

SENATE BILL No. 568

October 4, 1989, Introduced by Senators DE GROW,
POSTHUMUS, SCHWARZ, O'BRIEN, SHINKLE, POLLACK, CRUCE,
SEDERBURG and GAST and referred to the Committee on
Commerce and Technology.

A bill to amend sections 124, 128, 402b, 7604, and 8240 of
Act No. 218 of the Public Acts of 1956, entitled as amended
"The insurance code of 1956,"
section 124 as amended by Act No. 121 of the Public Acts of 1986,
section 128 as amended by Act No. 318 of the Public Acts of 1986,
section 402b as amended by Act No. 341 of the Public Acts of
1988, and section 7604 as amended by Act No. 66 of the Public
Acts of 1981, being sections 500.124, 500.128, 500.402b,
500.7604, and 500.8240 of the Michigan Compiled Laws; to add
chapter 81; and to repeal certain parts of the act.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Section 1. Sections 124, 128, 402b, 7604, and 8240 of Act
- 2 No. 218 of the Public Acts of 1956, section 124 as amended by Act
- 3 No. 121 of the Public Acts of 1986, section 128 as amended by Act
- 4 No. 318 of the Public Acts of 1986, section 402b as amended by

1 Act No. 341 of the Public Acts of 1988, and section 7604 as
2 amended by Act No. 66 of the Public Acts of 1981, being sections
3 500.124, 500.128, 500.402b, 500.7604, and 500.8240 of the
4 Michigan Compiled Laws, are amended and chapter 81 is added to
5 read as follows:

6 Sec. 124. This code shall not apply to:

7 (a) Domestic farmers' and other special risk mutual property
8 insurers, as identified in chapter 68, except as stated in chap-
9 ter 68.

10 (b) Fraternal benefit societies, except as stated in chapter
11 ~~80~~ 81.

12 (c) A multiple employer welfare arrangement regulated under
13 chapter 70, except as provided in chapter 70.

14 Sec. 128. This code shall not apply to:

15 (a) Nonprofit organizations of a purely philanthropic or
16 social character, which may issue protection for the benefit of
17 their members in amounts not to exceed \$150.00 death benefit or
18 \$6.00 per week sickness or accident benefit upon compliance with
19 provisions of the NONPROFIT corporation ~~code, and the require-~~
20 ~~ments imposed thereunder by the corporation and securities~~

21 ~~commission~~ ACT, ACT NO. 162 OF THE PUBLIC ACTS OF 1982, BEING
22 SECTIONS 450.2101 TO 450.3192 OF THE MICHIGAN COMPILED LAWS, and
23 with the further and additional requirements that ~~no~~ commis-
24 sions or fees shall NOT be charged in such transactions, nor
25 shall ~~such~~ THESE organizations be formed or operated princi-
26 pally or primarily for the purpose of issuing such policies or
27 contracts of insurance.

1 (b) Organizations legally operating under exceptions to the
2 application of the insurance code in force and effect heretofore,
3 provided ~~such~~ THESE organizations shall notify the commissioner
4 of their intention to so continue, and shall furnish with ~~such~~
5 THAT notice satisfactory proof of their eligibility under said
6 exceptions. The commissioner shall not be required to accept any
7 ~~such~~ notice filed later than December 31, 1945.

8 (c) Those fraternal and other societies, orders, associa-
9 tions, and organizations exempted pursuant to section ~~8094~~
10 8177, exempted fraternal societies and other organizations, but
11 subject to the provisions of section ~~8094~~ 8177.

12 (d) Voluntary associations of employees which provide death,
13 accident, or sickness benefits to persons employed by the same
14 employer.

15 (e) The Mennonite aid association of Indiana and Michigan.
16 Sec. 402b. The following do not constitute transactions of
17 insurance in this state within the meaning of sections 402 and
18 402a:

19 (a) Transaction of insurance under chapter 19.

20 (b) Transaction of reinsurance.

21 (c) Transaction of insurance on a risk not resident or
22 located in this state at the time the insurance took effect, when
23 the insurance was not written in this state.

24 (d) Transaction of group or blanket insurance or group annu-
25 ities in which a master policy was lawfully issued and delivered
26 in states in which the insurer was authorized to transact
27 insurance. However, the delivery in this state of certificates

1 for out-of-state group policies under trusts which are
2 established or marketed by an entity not insured or subject to
3 the laws of Michigan, shall constitute the transaction of insur-
4 ance, and shall be subject to the requirements of chapter 22.

5 (e) Transaction of insurance, under the same policy, on 1 or
6 more risks resident or located both within and outside this
7 state, when, under all the circumstances of the transaction, any
8 appropriate part of the premium on the policy was apportioned to
9 this state. However, the delivery in this state of certificates
10 for out-of-state group policies under trusts which are estab-
11 lished or marketed by an entity not insured or subject to the
12 laws of Michigan, shall constitute the transaction of insurance,
13 and shall be subject to the requirements of chapter 22.

14 (f) Transaction of insurance as defined in sections 614 and
15 616.

