

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

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HOUSE BILL 320  
Committee Substitute Favorable 3/23/21  
PROPOSED COMMITTEE SUBSTITUTE H320-PCS30213-TU-3

Short Title: Modernize Remote Business Access.

(Public)

Sponsors:

Referred to:

March 18, 2021

1 A BILL TO BE ENTITLED  
2 AN ACT TO MODIFY AUTHORIZATION TO CONDUCT MEETINGS BY MEANS OF  
3 REMOTE COMMUNICATION FOR CERTAIN ENTITIES, TO AUTHORIZE  
4 NONPROFIT CORPORATIONS TO CONDUCT ALL BUSINESS ELECTRONICALLY  
5 UNLESS PROHIBITED IN THEIR ARTICLES OF INCORPORATION OR BYLAWS,  
6 AND TO MAKE TECHNICAL CHANGES IN THE SURROUNDING LANGUAGE.

7 The General Assembly of North Carolina enacts:

8  
9 **PART I. AUTHORIZE SHAREHOLDER MEETINGS TO BE HELD SOLELY BY**  
10 **MEANS OF REMOTE COMMUNICATION**

11 **SECTION 1.(a)** G.S. 55-7-01 reads as rewritten:

12 "**§ 55-7-01. Annual meeting.**

13 (a) A corporation shall hold a meeting of shareholders annually at a time stated in or fixed  
14 in accordance with the bylaws.

15 (b) ~~Annual~~ Unless the board of directors determines to hold the meeting solely by means  
16 of remote communication in accordance with G.S. 55-7-09(c), annual shareholders' meetings  
17 may be held (i) in or out of this State at the place stated in or fixed in accordance with the ~~bylaws.~~  
18 ~~If bylaws, or (ii) if~~ no place is stated in or fixed in accordance with the bylaws, ~~annual meetings~~  
19 ~~shall be held~~ at the corporation's principal office.

20 ...."

21 **SECTION 1.(b)** G.S. 55-7-02 reads as rewritten:

22 "**§ 55-7-02. Special meeting.**

23 (a) A corporation shall hold a special meeting of ~~shareholders~~ shareholders if either of  
24 the following applies:

25 (1) On call of its board of directors or the person or persons authorized to do so  
26 by the articles of incorporation or the ~~bylaws;~~ or bylaws.

27 ...

28 (c) ~~Special~~ Unless the board of directors determines to hold the meeting solely by means  
29 of remote communication in accordance with G.S. 55-7-09(c), special shareholders' meetings  
30 may be held (i) in or out of this State at the place stated in or fixed in accordance with the ~~bylaws.~~  
31 ~~If bylaws or (ii) if~~ no place is stated or fixed in accordance with the bylaws, ~~special meetings~~  
32 ~~shall be held~~ at the corporation's principal office.

33 ...."

34 **SECTION 1.(c)** G.S. 55-7-05 reads as rewritten:

35 "**§ 55-7-05. Notice of meeting.**



\* H 3 2 0 - P C S 3 0 2 1 3 - T U - 3 \*

1 (a) A corporation shall notify shareholders of the date, time, and ~~place~~place, if any, of  
 2 each annual and special shareholders' meeting no fewer than 10 nor more than 60 days before the  
 3 meeting date. If the board of directors has authorized participation by means of remote  
 4 communication pursuant to G.S. 55-7-09 for any class or series of shareholders, the notice to  
 5 such class or series of shareholders shall describe the means of remote communication to be used.  
 6 Unless this Chapter or the articles of incorporation require otherwise, the corporation is required  
 7 to give notice only to shareholders entitled to vote at the meeting.

8 ...

9 (e) Unless the bylaws require otherwise, if an annual or special shareholders' meeting is  
 10 adjourned to a different date, time, or place, if any, notice need not be given of the new date,  
 11 time, or ~~place~~place, if any, if the ~~new date, time, or place is~~following are announced at the  
 12 meeting before ~~adjournment~~adjournment:

13 (1) The new date, time, or place, if any.

14 (2) If the meeting is to be continued solely by means of remote communication,  
 15 a description of the means of remote communication.

16 If a new record date for the adjourned meeting is or must be fixed under G.S. 55-7-07,  
 17 however, notice of the adjourned meeting must be given under this section to persons who are  
 18 shareholders as of the new record date.

19 (f) After a public corporation has notified shareholders of the date, time, and place of an  
 20 annual or special shareholders' meeting in accordance with subsection (a) of this section, further  
 21 notification in accordance with subsection (a) of this section is not required if all of the following  
 22 apply:

23 (1) A governmental order restricting travel or group gatherings applicable to the  
 24 place of the shareholders' meeting or public corporation's principal office is in  
 25 effect and is anticipated in good faith by the board of directors to be in effect  
 26 at the date and time set forth in the initial notification, including by an  
 27 anticipated extension of an existing order.

