§ 6603. Incorporation of co-operative property/casualty insurance companies. (a) A corporation may be organized and licensed as an advance premium corporation or as an assessment corporation in the manner prescribed in this section and subject to any other applicable requirements of this chapter. The successive steps shall be as follows:

(1) The proposed incorporators, who shall be natural persons not less than thirty in number, shall submit to the superintendent in writing, the proposed name of the corporation, which shall include the word "co-operative," and the county in which its principal office will be located, and the name and address of a public newspaper of general circulation in said county. Such proposed incorporators shall also submit at the same time statements subscribed and affirmed by them as true under the penalties of perjury, in such form as the superintendent may require, which shall show that each incorporator is the true and bona fide owner of improved real property worth not less than two thousand dollars; that the real property so owned by such incorporators is worth in the aggregate not less than two hundred thousand dollars; and that such real property is located wholly within the territory wherein the corporation desires to do business.

(2) If the superintendent approves the proposed name of the corporation and the designated newspaper, each as conforming to the requirements of law, and if he finds that the affidavits required by paragraph one hereof are sufficient in form and substance, he shall notify the proposed incorporators, or their representative, in writing. Such approval shall become void if within six months from the date thereof the declaration and charter have not been filed pursuant to this section. However, upon application made prior to the expiration of such six months, the superintendent for good cause shown in such application may extend such approval for an additional period not to exceed six months.

(3) The proposed incorporators shall cause to be published in the approved newspaper, twice a week for three successive weeks, or once a week for six successive weeks, a notice of intention to form such a corporation, stating its proposed name, the kind or kinds of insurance business to be transacted and whether on the advance premium plan or assessment plan, the names and respective residence addresses of the proposed incorporators, and the location of its principal office in this

state.

(4) The proposed incorporators shall submit to the superintendent proof of such publication by the statement of the publisher or of his foreman or clerk, subscribed and affirmed by him as true subject to the penalties of perjury, and a declaration subscribed and affirmed as true under the penalties of perjury by each and all of the incorporators, setting forth the items hereinafter specified.

(5) Such declaration shall be in the English language, and shall state the intention of the proposed incorporators to form a corporation for the purpose of doing one or more kinds of insurance business specified in subsection (a) of section one thousand one hundred thirteen of this chapter and shall specify the provision or provisions of such section defining the kind or kinds of insurance business, insofar as such kinds of insurance are specifically available to such a corporation by section six thousand six hundred four or six thousand six hundred five of this article, whichever is applicable. Such declaration shall also set forth a copy of the proposed charter of the corporation, which shall contain:

(A) The name of the proposed corporation.

(B) The territory in this state wherein the corporation desires to do business.

(C) The kind or kinds of insurance to be transacted, specified as above required, and whether on the advance premium or assessment plan.

(D) The mode and manner in which its corporate powers are to be exercised.

(E) The number of its directors, which shall be not less than seven, and a provision that in no case shall the number of directors be less than seven.

(F) The times and manner of electing its directors and officers, the manner of filling vacancies in such offices, and a provision that at all times a majority of the directors shall be citizens and residents of this state and that not less than one shall be a resident within the territory in which the corporation is licensed to do business.

(G) The names and the residence addresses of the directors who shall serve until the first annual meeting of the members of the corporation.

(H) Such other particulars as may be necessary to explain the objects, purposes, management and control of the corporation. The superintendent may by regulation prescribe the additional information to be required,

pursuant to this subparagraph.

(6) The superintendent shall transmit such proof of publication, declaration, and charter to the attorney general. If the same be approved by the attorney general, as conforming to the requirements of law, upon receipt of such approval the superintendent shall file such declaration, charter and proof of publication in his office, and shall issue a certified copy thereof to the incorporators. If requested by such incorporators, the superintendent shall also issue to them a certificate of incorporation executed by him in the name of the people of the state. Such incorporators shall thereupon become a body corporate and shall then have the powers enumerated in paragraph seven hereof, but such corporation shall not be authorized to do the business of insurance until it shall have obtained a license therefor.

(7) (A) Such a corporation shall have power to receive such monies as are necessary to comply with the requirements of this article relative to the initial surplus fund of such corporation and to borrow monies in accordance with section one thousand three hundred seven of this chapter.

(B) Any such corporation shall have power to open books to receive applications for insurance in such corporation from persons desiring and eligible to become members thereof, and to keep them open until the minimum number and amount of such applications, together with the premium payments or advance payments thereon as required by section six thousand six hundred four or six thousand six hundred five of this article, whichever is applicable, have been received; to invest the monies so received in the manner prescribed in section one thousand four hundred two of this chapter; and to expend money or incur liabilities necessary or proper as organization expenses, such expenses not to exceed the maximum amount prescribed in the permit hereinafter mentioned.

(C) No such corporation shall solicit applications for insurance or receive premium payments thereon or advance payments, as the case may be, until it has received a permit therefor from the superintendent.

(D) Such permit shall be issued after:

(i) the superintendent is satisfied, by such evidence as he may require or by such examination as he may deem expedient, that the corporation holds in trust for prospective policyholders and creditors a

fund, in cash or securities eligible for investment under section one thousand four hundred two of this chapter, at least equal to the amount required of such a corporation as its cash organization or initial surplus fund, such trust to terminate if and when a license to do an insurance business of the kind or kinds provided in its corporate charter has been obtained; and

(ii) the corporation shall have submitted to the superintendent an estimate of the total amount to be expended for organization expenses, and the superintendent shall have approved the same. Such estimate shall be recited in the permit, which shall also fix the maximum amount, to be prescribed by the superintendent, which may be expended for organization expenses.

(E) The directors and incorporators of any co-operative property/casualty insurance company shall be jointly and severally liable for all debts or liabilities of such corporation until it shall have been licensed to do an insurance business of the kind or kinds proposed.

(8) (A) Before licensing any such corporation to do any insurance business, the superintendent shall require proof, by statements of at least three incorporators subscribed and affirmed by such incorporators as true under the penalties of perjury and by such investigation or examination of the affairs of such corporation as he may deem it expedient to make pursuant to article three of this chapter, that:

(i) the corporation has fully complied with this chapter applicable to such corporations;

(ii) that it has the required cash organization or initial surplus fund in cash or in investments as prescribed in this chapter;

(iii) that it has the required number and amount of bona fide applications for insurance;

(iv) that the membership list is genuine; and

(v) that every member has paid in cash the required amount of premium or advance payment, as the case may be, on the insurance applied for and will take the contracts as agreed within sixty days after a license has been issued to such corporation.

(B) If the superintendent finds the proof of the facts itemized in subparagraph (A) hereof to be sufficient, he shall file the same in his office and notify the corporation thereof.

(C) Upon payment of the appropriate fees by such corporation, the superintendent shall cause a copy of its declaration and charter, certified by him, to be filed and recorded in the office of the clerk of the county in which such corporation has its principal office.

(D) The superintendent may refuse a license to any such corporation if he finds, after notice and hearing, that any of the proposed incorporators or directors of such corporation has been convicted of any crime involving fraud, dishonesty, or like moral turpitude, or is otherwise an untrustworthy person.

(9) Upon compliance with the foregoing and any other lawful prerequisites for the issuance of an insurer's license, the superintendent may, in accordance with the provisions of section one thousand one hundred two of this chapter, grant a license to such corporation to do the kind or kinds of insurance business specified in its charter.

(b) No person shall participate as an incorporator in the organization of more than one assessment corporation within a period of five years from the date of incorporation of the assessment corporation of which he was an incorporator.