16 (g) Transaction of insurance independently procured through
17 negotiations occurring entirely outside of this state.

18 (h) Transaction of insurance by a nonprofit life insurance
19 company, when the transactions involve life insurance, disabili-
20 ty, or annuity contracts issued direct from the home office of
21 the company, without agents or representatives in this state
22 other than representatives servicing life insurance, disability,
23 annuity contracts, or providing information upon request concern-
24 ing other products of the company, only to or for the benefit of
25 employees of nonprofit educational, scientific, or religious
26 institutions. The transactions defined in this subdivision shall

1 not include those of a fraternal benefit society, as defined in
2 section ~~8001~~ 8103.

3 Sec. 7604. (1) An insurer organized under the laws of this
4 state and transacting business under this code may consolidate or
5 merge with or reinsure all or any part of its outstanding risks
6 for the purpose of effecting a merger or consolidating with an
7 insurer of generally like character authorized to transact busi-
8 ness in this state under terms that are reasonable and just.
9 "Consolidation" and "merger", as used in this chapter, include a
10 transaction where an insurer authorized to transact business in
11 this state, which is a wholly-owned subsidiary of a controlling
12 corporation, which need not be an insurer, distributes shares of
13 the capital stock of the controlling corporation in merging
14 another insurer into the subsidiary or in merging the subsidiary
15 into another insurer. When an insurer proposes to consolidate or
16 merge with, or reinsure all of its outstanding risk with, another
17 insurer for the purpose of effecting a merger or consolidation,
18 the following procedure shall be followed:

19 (a) The insurers shall petition the commissioner, setting
20 forth the terms and conditions of the proposed consolidation,
21 merger, or agreement of reinsurance, to which the commissioner
22 may in his or her discretion grant preliminary, tentative, or
23 conditional approval.

24 (b) After securing the approval from the commissioner, the
25 insurers shall give notice, either personally or through mailing
26 at least 21 days before the time fixed for the meeting, to the
27 last known postal address of each stockholder, subscriber, or

1 member, that the question of the consolidation, merger, or
2 reinsurance will be voted upon at a regular or special meeting of
3 the stockholders, subscribers, or members, which notice shall
4 fairly but briefly describe the proposed procedure.

5 (c) The consolidation, merger, or contract of reinsurance
6 for the purpose of effecting a merger or consolidation shall be
7 approved at the regular or special meeting held in pursuance of
8 the call and notice, by the affirmative vote of not less than 2/3
9 of the members or subscribers voting in person or by proxy if it
10 is a mutual or a cooperative or assessment corporation or a
11 reciprocal or interinsurance exchange, or not less than 2/3 of
12 the outstanding capital stock, if it is a stock company.

13 (d) The consolidation or merger agreement or contract of
14 reinsurance for the purpose of effecting a merger or consolida-
15 tion, together with proper proof that it has been approved by the
16 stockholders, subscribers, or members as provided in this sec-
17 tion, shall be submitted to the commissioner for final approval.
18 This contract shall not become effective until the commissioner,
19 in his or her discretion, issues a certificate of final approval
20 to the petitioner. If the terms of the consolidation or merger
21 or reinsurance contract for the purpose of effecting a merger or
22 consolidation provide that securities shall pass to an insurer
23 assuming the liabilities for which the securities are held, a
24 public official, or other person or company holding the securi-
25 ties shall upon the written order of the commissioner deliver the
26 securities to or credit the securities to the account of the
27 corporation, corporations, person, or persons entitled to the

1 securities by the terms of the contract and the order of the
2 commissioner.

3 (2) Consolidation, merger, or reinsurance for the purpose of
4 effecting a merger or consolidation of all of the insurance risk
5 of any membership corporation under this section, shall act as a
6 dissolution of the corporation except in the case of a stock com-
7 pany which shall be dissolved in accordance with the business
8 corporation act. All liability upon a stock company's certifi-
9 cates or contracts shall cease upon the expiration of 5 days fol-
10 lowing the consolidation, merger, or reinsurance for the purpose
11 of effecting a merger or consolidation, but its officers may
12 thereafter perform any act or acts necessary to close its affairs
13 with the approval of the commissioner.

14 (3) This section shall not be construed to prohibit an
15 insurer from reinsuring a fractional part or all of an individual
16 risk in the usual or incidental conduct of its business.

17 (4) Consolidation, merger, or reinsurance for the purpose of
18 effecting a merger or consolidation of all or a substantial por-
19 tion of the risks of a fraternal benefit society shall be gov-
20 erned by this section insofar as not otherwise regulated by chap-
21 ter ~~80~~ 81, specifically governing fraternal benefit societies.

22 (5) This section shall not be construed to prohibit a title
23 insurance corporation from acquiring by merger, exchange of
24 stock, or otherwise, if permitted by and pursuant to the business
25 corporation act, a corporation engaged in the general abstract
26 business or the assets of such a corporation.

1 (6) Notwithstanding subsection (1), when a farmers mutual
2 insurer organized under chapter 68 proposes to merge with any
3 other mutual insurer, the surviving insurer may give notice to
4 its members by publication as provided in section 5214(2).