28 (2) The public corporation's board of directors determines that the shareholders'  
 29 meeting is instead to be held solely by means of remote communication in  
 30 accordance with G.S. 55-7-09(c) at the same date and time set forth in the  
 31 initial notification or at a different date and time.

32 (3) The public corporation (i) promptly issues a press release for national  
 33 dissemination announcing the determination of its board of directors that the  
 34 shareholders' meeting is to be held solely by means of remote communication  
 35 and describing the means of remote communication to be used and providing  
 36 the date and time of the shareholders' meeting to be held solely by means of  
 37 remote communication and (ii) files the press release with the Securities and  
 38 Exchange Commission as close to the time the press release is issued as  
 39 practicable and approximately contemporaneously posts such press release to  
 40 its corporate website."

41 **SECTION 1.(d)** G.S. 55-7-09 reads as rewritten:

42 "**§ 55-7-09. Remote participation in ~~meetings~~meetings; meetings held solely by remote**  
 43 **participation.**

44 (a) To the extent authorized by a corporation's board of directors, shareholders of any  
 45 class or series designated by the board of directors may participate in any meeting of shareholders  
 46 by means of remote communication. Participation by means of remote communication shall be  
 47 subject to such guidelines and procedures as the board of directors adopts and shall be in  
 48 conformity with subsection (b) of this section.

49 (b) Shareholders participating in a shareholders' meeting by means of remote  
 50 communication ~~shall be~~are deemed present and may vote at ~~such a~~the meeting if the corporation  
 51 has implemented reasonable measures to do all of the following:

- 1 (1) Verify that each person participating remotely is a shareholder.
- 2 (2) Provide each shareholder participating remotely a reasonable opportunity to
- 3 participate in the meeting and to vote on matters submitted to the shareholders,
- 4 including an opportunity to communicate and read or hear the proceedings of
- 5 the meeting, substantially concurrently with such proceedings.

6 (c) Unless shareholders' meetings held solely by means of remote communication are  
7 prohibited by the articles of incorporation or the bylaws, the board of directors may, in its sole  
8 discretion, determine that any meeting of shareholders shall not be held at any place and shall  
9 instead be held solely by means of remote communication, but only if the corporation implements  
10 the measures specified in subsection (b) of this section."

11 **SECTION 1.(e)** G.S. 55-7-20 reads as rewritten:

12 "**§ 55-7-20. Shareholders' list for meeting.**

13 (a) After fixing a record date for a meeting, a corporation shall prepare an alphabetical  
14 list of the names of all its shareholders who are entitled to notice of a shareholders' meeting. The  
15 list ~~must~~ shall be arranged by voting group ~~(and within each voting group group,~~ by class or  
16 series of ~~shares)~~ shares within each voting group, and shall show the address of and number of  
17 shares held by each shareholder.

18 (b) The shareholders' list ~~must~~ shall be available for inspection by any shareholder,  
19 beginning two business days after notice of the meeting is given for which the list was prepared  
20 and continuing through the meeting, (i) at the corporation's principal office or at a place identified  
21 in the meeting notice in the city where the meeting will be ~~held.~~ held or (ii) on a reasonably  
22 accessible electronic network, provided that the information required to gain access to the list is  
23 provided with the notice of the meeting. In the event that the corporation determines to make the  
24 list available on an electronic network, the corporation may take reasonable steps to ensure that  
25 the information is available only to shareholders of the corporation. A shareholder, personally or  
26 by or with ~~his~~ the shareholder's representative, is entitled on written demand to inspect and,  
27 subject to the requirements of G.S. 55-16-02(c), to copy the list, during regular business hours  
28 and at ~~his~~ the shareholder's expense, during the period it is available for inspection.

29 (c) ~~The~~ If the meeting is to be held at a place, the corporation shall make the shareholders'  
30 list available at the meeting, and any shareholder, personally or by or with ~~his~~ the shareholder's  
31 representative, is entitled to inspect the list at any time during the meeting or any adjournment.  
32 ~~The~~ If the meeting is to be held at a place, the corporation is not required to make the list available  
33 through electronic or other means of remote communication to a shareholder or proxy attending  
34 the meeting by remote communication pursuant to G.S. 55-7-09. If the meeting is to be held  
35 solely by means of remote communication, then the list shall also be open to inspection during  
36 the meeting on a reasonably accessible electronic network, and the information required to access  
37 the list shall be provided with the notice of the meeting.

38 (d) If the corporation refuses to allow a shareholder or ~~his~~ the shareholder's representative  
39 to inspect the shareholders' list before or at the ~~meeting (or meeting,~~ or copy the list as permitted  
40 by subsection ~~(b))~~, (b), the superior court of the county where a corporation's principal office ~~(or,~~  
41 ~~if none in this State, its registered office)~~ is located, or, if the corporation has no principal office  
42 in this State, the superior court of the county where the corporation's registered office is located,  
43 on application of the shareholder, after notice is given to the corporation, may summarily order  
44 the inspection or copying at the corporation's expense and may postpone the meeting for which  
45 the list was prepared until the inspection or copying is complete.

