

**23-73-105. Organization — Membership — Insurance coverage.**

(a) Twenty (20) or more farmers, all of whom shall be residents of this state, may make mutual pledges and give valid obligations to each other for their insurance against loss or damage by fire, tornado, lightning, cyclone, windstorm, hail, explosion with or without fire ensuing, smoke, or direct loss or damage to insured property caused by moving vehicles and airplanes, riot, riot attending a strike, and civil commotion.

(b) These associations shall not insure any property not owned by one (1) of its members.

(c) Directors of public school districts of any kind and trustees of churches may become members of such an association in their representative capacities, for the purpose of insuring schoolhouses and churches.

(d) These associations may write coverage, at their election, for collapse of buildings from the weight of ice and snow.

(e) An association shall file all forms, including policy forms, application forms, rider or endorsement forms, or forms of renewal certificate for the coverages contained in subsections (a) and (d) of this section with the Insurance Commissioner. These filings shall be for informational purposes only.

(f) The associations may also write burglary and theft, glass, leakage, and fire extinguisher equipment, livestock, miscellaneous coverage, and liability, provided those coverages are written as a supplement, or package commonly referred to as a homeowner or farmowner policy, to a fire insurance policy, if the Insurance Commissioner approves the reinsurance agreement as to the liability portions or obligations under these policies.

(g)(1) Before any association or company shall be authorized to write coverages:

(A) The policy form shall have prior approval of the commissioner, in accordance with § 23-79-109;

(B) The association shall have and thereafter maintain a minimum surplus of fifty thousand dollars (\$50,000) to be deposited with the commissioner in the form of securities eligible for deposit under § 23-63-903; and

(C) The association shall have and thereafter maintain with the commissioner a statutory deposit of not less than fifty thousand dollars (\$50,000) in the form of securities eligible under § 23-63-903.

(2)(A) Each association or company shall maintain an unimpaired minimum surplus of five hundred thousand dollars (\$500,000).

(B)(i) If compliance with this section would cause the association or company to become impaired or insolvent, the commissioner may allow that domestic association or company to augment incrementally its unimpaired minimum surplus in order for the association or company to achieve compliance no later than December 31, 2010.

(ii) For good cause shown in writing by an association or company, the commissioner may grant a one-time extension of the deadline set for compliance in subdivision (g)(2)(B)(i) of this section for a period not to exceed two (2) years.

(3) However, if the association reinsures its obligations under the coverages listed in this section to the extent of one hundred percent (100%), the commissioner, in his or her discretion, may waive the deposit requirement under this section.

(4) The deposit shall be conditioned for the payment of creditors and the prompt payment of all claims arising and accruing to any person in this state. The deposit shall be further subject to the conditions specified in § 23-63-909.

(h) Premiums received on policies sold containing the coverages listed in subsection (f) of this section shall be subject to the provisions of § 26-57-601 et seq. relating to premium taxes.