5 CHAPTER 81

6 FRATERNAL BENEFIT SOCIETIES

7 SEC. 8100. AS USED IN THIS CHAPTER:

8 (A) "BENEFIT CONTRACT" MEANS THE AGREEMENT FOR PROVISION OF
9 BENEFITS AUTHORIZED BY SECTION 8133, AS THAT AGREEMENT IS
10 DESCRIBED IN SECTION 8139(1).

11 (B) "BENEFIT MEMBER" MEANS AN ADULT MEMBER DESIGNATED BY THE
12 LAWS OR RULES OF THE SOCIETY TO BE A BENEFIT MEMBER UNDER A BENE-
13 FIT CONTRACT.

14 (C) "CERTIFICATE" MEANS THE DOCUMENT ISSUED AS WRITTEN EVI-
15 DENCE OF A BENEFIT CONTRACT.

16 (D) "LAWS" MEANS THE SOCIETY'S ARTICLES OF INCORPORATION,
17 CONSTITUTION, AND BYLAWS, HOWEVER DESIGNATED.

18 (E) "LODGE" MEANS THE SUBORDINATE MEMBER UNITS OF A SOCIETY,
19 INCLUDING CAMPS, COURTS, COUNCILS, BRANCHES, OR OTHER SIMILAR
20 DESIGNATION.

21 (F) "PREMIUMS" MEANS RATES, DUES, OR OTHER REQUIRED CONTRI-
22 BUTIONS PAYABLE UNDER A CERTIFICATE.

23 (G) "RULES" MEANS ALL RULES, REGULATIONS, OR RESOLUTIONS
24 ADOPTED BY A SOCIETY'S SUPREME GOVERNING BODY OR BOARD OF DIREC-
25 TORS THAT ARE INTENDED TO HAVE GENERAL APPLICATION TO THE MEMBERS
26 OF THE SOCIETY.

1 (H) "SOCIETY", UNLESS OTHERWISE INDICATED, MEANS A FRATERNAL
2 BENEFIT SOCIETY.

3 SEC. 8101. EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER, A
4 SOCIETY SHALL BE GOVERNED BY THIS CHAPTER AND SHALL BE EXEMPT
5 FROM ALL OTHER PROVISIONS OF THE INSURANCE LAWS OF THIS STATE
6 UNLESS THE SOCIETY IS EXPRESSLY DESIGNATED IN ANOTHER LAW OR IS
7 SPECIFICALLY MADE APPLICABLE BY THIS CHAPTER.

8 SEC. 8102. EACH SOCIETY ORGANIZED OR LICENSED UNDER THIS
9 CHAPTER IS HEREBY DECLARED TO BE A CHARITABLE AND BENEVOLENT
10 INSTITUTION, AND ALL OF THE SOCIETY'S FUNDS SHALL BE EXEMPT FROM
11 ALL STATE, COUNTY, DISTRICT, MUNICIPAL, AND SCHOOL TAXES, OTHER
12 THAN TAXES ON REAL ESTATE AND OFFICE EQUIPMENT.

13 SEC. 8103. AN INCORPORATED SOCIETY, ORDER, OR SUPREME
14 LODGE, WITHOUT CAPITAL STOCK, INCLUDING 1 EXEMPTED UNDER THE PRO-
15 VISIONS OF SECTION 8177(1)(B) WHETHER INCORPORATED OR NOT, CON-
16 DUCTED SOLELY FOR THE BENEFIT OF ITS MEMBERS AND THEIR BENEFICIA-
17 RIES AND NOT FOR PROFIT, OPERATED ON A LODGE SYSTEM WITH RITUAL-
18 ISTIC FORM OF WORK, HAVING A REPRESENTATIVE FORM OF GOVERNMENT,
19 AND THAT PROVIDES BENEFITS IN ACCORDANCE WITH THIS CHAPTER, IS A
20 FRATERNAL BENEFIT SOCIETY.

21 SEC. 8105. (1) A SOCIETY IS OPERATING ON THE LODGE SYSTEM
22 IF IT HAS A SUPREME GOVERNING BODY AND SUBORDINATE LODGES INTO
23 WHICH MEMBERS ARE ELECTED, INITIATED, OR ADMITTED IN ACCORDANCE
24 WITH ITS LAWS, RULES, AND RITUAL. SUBORDINATE LODGES SHALL BE
25 REQUIRED BY THE LAWS OF THE SOCIETY TO HOLD REGULAR MEETINGS AT
26 LEAST ONCE IN EACH MONTH IN FURTHERANCE OF THE PURPOSES OF THE
27 SOCIETY.

1 (2) A SOCIETY MAY, AT ITS OPTION, ORGANIZE AND OPERATE
2 LODGES FOR CHILDREN UNDER THE MINIMUM AGE FOR ADULT MEMBERSHIP.
3 MEMBERSHIP AND INITIATION IN LOCAL LODGES SHALL NOT BE REQUIRED
4 OF THE CHILDREN, NOR SHALL THEY HAVE A VOICE OR VOTE IN THE MAN-
5 AGEMENT OF THE SOCIETY.