46 (e) Refusal or failure to prepare or make available the shareholders' list does not affect  
47 the validity of action taken at the meeting."

48 **SECTION 1.(f)** G.S. 55-10-22 reads as rewritten:

49 "**§ 55-10-22. Bylaw increasing quorum or voting requirement for ~~directors~~ directors or**  
50 **prohibiting a meeting of shareholders solely by remote participation.**

1 (a) A bylaw that fixes a greater quorum or voting requirement for the board of directors  
2 or that prohibits a meeting of shareholders solely by means of remote communication may be  
3 amended or ~~repealed~~repealed as follows:

- 4 (1) If originally adopted by the shareholders, only by the shareholders, unless  
5 amendment or repeal by the board of directors is permitted pursuant to  
6 subsection ~~(b)~~(b) of this section.  
7 (2) If originally adopted by the board of directors, either by the shareholders or  
8 by the board of directors.

9 (b) A bylaw adopted or amended by the shareholders that fixes a greater quorum or voting  
10 requirement for the board of directors may provide that it may be amended or repealed only by a  
11 specified vote of either the shareholders or the board of directors.

12 (c) ~~A~~The following applies to a bylaw referred to in subsection ~~(a)~~(a) of this section.

- 13 (1) ~~May It shall~~ not be adopted by the board of directors by a vote less than a  
14 majority of the directors then in ~~office~~and office.  
15 (2) ~~May It shall~~ not itself be amended by a quorum or vote of the directors less  
16 than the quorum or vote therein prescribed or prescribed by the shareholders  
17 pursuant to subsection ~~(b)~~(b) of this section."

18 **SECTION 1.(g)** The Revisor of Statutes shall cause to be printed, as annotations to  
19 the published General Statutes, all relevant portions of the Official Comments to the Revised  
20 Model Business Corporation Act and all explanatory comments of the drafters of this section as  
21 the Revisor may deem appropriate.  
22

23 **PART II. AUTHORIZE NONPROFIT MEMBER MEETINGS TO BE HELD BY MEANS**  
24 **OF REMOTE COMMUNICATION; AUTHORIZE NONPROFITS TO CONDUCT ALL**  
25 **BUSINESS ELECTRONICALLY UNLESS PROHIBITED BY THE NONPROFIT**

26 **SECTION 2.(a)** G.S. 55A-1-41 reads as rewritten:

27 "**§ 55A-1-41. Notice.**

28 ...

29 (c) Written notice by a domestic or foreign corporation to its member is effective when  
30 deposited in the United States mail with postage ~~thereon~~ prepaid and correctly addressed to the  
31 member's address shown in the corporation's current record of members. ~~To the extent the~~  
32 ~~corporation pursuant to G.S. 55A-1-70 and the member have agreed, notice~~ Notice by a domestic  
33 corporation ~~to its member~~ in the form of an electronic record sent by electronic means to a  
34 member who has designated an email address as provided in G.S. 55A-1-70(b) is effective when  
35 it is sent as provided in G.S. 66-325. ~~A member may terminate any such agreement at any time~~  
36 ~~on a prospective basis effective upon written notice of termination to the corporation or upon~~  
37 ~~such later date as may be specified in the notice.~~

38 (d) Written notice to a domestic or foreign corporation (~~authorized~~ authorized to conduct  
39 affairs in this ~~State~~) State may be addressed to its registered agent at its registered office or to the  
40 corporation or its secretary at its principal office shown in its articles of incorporation, the  
41 Designation of Principal Office Address form, or any Corporation's Statement of Change of  
42 Principal Office Address form filed with the Secretary of State.

43 (e) Except as provided in subsection (c) of this section, written notice is effective at the  
44 earliest of the following:

- 45 (1) When ~~received~~received.  
46 (2) Five days after its deposit in the United States mail, as evidenced by the  
47 postmark or otherwise, if mailed with at least first-class postage thereon  
48 prepaid and correctly ~~addressed~~addressed.  
49 (3) On the date shown on the return receipt, if sent by registered or certified mail,  
50 return receipt requested, and the receipt is signed by or on behalf of the  
51 ~~addressee~~addressee.

- 1 (4) If mailed with less than first-class postage, 30 days after its deposit in the  
2 United States mail, as evidenced by the postmark or otherwise, if mailed with  
3 postage thereon prepaid and correctly ~~addressed~~addressed.  
4 (5) When delivered to the member's address shown in the corporation's current  
5 list of members.

6 In the case of notice in the form of an electronic record sent by electronic means, the time of  
7 receipt shall be determined as provided in G.S. 66-325.

8 (f) Written notice is correctly addressed to a member of a domestic or foreign corporation  
9 if addressed to the member's address shown in the corporation's current list of members. In the  
10 case of members who are residents of the same household and who have the same address, the  
11 corporation's bylaws may provide that a single notice may be given to ~~such~~the members jointly.  
12 ...."

