

HOUSE BILL NO. 1501

Introduced by

Representatives Froseth, Damschen, Monson, Nicholas

Senator Klein

1 A BILL for an Act to amend and reenact section 26.1-13-15 and subsection 2 of section
2 26.1-25-02 of the North Dakota Century Code, relating to territorial limits of county mutual
3 insurance companies.

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

5 **SECTION 1. AMENDMENT.** Section 26.1-13-15 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **26.1-13-15. Territorial limits of county mutual company's operations - Terms of**

8 **policies - Property insurable.** A county mutual insurance company may not insure any
9 property beyond ~~its~~ the company's authorized territory of operation except as provided in
10 subsection 3 of section 26.1-13-12 and except that this territorial limitation does not apply to
11 reinsurance contracts. A policy may not be issued to exceed five years. A policy may not be
12 issued covering property located within the platted limits of any incorporated city in this state
13 unless:

- 14 1. ~~The~~ the policy issued provides coverage as specified under sections 26.1-13-14
15 and 26.1-13-16 to existing members within the platted limits of any incorporated
16 city in this state on the actual place of residence occupied by the policyholder and
17 appurtenant structures and the contents thereof as specified in sections 26.1-13-14
18 and 26.1-13-16 to existing members within the platted limits of any incorporated
19 city in this state; or
- 20 2. ~~The policy issued provides coverage specified in sections 26.1-13-14 and~~
21 ~~26.1-13-16 on property located within the platted limits of any incorporated city with~~
22 ~~a population of less than ten thousand located within the territory comprised in the~~
23 ~~formation of the company~~ and on no more than four residential dwelling properties
24 of each policyholder.

1 The company may insure all property located outside of incorporated cities within the
2 limits of the territory comprised in the formation of the company. Policies issued on property
3 located within the platted limits of any incorporated city ~~may only cover~~ are limited to covering
4 the actual place of residence occupied by the policyholder and appurtenant structures and the
5 contents thereof and no more than four residential dwelling properties of each policyholder and
6 must conform to rules adopted by the commissioner establishing requirements for underwriting
7 risks and safeguarding financial solvency.

8 A policy issued by the company, if it so provides, may cover loss or damage to livestock,
9 personal property, vehicles, and farm machinery while temporarily removed from the premises
10 of the insured to other locations.

11 **SECTION 2. AMENDMENT.** Subsection 2 of section 26.1-25-02 of the North Dakota
12 Century Code is amended and reenacted as follows:

13 2. This chapter applies to every insurer, including every stock or mutual company,
14 reciprocal or interinsurance exchange, authorized by any provision of the laws of
15 this state to transact any of the kinds of insurance. However, ~~except with respect~~
16 ~~to policies issued pursuant to subsection 2 of section 26.1-13-15~~, this chapter does
17 not apply to county mutual insurance companies organized under chapter 26.1-13.