6 SEC. 8107. (1) A SOCIETY HAS A REPRESENTATIVE FORM OF GOV-
7 ERNMENT IF:

8 (A) IT HAS A SUPREME GOVERNING BODY CONSTITUTED IN 1 OF THE
9 FOLLOWING WAYS:

10 (i) THE SUPREME GOVERNING BODY IS AN ASSEMBLY COMPOSED OF
11 DELEGATES ELECTED DIRECTLY BY THE MEMBERS OR ELECTED AT INTERME-
12 DIATE ASSEMBLIES OR CONVENTIONS OF MEMBERS OR THEIR REPRESENTA-
13 TIVES, TOGETHER WITH OTHER DELEGATES AS MAY BE PRESCRIBED IN THE
14 SOCIETY'S LAWS. A SOCIETY MAY PROVIDE FOR ELECTION OF DELEGATES
15 BY MAIL. THE ELECTED DELEGATES SHALL CONSTITUTE A MAJORITY IN
16 NUMBER AND SHALL HAVE NOT LESS THAN 2/3 OF THE VOTES AND NOT LESS
17 THAN THE NUMBER OF VOTES REQUIRED TO AMEND THE SOCIETY'S LAWS.
18 THE ASSEMBLY SHALL BE ELECTED, SHALL MEET AT LEAST ONCE EVERY
19 4 YEARS, AND SHALL ELECT A BOARD OF DIRECTORS TO CONDUCT THE
20 BUSINESS OF THE SOCIETY BETWEEN MEETINGS OF THE ASSEMBLY.
21 VACANCIES ON THE BOARD OF DIRECTORS BETWEEN ELECTIONS MAY BE
22 FILLED IN THE MANNER PRESCRIBED BY THE SOCIETY'S LAWS.

23 (ii) THE SUPREME GOVERNING BODY IS A BOARD COMPOSED OF PER-
24 SONS ELECTED BY THE MEMBERS, EITHER DIRECTLY OR BY THEIR REPRE-
25 SENTATIVES IN INTERMEDIATE ASSEMBLIES, AND OTHER PERSONS PRE-
26 SCRIBED IN THE SOCIETY'S LAWS. A SOCIETY MAY PROVIDE FOR
27 ELECTION OF THE BOARD BY MAIL. EACH TERM OF A BOARD MEMBER MAY

1 NOT EXCEED 4 YEARS. VACANCIES ON THE BOARD BETWEEN ELECTIONS MAY
2 BE FILLED IN THE MANNER PRESCRIBED BY THE SOCIETY'S LAWS. THOSE
3 PERSONS ELECTED TO THE BOARD SHALL CONSTITUTE A MAJORITY IN
4 NUMBER AND NOT LESS THAN THE NUMBER OF VOTES REQUIRED TO AMEND
5 THE SOCIETY'S LAWS. A PERSON FILLING THE UNEXPIRED TERM OF AN
6 ELECTED BOARD MEMBER SHALL BE CONSIDERED TO BE AN ELECTED
7 MEMBER. THE BOARD SHALL MEET AT LEAST QUARTERLY TO CONDUCT THE
8 BUSINESS OF THE SOCIETY.

9 (B) THE OFFICERS OF THE SOCIETY ARE ELECTED EITHER BY THE
10 SUPREME GOVERNING BODY OR BY THE BOARD OF DIRECTORS.

11 (C) ONLY BENEFIT MEMBERS ARE ELIGIBLE FOR ELECTION TO THE
12 SUPREME GOVERNING BODY AND THE BOARD OF DIRECTORS.

13 (D) EACH VOTING MEMBER HAS 1 VOTE AND NO VOTE MAY BE CAST BY
14 PROXY.

15 (2) IN TIME OF WAR OR OTHER EMERGENCY, THE COMMISSIONER MAY
16 ORDER THE POSTPONEMENT OF SOCIETY MEETINGS FOR THE DURATION OF
17 THE EMERGENCY OR FOR ANY LESSER PERIOD IN HIS OR HER DISCRETION.
18 THE OFFICERS OF THE SOCIETY AND THE DELEGATES AND REPRESENTATIVES
19 CONSTITUTING THE SUPREME GOVERNING BODY SHALL CONTINUE TO HOLD
20 OFFICE AND EXERCISE AND PERFORM ALL POWERS AND DUTIES CONFERRED
21 ON THEM DURING THE POSTPONEMENT.

22 SEC. 8109. (1) A SOCIETY SHALL OPERATE FOR THE BENEFIT OF
23 MEMBERS AND THEIR BENEFICIARIES BY DOING BOTH OF THE FOLLOWING:

24 (A) PROVIDING BENEFITS AS SPECIFIED IN SECTION 8133.