13 **SECTION 2.(b)** G.S. 55A-1-70 reads as rewritten:

14 "**§ 55A-1-70. Electronic transactions. Conducting business electronically.**

15 ~~For purposes of applying Article 40 of Chapter 66 of the General Statutes to transactions~~  
16 ~~under this Chapter, a corporation may agree to conduct a transaction by electronic means through~~  
17 ~~provision in its articles of incorporation or bylaws or by action of its board of directors.~~

18 (a) Unless prohibited or limited by the articles of incorporation or bylaws, or by action  
19 of its board of directors and subject to the requirements in subsection (b) of this section, a  
20 corporation, its officers, directors, and members may conduct business by electronic means in  
21 accordance with this Chapter. To the extent that this Chapter conflicts with Article 40 of Chapter  
22 66 of the General Statutes, this Chapter prevails.

23 (b) Members who wish to communicate and conduct business with a corporation by  
24 electronic means, including, without limitation, as permitted in G.S. 55A-1-41, 55A-7-04,  
25 55A-7-08, and 55A-7-24, shall first designate the email address to be used for communication  
26 and business between the member and the corporation and shall provide any other information  
27 required by the corporation to facilitate communication and business conducted between the  
28 member and the corporation. The corporation shall inform the members on how to designate an  
29 email address, of any additional information the corporation requires and how to provide it, and  
30 on how to update an email address and other required information previously provided."

31 **SECTION 2.(c)** G.S. 55A-2-07 reads as rewritten:

32 "**§ 55A-2-07. Emergency bylaws.**

33 (a) Unless the articles of incorporation provide otherwise, the board of directors of a  
34 corporation may adopt, amend, or repeal bylaws to be effective only in an emergency defined in  
35 subsection (d) of this section. The emergency bylaws, which are subject to amendment or repeal  
36 by the members, may make all provisions necessary for managing the corporation during the  
37 emergency, including:

- 38 (1) Procedures for calling a meeting of the board of directors;  
39 (2) Quorum requirements for the meeting; and  
40 (3) Designation of additional or substitute directors.

41 (b) All provisions of the regular bylaws consistent with the emergency bylaws remain  
42 effective during the emergency. The emergency bylaws are not effective after the emergency  
43 ends.

44 (c) Corporate action taken in good faith in accordance with the emergency bylaws binds  
45 the corporation, and the fact that the action was taken pursuant to emergency bylaws shall not be  
46 used to impose liability on a corporate director, officer, employee, or agent.

47 (d) An emergency exists for purposes of this section if a quorum of the corporation's  
48 directors cannot readily be assembled because of some catastrophic event if a natural or  
49 man-made disaster impedes the ability of the corporation's board of directors or members to  
50 comply with one or more provisions of the corporation's bylaws."

51 **SECTION 2.(d)** G.S. 55A-7-01 reads as rewritten:

1 **"§ 55A-7-01. Annual and regular meetings.**

2 (a) A corporation having members with the right to vote for directors shall hold a meeting  
3 of ~~such the~~ members annually.

4 (b) A corporation with members may hold regular membership meetings at the times  
5 stated in or fixed in accordance with the bylaws.

6 (c) Annual and regular membership meetings may be held (i) in person in or out of this  
7 State at the place stated in or fixed in accordance with the ~~bylaws.~~ bylaws or (ii) by means of  
8 remote communication, as provided in G.S. 55A-7-09. If no place is stated in or fixed in  
9 accordance with the bylaws, in-person annual and regular meetings shall be held at the  
10 corporation's principal office.

11 ...."

12 **SECTION 2.(e)** G.S. 55A-7-02 reads as rewritten:

13 **"§ 55A-7-02. Special meeting.**

14 (a) A corporation with members shall hold a special meeting of ~~members:~~ members in  
15 any of the following circumstances:

16 (1) On call of its board of directors or the person or persons authorized to do so  
17 by the articles of incorporation or ~~bylaws;~~ or bylaws.

18 (2) Within 30 days after the holders of at least ten percent (10%) of all the votes  
19 entitled to be cast on any issue proposed to be considered at the proposed  
20 special meeting sign, date, and deliver to the corporation's secretary one or  
21 more written demands for the meeting describing the purpose or purposes for  
22 which it is to be held.

23 (b) If not otherwise fixed under G.S. 55A-7-03 or G.S. 55A-7-07, the record date for  
24 determining members entitled to demand a special meeting is the date the first member signs the  
25 demand.

26 (c) Special meetings of members may be held (i) in person in or out of this State at the  
27 place stated in or fixed in accordance with the ~~bylaws.~~ bylaws or (ii) by means of remote  
28 communication as provided in G.S. 55A-7-09. If no place is stated or fixed in accordance with  
29 the bylaws, in-person special meetings shall be held at the corporation's principal office.

30 (d) Only those matters that are within the purpose or purposes described in the meeting  
31 notice required by G.S. 55A-7-05 may be acted upon at a special meeting of members."

