

SENATE BILL NO. 2088

Introduced by

Industry, Business and Labor Committee

(At the request of the Insurance Commissioner)

1 A BILL for an Act to amend and reenact sections 26.1-05-07, 26.1-13-02, 26.1-13-33, and
2 26.1-16-07 of the North Dakota Century Code, relating to review of insurance company articles
3 of incorporation and amendments by the insurance commissioner.

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

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

7 **26.1-05-07. Examination of articles by ~~attorney general and by commissioner~~ -**

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

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

22 **26.1-13-02. Articles of incorporation - Territory of operation - Insurance**

23 **applications required.** Persons desiring to form a county mutual insurance company shall
24 submit to the commissioner a description of the territory of operation and shall submit to the

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

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

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

21 **26.1-13-33. Articles and bylaws of mutual reinsurance company - Certificate of**
22 **authority - Right to do business.** The articles of incorporation and bylaws of a mutual
23 reinsurance company formed under section 26.1-13-31 must be submitted for approval to the
24 ~~attorney general and to the~~ commissioner. If the articles and bylaws are found to conform with
25 this chapter and not inconsistent with the constitution or laws of this state, the commissioner
26 shall approve the articles and bylaws and they must be filed in the office of the secretary of
27 state. A certified copy of the articles and bylaws then must be filed with the commissioner, and
28 a copy must be delivered to the members of the company. The commissioner shall issue a
29 certificate to the effect that the company has complied with the requirements of law. The
30 certificate is the company's authority to commence business and issue policies. A certified
31 copy of the articles and the certificate may be used for or against the company with the same

1 effect as the originals and is conclusive evidence of the organization of the company as of the
2 date of the certificate.

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

5 **26.1-16-07. Articles of incorporation - Filing - Approval - Deposit required -**

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