25 (B) OPERATING FOR 1 OR MORE SOCIAL, INTELLECTUAL, EDUCATION-
26 AL, CHARITABLE, BENEVOLENT, MORAL, FRATERNAL, PATRIOTIC, OR

1 RELIGIOUS PURPOSES FOR THE BENEFIT OF ITS MEMBERS, WHICH MAY ALSO
2 BE EXTENDED TO OTHERS.

3 (2) SUBSECTION (1) MAY BE CARRIED OUT DIRECTLY BY THE SOCI-
4 ETY, OR INDIRECTLY THROUGH SUBSIDIARY CORPORATIONS OR AFFILIATED
5 ORGANIZATIONS.

6 (3) EACH SOCIETY MAY ADOPT LAWS AND RULES FOR THE GOVERNMENT
7 OF THE SOCIETY, THE ADMISSION OF ITS MEMBERS, AND THE MANAGEMENT
8 OF ITS AFFAIRS. EACH SOCIETY MAY CHANGE, ALTER, ADD TO, OR AMEND
9 THOSE LAWS AND RULES AND SHALL HAVE OTHER POWERS AS ARE NECESSARY
10 AND INCIDENTAL TO CARRYING INTO EFFECT THE OBJECTS AND PURPOSES
11 OF THE SOCIETY.

12 SEC. 8111. (1) A SOCIETY SHALL SPECIFY ALL OF THE FOLLOWING
13 IN ITS LAWS OR RULES:

14 (A) ELIGIBILITY STANDARDS FOR EACH AND EVERY CLASS OF
15 MEMBERSHIP. HOWEVER, IF BENEFITS ARE PROVIDED ON THE LIVES OF
16 CHILDREN, THE MINIMUM AGE FOR ADULT MEMBERSHIP SHALL BE SET AT
17 NOT LESS THAN AGE 15 AND NOT GREATER THAN AGE 21.

18 (B) THE PROCESS FOR ADMISSION TO MEMBERSHIP FOR EACH MEMBER-
19 SHIP CLASS.

20 (C) THE RIGHTS AND PRIVILEGES OF EACH MEMBERSHIP CLASS.
21 ONLY BENEFIT MEMBERS SHALL HAVE THE RIGHT TO VOTE ON THE MANAGE-
22 MENT OF THE INSURANCE AFFAIRS OF THE SOCIETY.

23 (2) A SOCIETY MAY ADMIT SOCIAL MEMBERS. A SOCIAL MEMBER
24 SHALL NOT HAVE A VOICE OR VOTE IN THE MANAGEMENT OF THE INSURANCE
25 AFFAIRS OF THE SOCIETY.

26 (3) MEMBERSHIP RIGHTS IN A SOCIETY ARE PERSONAL TO THE
27 MEMBER AND ARE NOT ASSIGNABLE.

1 SEC. 8113. (1) THE PRINCIPAL OFFICE OF A DOMESTIC SOCIETY
2 SHALL BE LOCATED IN THIS STATE. THE MEETINGS OF ITS SUPREME GOV-
3 ERNING BODY MAY BE HELD IN ANY STATE, DISTRICT, PROVINCE, OR TER-
4 RITORY WHERE THE SOCIETY HAS A SUBORDINATE LODGE, OR IN ANOTHER
5 LOCATION AS DETERMINED BY THE SUPREME GOVERNING BODY, AND ALL
6 BUSINESS TRANSACTED AT THE MEETINGS SHALL BE AS VALID IN ALL
7 RESPECTS AS IF THE MEETINGS WERE HELD IN THIS STATE. THE MINUTES
8 OF THE PROCEEDINGS OF THE SUPREME GOVERNING BODY AND OF THE BOARD
9 OF DIRECTORS SHALL BE IN THE ENGLISH LANGUAGE.

10 (2) A SOCIETY MAY PROVIDE IN ITS LAWS FOR AN OFFICIAL PUBLI-
11 CATION IN WHICH A NOTICE, REPORT, OR STATEMENT REQUIRED BY LAW TO
12 BE GIVEN TO MEMBERS, INCLUDING NOTICE OF ELECTION, MAY BE
13 PUBLISHED. A REQUIRED REPORT, NOTICE, OR STATEMENT SHALL BE
14 PRINTED CONSPICUOUSLY IN THE PUBLICATION. IF THE RECORDS OF A
15 SOCIETY SHOW THAT 2 OR MORE MEMBERS HAVE THE SAME MAILING
16 ADDRESS, AN OFFICIAL PUBLICATION MAILED TO 1 MEMBER IS CONSIDERED
17 TO BE MAILED TO ALL MEMBERS AT THE SAME ADDRESS UNLESS A MEMBER
18 REQUESTS A SEPARATE COPY. NOT LATER THAN JUNE 1 OF EACH YEAR, A
19 SYNOPSIS OF THE SOCIETY'S ANNUAL STATEMENT PROVIDING AN EXPLANA-
20 TION OF THE FACTS CONCERNING THE CONDITION OF THE SOCIETY THEREBY
21 DISCLOSED SHALL BE PRINTED AND MAILED TO EACH BENEFIT MEMBER OF
22 THE SOCIETY OR PUBLISHED IN THE SOCIETY'S OFFICIAL PUBLICATION.