32 **SECTION 2.(f)** G.S. 55A-7-03 reads as rewritten:

33 **"§ 55A-7-03. Court-ordered meeting.**

34 (a) The superior court of the county where a corporation's principal office, or, if there is  
35 none in this State, its registered office, is located may, after notice is given to the corporation and  
36 upon such further notice and opportunity to be heard, if any, as the court may deem appropriate  
37 under the circumstances, summarily order a meeting to be ~~held:~~ held in any of the following  
38 circumstances:

39 (1) On application of any member if an annual meeting was not held within 15  
40 months after the corporation's last annual ~~meeting;~~ or meeting.

41 (2) On application of a member who signed a demand for a special meeting valid  
42 under G.S. 55A-7-02, if the corporation has not held the meeting as required  
43 by that section.

44 (b) The court may fix the time and place of the meeting, specify a record date for  
45 determining those persons entitled to notice of and to vote at the meeting, prescribe the form and  
46 content of the meeting notice, fix the quorum required for specific matters to be considered at the  
47 meeting (~~or or~~ direct that the votes represented at the meeting constitute a quorum for action on  
48 those matters), matters, and enter other orders necessary to accomplish the purpose or purposes  
49 of the meeting. The court may order that the meeting be held by means of remote communication  
50 as provided in G.S. 55A-7-09.

1 (c) If the court orders a meeting, it may also order the corporation to pay all or part of the  
 2 member's costs ~~(including costs, including reasonable attorneys' fees)~~ fees, incurred to obtain the  
 3 order."

4 **SECTION 2.(g)** G.S. 55A-7-04 reads as rewritten:

5 "**§ 55A-7-04. Action by written consent.**

6 (a) Action required or permitted by this Chapter to be taken at a meeting of members may  
 7 be taken without a meeting if the action is taken by all members entitled to vote on the action.  
 8 The action shall be evidenced by one or more written consents describing the action taken, signed  
 9 before or after ~~such the~~ action by all members entitled to vote ~~thereon, on the action,~~ and delivered  
 10 to the corporation for inclusion in the minutes or filing with the corporate records. ~~To the extent~~  
 11 ~~the corporation has agreed pursuant to~~ If a member has agreed as provided in G.S. 55A-1-70, a  
 12 the member's consent to action taken without a meeting may be in electronic form and delivered  
 13 by electronic means.

14 ...."

15 **SECTION 2.(h)** G.S. 55A-7-05 reads as rewritten:

16 "**§ 55A-7-05. Notice of meeting.**

17 ...

18 (c) Notice is fair and reasonable ~~if~~ if it conforms to all of the following:

19 (1) The corporation gives notice to all members entitled to vote at the meeting of  
 20 the ~~place, place, if any,~~ date, and time of each annual, regular, and special  
 21 meeting of members no fewer than 10, or, if notice is mailed by other than  
 22 first class, registered or certified mail, no fewer than 30, nor more than 60 days  
 23 before the meeting ~~date;~~ date.

24 (1a) If the meeting will be held by means of remote communication, the notice  
 25 shall include all the information required by G.S. 55A-7-09.

26 (2) Notice of an annual or regular meeting includes a description of any matter or  
 27 matters that shall be approved by the members under G.S. 55A-8-31,  
 28 55A-8-55, 55A-10-03, 55A-10-21, 55A-11-04, 55A-12-02, or ~~55A-14-02;~~  
 29 ~~and~~ 55A-14-02.

30 (3) Notice of special meeting includes a description of the matter or matters for  
 31 which the meeting is called.

32 (d) Unless the bylaws require otherwise, if an annual, regular, or special meeting of  
 33 members is adjourned to a different date, time, or place, notice need not be given of the new date,  
 34 time, or place, if the new date, time, or place is announced at the meeting before adjournment. If  
 35 the meeting is to be continued by means of remote communication, the announcement shall also  
 36 include a description of the means of remote communication. If a new record date for the  
 37 adjourned meeting is or must be fixed under G.S. 55A-7-07, however, notice of the adjourned  
 38 meeting shall be given under this section to the members of record entitled to vote at the meeting  
 39 as of the new record date.

40 (e) When giving notice of an annual, regular, or special meeting of members, a  
 41 corporation shall give notice of a matter a member intends to raise at the meeting ~~if~~ if all of the  
 42 following apply:

43 ~~(1) Requested~~ The corporation is requested in writing to do so by a person or  
 44 persons entitled to call a special meeting pursuant to G.S. 55A-7-02;  
 45 ~~and~~ G.S. 55A-7-02.

46 (2) The request is received by the secretary or president of the corporation at least  
 47 10 days before the corporation gives notice of the meeting."

48 **SECTION 2.(i)** G.S. 55A-7-06 reads as rewritten:

49 "**§ 55A-7-06. Waiver of notice.**

50 ...

