary of State, any and all corporate acts and contracts done, performed, made, or entered into after the expiration of the charter, shall be legal and

valid. The provisions of this section shall not be available to any corporation, the charter of which has been declared forfeited by the final judgment of any court of competent jurisdiction in this state, nor to any corporation against which any action or proceeding is pending in any of the courts of this state for the forfeiture of its charter, nor to any corporation the directors of which have acted as trustees under the provisions of section 10-1610.

§ 2. EMERGENCY.] This act is hereby declared to be an emergency measure and shall be in full force and effect immediately upon its passage and approval.

Approved March 12, 1945.

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## COUNTIES

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### CHAPTER 156

S. B. No. 102

Introduced by Senator Olson of McHenry

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#### RECEPTION BOOK COUNTY AUDITORS

An Act Repealing Section 11-1303 of the North Dakota Revised Code of 1943 relating to reception book kept by county auditors.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. REPEAL.] That Section 11-1303 of the North Dakota Revised Code of 1943 is hereby repealed.

Approved February 17, 1945.