23 (3) A SOCIETY MAY PROVIDE IN ITS LAWS OR RULES FOR GRIEVANCE
24 OR COMPLAINT PROCEDURES FOR MEMBERS.

25 SEC. 8115. (1) THE OFFICERS AND MEMBERS OF THE SUPREME GOV-
26 ERNING BODY OR ANY SUBORDINATE BODY OF A SOCIETY SHALL NOT BE
27 PERSONALLY LIABLE FOR ANY BENEFITS PROVIDED BY A SOCIETY.

1 (2) A PERSON MAY BE INDEMNIFIED AND REIMBURSED BY A SOCIETY
2 FOR EXPENSES REASONABLY INCURRED BY, AND LIABILITIES IMPOSED
3 UPON, THAT PERSON IN CONNECTION WITH OR ARISING OUT OF AN ACTION
4 OR PROCEEDING, WHETHER CIVIL, CRIMINAL, ADMINISTRATIVE, OR INVES-
5 TIGATIVE, OR THE THREAT THEREOF, IN WHICH THE PERSON MAY BE
6 INVOLVED BY REASON OF THE FACT THAT HE OR SHE IS OR WAS A DIREC-
7 TOR, OFFICER, EMPLOYEE, OR AGENT OF THE SOCIETY OR OF ANY FIRM,
8 CORPORATION, OR ORGANIZATION WHICH HE OR SHE SERVED IN ANY CAPAC-
9 ITY AT THE REQUEST OF THE SOCIETY. A PERSON SHALL NOT BE INDEM-
10 NIFIED OR REIMBURSED IN RELATION TO ANY MATTER IN AN ACTION OR
11 PROCEEDING IF HE OR SHE IS FINALLY ADJUDGED TO BE OR HAVE BEEN
12 GUILTY OF BREACH OF A DUTY AS A DIRECTOR, OFFICER, EMPLOYEE, OR
13 AGENT OF THE SOCIETY OR FOR ANY MATTER IN AN ACTION OR PROCEED-
14 ING, OR THE THREAT THEREOF, WHICH HAS BEEN MADE THE SUBJECT OF A
15 COMPROMISE SETTLEMENT, UNLESS IN EITHER CASE, THE PERSON ACTED IN
16 GOOD FAITH FOR A PURPOSE THE PERSON REASONABLY BELIEVED TO BE IN
17 OR NOT OPPOSED TO THE BEST INTERESTS OF THE SOCIETY AND, FOR A
18 CRIMINAL ACTION OR PROCEEDING, HAD NO REASONABLE CAUSE TO BELIEVE
19 THAT HIS OR HER CONDUCT WAS UNLAWFUL. THE DETERMINATION OF
20 WHETHER A PERSON ACTED IN GOOD FAITH OR WITHOUT REASONABLE CAUSE
21 MAY ONLY BE MADE BY THE SUPREME GOVERNING BODY OR BOARD OF DIREC-
22 TORS BY A MAJORITY VOTE OF A QUORUM CONSISTING OF PERSONS WHO
23 WERE NOT PARTIES TO THE ACTION OR PROCEEDING OR BY A COURT OF
24 COMPETENT JURISDICTION. THE TERMINATION OF AN ACTION OR PROCEED-
25 ING BY JUDGMENT, ORDER, SETTLEMENT, CONVICTION, OR UPON A PLEA OF
26 NO CONTEST, AS TO THE PERSON SHALL NOT IN ITSELF CREATE A
27 CONCLUSIVE PRESUMPTION THAT THE PERSON DID NOT MEET THE STANDARD

1 OF CONDUCT REQUIRED IN ORDER TO JUSTIFY INDEMNIFICATION AND
2 REIMBURSEMENT. THIS RIGHT OF INDEMNIFICATION AND REIMBURSEMENT
3 SHALL NOT BE EXCLUSIVE OF OTHER RIGHTS TO WHICH THE PERSON MAY BE
4 ENTITLED AS A MATTER OF LAW AND SHALL INURE TO THE BENEFIT OF THE
5 PERSON'S HEIRS, EXECUTORS, AND ADMINISTRATORS.

6 (3) A SOCIETY MAY PURCHASE AND MAINTAIN INSURANCE ON BEHALF
7 OF A PERSON WHO IS OR WAS A DIRECTOR, OFFICER, EMPLOYEE, OR AGENT
8 OF THE SOCIETY, OR WHO IS OR WAS SERVING AT THE REQUEST OF THE
9 SOCIETY AS A DIRECTOR, OFFICER, EMPLOYEE, OR AGENT OF ANY OTHER
10 FIRM, CORPORATION, OR ORGANIZATION AGAINST ANY LIABILITY ASSERTED
11 AGAINST THE PERSON AND INCURRED BY HIM OR HER IN HIS OR HER OFFI-
12 CIAL CAPACITY OR ARISING OUT OF HIS OR HER STATUS AS SUCH,
13 WHETHER OR NOT THE SOCIETY WOULD HAVE THE POWER TO INDEMNIFY THE
14 PERSON AGAINST THE LIABILITY UNDER THIS SECTION.