1 (b) A member's attendance at a ~~meeting;~~meeting in person or by means of remote  
2 communication waives objection to all of the following:

- 3 (1) ~~Waives objection to lack-~~Lack of notice or defective notice of the meeting,  
4 unless the member at the beginning of the meeting objects to holding the  
5 meeting or conducting business at the ~~meeting;~~ and meeting.  
6 (2) ~~Waives objection to consideration-~~Consideration of a particular matter at the  
7 meeting that is not within the purpose or purposes described in the meeting  
8 notice, unless the member objects to considering the matter before it is voted  
9 ~~upon-~~upon in an in-person meeting."

10 **SECTION 2.(j)** G.S. 55A-7-08 reads as rewritten:

11 "**§ 55A-7-08. Action-Member action by written ballot-ballot or electronic voting without a**  
12 **meeting.**

13 (a) Unless prohibited or limited by the articles of incorporation or bylaws and without  
14 regard to the requirements of G.S. 55A-7-04, any action that may be taken at any annual, regular,  
15 or special meeting of members may be taken without a meeting ~~if the corporation delivers a~~  
16 ~~written ballot to every member entitled to vote on the matter. Any requirement that any vote of~~  
17 ~~the members be made by written ballot may be satisfied by a ballot submitted by electronic~~  
18 ~~transmission, including electronic mail, provided that such electronic transmission shall either~~  
19 ~~set forth or be submitted with information from which it can be determined that the electronic~~  
20 ~~transmission was authorized by the member or the member's proxy by written ballots or~~  
21 ~~electronic voting as follows:~~

- 22 (1) Written ballots. – The corporation may deliver a written ballot to members  
23 entitled to vote on the matter that sets forth each proposed action and provides  
24 an opportunity to vote for or against each proposed action. Unless secret  
25 balloting is required on the proposed action, the ballot shall contain or request  
26 information sufficient to identify the member or the member's proxy  
27 submitting the ballot. Written ballots may be submitted to the corporation by  
28 any reasonable means specified by the corporation, including email.  
29 (2) Electronic voting. – For members who have complied with G.S. 55A-1-70,  
30 the corporation may provide an electronic ballot or electronic notice that sets  
31 forth each proposed action and provides an opportunity and instructions on  
32 how to vote for or against each proposed action using the electronic ballot or  
33 an electronic voting system.

34 (b) ~~A written ballot shall:~~

- 35 (1) ~~Set forth each proposed action; and~~  
36 (2) ~~Provide an opportunity to vote for or against each proposed action.~~

37 (e)(b) All members entitled to vote on the matter shall be given the opportunity to vote on  
38 the proposed action by written ballot or electronic voting, or both. The board of directors may  
39 determine, in its discretion, whether votes shall be cast by written ballots or by electronic voting,  
40 or by both, provided that votes may be cast solely by electronic voting only if all members entitled  
41 to vote on the proposed action have complied with G.S. 55A-1-70(b). Approval by written ballot  
42 or electronic voting, or both, pursuant to this section shall be valid only when the number of votes  
43 cast by written ballot or electronic voting, or both, equals or exceeds the quorum required to be  
44 present at a meeting authorizing the action, and the number of approvals equals or exceeds the  
45 number of votes that would be required to approve the matter at a meeting at which the same  
46 total number of votes were cast.

47 (d)(c) All written ballots or solicitations for votes by written ~~ballot-~~ballot, all electronic  
48 ballots or solicitations for votes by electronic ballot, and all electronic voting notices shall  
49 indicate the time by which a written or electronic ballot shall be received by the corporation or  
50 by which electronic votes shall be cast in order to be counted. The deadline for the return of



1 written ballots and electronic ballots and for the casting of electronic votes on any proposed  
2 action shall be identical.

3 ~~(e)(d)~~ Except as otherwise provided in the articles of incorporation or bylaws, ~~a written~~  
4 ~~ballot~~ any written ballot, electronic ballot, or electronic vote that is submitted shall not be  
5 revoked."

6 **SECTION 2.(k)** Article 7 of Chapter 55 of the General Statutes is amended by  
7 adding a new section to read:

8 **"§ 55A-7-09. Meetings held by means of remote communication.**

9 (a) Unless members' meetings held by means of remote communication are prohibited  
10 by the articles of incorporation or the bylaws, the board of directors may, in its sole discretion,  
11 determine that any membership meeting shall be held by means of remote communication, but  
12 only if the remote communication allows members participating to hear other participants and to  
13 be heard by other participants if recognized during the meeting, if members are given the  
14 opportunity to participate to the same extent they could participate if present in person (including  
15 to vote if votes are to be taken during the meeting), and if the corporation has implemented  
16 reasonable measures to verify that each person participating remotely is a member or a member's  
17 proxy.

18 (b) In addition to the information required by G.S. 55A-7-05, notice of a meeting held by  
19 means of remote communication shall include notice that the meeting will be held by means of  
20 remote communication and sufficient instruction and information on how members may join the  
21 meeting remotely.

22 (c) The board of directors may prescribe additional rules and procedures for meetings  
23 held by means of remote communication, that are consistent with the provisions of this Chapter,  
24 including, without limitation, rules concerning votes to be taken during the remote  
25 communication meeting or that membership votes on some or all matters shall be cast as  
26 permitted in G.S. 55A-7-08."

27 **SECTION 2.(l)** G.S. 55A-7-24 reads as rewritten:

28 **"§ 55A-7-24. Proxies.**

29 (a) Unless the articles of incorporation or bylaws prohibit or limit proxy voting, a  
30 member may vote in person or by proxy. A member may appoint one or more proxies to vote or  
31 otherwise act for the member by signing an appointment form, either personally or by the  
32 member's attorney-in-fact. ~~Without limiting G.S. 55A-1-70, an~~ An appointment in the form of an  
33 electronic record submitted by a member who has agreed as provided in G.S. 55A-1-70 that either  
34 bears the member's electronic signature or is sent from the member's designated email address  
35 and that may be directly reproduced in paper form by an automated process shall be deemed a  
36 valid appointment form within the meaning of this section. In addition, if and to the extent  
37 permitted by the nonprofit corporation, a member may appoint one or more proxies by any kind  
38 of telephonic transmission, even if not accompanied by written communication, under  
39 circumstances or together with information from which the nonprofit corporation can reasonably  
40 assume that the appointment was made or authorized by the member.

41 ...

42 (c) An appointment of a proxy is revocable by the member unless the appointment form  
43 conspicuously states that it is irrevocable and the appointment is coupled with an interest. An  
44 appointment made irrevocable under this subsection shall be revocable when the interest with  
45 which it is coupled is extinguished. A transferee for value of an interest subject to an irrevocable  
46 appointment may revoke the appointment if ~~he~~ the transferee did not have actual knowledge of  
47 its irrevocability.

48 ...

49 (e) A revocable appointment of a proxy is revoked by the person appointing the  
50 ~~proxy;~~ proxy doing any of the following:

51 (1) ~~Attending any meeting and voting in person;~~ or person.

- 1 (2) Signing and delivering to the secretary or other officer or agent authorized to  
 2 tabulate proxy votes either a writing stating that the appointment of the proxy  
 3 is revoked or a subsequent appointment form.

4 ...."

5 **SECTION 2.(m)** G.S. 55A-7-20 reads as rewritten:

6 "**§ 55A-7-20. Members' list for meeting.**

7 ...

8 (b) Beginning two business days after notice is given of the meeting for which the list  
 9 was prepared and continuing through the meeting, the list of members shall be available for  
 10 inspection by any member for the purpose of communication with other members concerning the  
 11 meeting. The list shall be available at (i) the corporation's principal office or at a reasonable place  
 12 identified in the meeting notice in the city where the meeting will be held ~~for inspection by any~~  
 13 ~~member for the purpose of communication with other members concerning the meeting, or (ii)~~  
 14 on a reasonably accessible electronic network, so long as the information required to gain access  
 15 to the list is provided with the notice of the meeting. In the event that the corporation determines  
 16 to make the list available on an electronic network, the corporation may take reasonable steps to  
 17 ensure that the information is available only to members of the corporation. A member,  
 18 personally or by or with ~~his~~ the member's representatives, is entitled on written demand to inspect  
 19 and, subject to the limitations of G.S. 55A-16-02(c) and G.S. 55A-16-05 and at ~~his~~ the member's  
 20 expense, to copy the list at a reasonable time during the period it is available for inspection.

21 (c) ~~The~~ If the meeting is to be held at a place, the corporation shall make the list of  
 22 members available at the meeting, and any member, personally or by or with ~~his~~ the member's  
 23 representatives, is entitled to inspect the list at any time during the meeting or any adjournment.

24 (d) If the corporation refuses to allow a member or ~~his~~ the member's representative to  
 25 inspect or copy the list of members as permitted in subsections (b) and (c) of this section, the  
 26 superior court of the county where a corporation's principal ~~office (or, office, or, if there is none~~  
 27 ~~in this State, its registered office) office,~~ is located, on application of the member, after notice is  
 28 given to the corporation and upon such further evidence, notice and opportunity to be heard, if  
 29 any, as the court may deem appropriate under the circumstances, may summarily order the  
 30 inspection or copying at the corporation's expense. The court may postpone the meeting for which  
 31 the list was prepared until the inspection or copying is complete and may order the corporation  
 32 to pay the member's costs, including reasonable attorneys' fees, incurred to obtain the order.

33 (e) Refusal or failure to prepare or make available the members' list does not affect the  
 34 validity of action taken at the meeting."

35 **SECTION 2.(n)** G.S. 55A-8-20 reads as rewritten:

36 "**§ 55A-8-20. Regular and special meetings.**

37 (a) The board of directors may hold regular or special meetings in or out of this State.

38 (b) Unless the articles of incorporation or bylaws provide otherwise, the board of  
 39 directors may permit any or all directors to participate in a regular or special meeting by, or  
 40 conduct the meeting through the use of, any means of communication by which all directors  
 41 participating may simultaneously hear and be heard by each other during the meeting. A director  
 42 participating in a meeting by this means is deemed to be present in person at the meeting."