15 SEC. 8117. A SOCIETY'S LAWS MAY PROVIDE THAT A SUBORDINATE
16 BODY AND ITS SUBORDINATE OFFICERS OR MEMBERS SHALL NOT HAVE THE
17 POWER OR AUTHORITY TO WAIVE ANY OF THE PROVISIONS OF THE
18 SOCIETY'S LAWS AND SHALL BE BINDING ON THE SOCIETY AND EVERY
19 MEMBER AND BENEFICIARY OF A MEMBER.

20 SEC. 8119. (1) TO FORM A DOMESTIC FRATERNAL SOCIETY ON OR
21 AFTER JANUARY 1, 1990, 7 OR MORE CITIZENS OF THE UNITED STATES, A
22 MAJORITY OF WHOM ARE CITIZENS OF THIS STATE, SHALL MAKE, SIGN,
23 AND ACKNOWLEDGE BEFORE AN OFFICER COMPETENT TO TAKE ACKNOWLEDG-
24 MENT OF DEEDS, ARTICLES OF INCORPORATION IN WHICH SHALL BE
25 STATED:

26 (A) THE SOCIETY'S PROPOSED CORPORATE NAME. THE SOCIETY'S
27 PROPOSED CORPORATE NAME SHALL NOT SO CLOSELY RESEMBLE THE NAME OF

1 ANOTHER SOCIETY OR INSURANCE COMPANY AS TO BE MISLEADING OR
2 CONFUSING.

3 (B) THE PURPOSES FOR WHICH THE SOCIETY IS BEING FORMED AND
4 THE MODE IN WHICH ITS CORPORATE POWERS ARE TO BE EXERCISED. THE
5 PURPOSES SHALL NOT INCLUDE MORE LIBERAL POWERS THAN ARE GRANTED
6 BY THIS CHAPTER.

7 (C) THE NAMES AND RESIDENCES OF THE INCORPORATORS AND THE
8 NAMES, RESIDENCES, AND OFFICIAL TITLES OF ALL THE OFFICERS,
9 TRUSTEES, DIRECTORS, OR OTHER PERSONS WHO ARE TO HAVE AND EXER-
10 CISE THE GENERAL CONTROL OF THE MANAGEMENT OF THE SOCIETY'S
11 AFFAIRS AND FUNDS FOR THE FIRST YEAR OR UNTIL THE ENSUING ELEC-
12 TION AT WHICH ALL SUCH OFFICERS SHALL BE ELECTED BY THE SUPREME
13 GOVERNING BODY AND WHICH SHALL BE HELD NOT LATER THAN 1 YEAR FROM
14 THE DATE OF ISSUANCE OF THE PERMANENT CERTIFICATE OF AUTHORITY.

15 (2) THE ARTICLES OF INCORPORATION, DULY CERTIFIED COPIES OF
16 THE SOCIETY'S BYLAWS AND RULES, COPIES OF ALL PROPOSED FORMS OF
17 CERTIFICATES, APPLICATIONS THEREFOR, CIRCULARS TO BE ISSUED BY
18 THE SOCIETY, AND A BOND CONDITIONED UPON THE RETURN TO APPLICANTS
19 OF THE ADVANCED PAYMENTS IF THE ORGANIZATION IS NOT COMPLETED
20 WITHIN 1 YEAR, SHALL BE FILED WITH THE COMMISSIONER, WHO MAY
21 REQUIRE FURTHER INFORMATION AS THE COMMISSIONER CONSIDERS
22 NECESSARY. THE BOND WITH SURETIES APPROVED BY THE COMMISSIONER
23 SHALL BE IN AN AMOUNT OF NOT LESS THAN \$300,000.00 OR MORE THAN
24 \$1,500,000.00 AS REQUIRED BY THE COMMISSIONER. ALL DOCUMENTS
25 FILED ARE TO BE IN THE ENGLISH LANGUAGE. IF THE PURPOSES OF THE
26 SOCIETY CONFORM TO THE REQUIREMENTS OF THIS CHAPTER AND ALL
27 PROVISIONS OF THE LAW HAVE BEEN COMPLIED WITH, THE COMMISSIONER

1 SHALL SO CERTIFY, RETAIN, AND FILE THE ARTICLES OF INCORPORATION
2 AND FURNISH THE INCORPORATORS A PRELIMINARY CERTIFICATE OF
3 AUTHORITY AUTHORIZING THE SOCIETY TO SOLICIT MEMBERS AS PROVIDED
4 IN THIS CHAPTER.