43 **SECTION 2.(o)** G.S. 55A-8-21 reads as rewritten:

44 "**§ 55A-8-21. Action without meeting.**

45 (a) Unless the articles of incorporation or bylaws provide otherwise, action required or  
 46 permitted by this Chapter to be taken at a board of directors' meeting may be taken without a  
 47 meeting if the action is taken by all members of the board. The action shall be evidenced by one  
 48 or more written consents signed by each director before or after ~~such~~ the action, describing the  
 49 action taken, and included in the minutes or filed with the corporate records reflecting the action  
 50 taken. ~~To the extent the corporation has agreed pursuant to G.S. 55A-1-70, As authorized in~~

1 G.S. 55A-1-70, a director's consent to action taken without meeting may be in electronic form  
2 and delivered by electronic means.

3 ...."  
4

5 **PART III. AUTHORIZE INSURANCE POLICYHOLDER MEETINGS TO BE HELD**  
6 **REMOTELY**

7 **SECTION 3.** G.S. 58-8-10 reads as rewritten:

8 "**§ 58-8-10. Policyholders are members of mutual companies.**

9 (a) Every person insured by a mutual insurance company is a member while that person's  
10 policy is in force, entitled to one vote for each policy that person holds, and ~~must~~shall be notified  
11 of the (i) time and (ii) place ~~of~~or method of remote communication, or both, for holding the  
12 company's meetings by a written notice or by an imprint upon the back of each policy, receipt,  
13 or certificate of renewal, as follows:

14 (1) If the meetings are to be held at a place, as follows: The insured is hereby  
15 notified that by virtue of this policy the insured is a member of the \_\_\_\_\_  
16 insurance company, and that the annual meetings of the company are held at  
17 its home office on the \_\_\_\_\_ day of \_\_\_\_\_, in each year, at \_\_\_\_\_ o'clock.

18 (2) If the meetings are to be held solely by remote communication, as follows:  
19 The insured is hereby notified that by virtue of this policy the insured is a  
20 member of the \_\_\_\_\_ insurance company, and that the annual meetings of  
21 the company are held by means of remote communication, which can be  
22 accessed by \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, in each year, at \_\_\_\_\_  
23 o'clock.

24 (3) If the meetings are to be held at a place and by remote communication, as  
25 follows: The insured is hereby notified that by virtue of this policy the insured  
26 is a member of the \_\_\_\_\_ insurance company, and that the annual meetings  
27 of the company are held at its home office and by means of remote  
28 communication, which can be accessed by \_\_\_\_\_ on the \_\_\_\_\_ day of  
29 \_\_\_\_\_, in each year, at \_\_\_\_\_ o'clock.

30 (b) The blanks in subsection (a) of this section shall be duly filled in print and are a  
31 sufficient notice. A corporation that becomes a member of a mutual insurance company may  
32 authorize any person to represent the corporation; and this representative has all the rights of an  
33 individual member. A person holding property in trust may insure it in a mutual insurance  
34 company, and as trustee assume the liability and be entitled to the rights of a member; but is not  
35 personally liable upon the contract of insurance. Members may vote by proxies, dated and  
36 executed within one year after receipt, and returned and recorded on the books of the company  
37 three days or more before the meeting at which they are to be used.

38 (c) Participation by means of remote communication shall be subject to such guidelines  
39 and procedures as the board of directors adopts and shall be in conformity with subsection (d) of  
40 this section.

41 (d) Members participating in meetings by means of remote communication shall be  
42 deemed (i) present and (ii) voting in person at the meeting if the mutual insurance company has  
43 implemented reasonable measures to do all of the following:

44 (1) Verify that each person participating remotely is a member.

45 (2) Provide each member participating remotely a reasonable opportunity to  
46 participate in the meeting and to vote on matters submitted to the members,  
47 including an opportunity to communicate and read or hear the proceedings of  
48 the meeting, substantially concurrently with the proceedings.

49 (e) The board of directors may, in its sole discretion, determine that any meeting of  
50 members shall not be held at any place and shall instead be held solely by means of remote

1 communication, but only if the mutual insurance company implements the measures specified in  
2 subsection (d) of this section."  
3

4 **PART IV. SEVERABILITY CLAUSE**

5 **SECTION 4.** If any section or provision of this act is declared unconstitutional or  
6 invalid by the courts, it does not affect the validity of this act as a whole or any part other than  
7 the part so declared to be unconstitutional or invalid.  
8

9 **PART V. EFFECTIVE DATE AND APPLICABILITY**

10 **SECTION 5.** This act is effective when it becomes law and applies to meetings  
11 noticed on or after that date. Remote shareholder meetings noticed before the effective date of  
12 this act as a result of the State of Emergency declared by Executive Order No. 116 on March 10,  
13 2020, and complying with any subsequent executive orders authorizing remote shareholder  
14 meetings issued by Governor Roy A. Cooper shall be deemed in compliance with this act.