5 (3) A PRELIMINARY CERTIFICATE OF AUTHORITY GRANTED UNDER THE
6 PROVISIONS OF THIS SECTION SHALL NOT BE VALID AFTER 1 YEAR FROM
7 ITS DATE OR AFTER SUCH FURTHER PERIOD, NOT EXCEEDING 1 YEAR, AS
8 MAY BE AUTHORIZED BY THE COMMISSIONER UPON CAUSE SHOWN, UNLESS
9 THE 500 APPLICANTS REQUIRED IN THIS SECTION HAVE BEEN SECURED AND
10 THE ORGANIZATION HAS BEEN COMPLETED AS PROVIDED IN THIS SECTION.
11 THE ARTICLES OF INCORPORATION AND ALL OTHER PROCEEDINGS THEREUN-
12 DER SHALL BECOME NULL AND VOID AFTER 1 YEAR FROM THE DATE OF THE
13 PRELIMINARY CERTIFICATE OF AUTHORITY, OR AT THE EXPIRATION OF THE
14 EXTENDED PERIOD, UNLESS THE SOCIETY HAS COMPLETED ITS ORGANI-
15 ZATION AND RECEIVED A CERTIFICATE OF AUTHORITY TO DO BUSINESS AS
16 PROVIDED IN THIS SECTION.

17 (4) UPON RECEIPT OF A PRELIMINARY CERTIFICATE OF AUTHORITY
18 FROM THE COMMISSIONER, THE SOCIETY MAY SOLICIT MEMBERS FOR THE
19 PURPOSE OF COMPLETING ITS ORGANIZATION, SHALL COLLECT FROM EACH
20 APPLICANT THE AMOUNT OF NOT LESS THAN 1 REGULAR MONTHLY PREMIUM
21 IN ACCORDANCE WITH ITS TABLE OF RATES, AND SHALL ISSUE TO EACH
22 APPLICANT A RECEIPT FOR THE COLLECTED AMOUNT. A SOCIETY SHALL
23 NOT INCUR ANY LIABILITY OTHER THAN FOR THE RETURN OF THE ADVANCE
24 PREMIUM, ISSUE ANY CERTIFICATE, OR PAY, ALLOW, OR OFFER OR PROM-
25 ISE TO PAY OR ALLOW, ANY BENEFIT TO ANY PERSON UNTIL ALL OF THE
26 FOLLOWING HAVE BEEN MET:

1 (A) ACTUAL BONA FIDE APPLICATIONS FOR BENEFITS HAVE BEEN
2 SECURED ON NOT LESS THAN 500 APPLICANTS, AND ANY NECESSARY
3 EVIDENCE OF INSURABILITY HAS BEEN FURNISHED TO AND APPROVED BY
4 THE SOCIETY.

5 (B) AT LEAST 10 SUBORDINATE LODGES HAVE BEEN ESTABLISHED
6 INTO WHICH THE 500 APPLICANTS HAVE BEEN ADMITTED.

7 (C) THERE HAS BEEN SUBMITTED TO THE COMMISSIONER, UNDER OATH
8 OF THE PRESIDENT OR SECRETARY, OR CORRESPONDING OFFICER OF THE
9 SOCIETY, A LIST OF THE APPLICANTS, GIVING THEIR NAMES, ADDRESSES,
10 DATE EACH WAS ADMITTED, NAME AND NUMBER OF THE SUBORDINATE LODGE
11 THAT EACH APPLICANT IS A MEMBER OF, AMOUNT OF BENEFITS TO BE
12 GRANTED, AND PREMIUMS FOR THOSE BENEFITS.

13 (D) IT HAS BEEN SHOWN TO THE COMMISSIONER, BY SWORN STATE-
14 MENT OF THE SOCIETY'S TREASURER OR THE SOCIETY'S CORRESPONDING
15 OFFICER, THAT AT LEAST 500 APPLICANTS HAVE EACH PAID IN CASH AT
16 LEAST 1 REGULAR MONTHLY PREMIUM AS PROVIDED IN THIS SECTION AND
17 THE PREMIUMS IN THE AGGREGATE AMOUNT TO AT LEAST \$150,000.00.
18 THE ADVANCE PREMIUMS SHALL BE HELD IN TRUST DURING THE PERIOD OF
19 ORGANIZATION, AND IF THE SOCIETY HAS NOT QUALIFIED FOR A CERTIFI-
20 CATE OF AUTHORITY UNDER THIS SECTION WITHIN 1 YEAR, THE PREMIUMS
21 SHALL BE RETURNED TO THE APPLICANTS.

22 (5) THE COMMISSIONER MAY MAKE EXAMINATION AND REQUIRE FUR-
23 THER INFORMATION AS THE COMMISSIONER CONSIDERS ADVISABLE. UPON
24 PRESENTATION OF SATISFACTORY EVIDENCE THAT THE SOCIETY HAS COM-
25 PLIED WITH ALL THE PROVISIONS OF LAW, THE COMMISSIONER SHALL
26 ISSUE TO THE SOCIETY A CERTIFICATE OF AUTHORITY TO THAT EFFECT
27 AUTHORIZING THE SOCIETY TO TRANSACT BUSINESS PURSUANT TO THE

1 PROVISIONS OF THIS CHAPTER. THE CERTIFICATE OF AUTHORITY SHALL
2 BE PRIMA FACIE EVIDENCE OF THE EXISTENCE OF THE SOCIETY AT THE
3 DATE OF THE CERTIFICATE. THE COMMISSIONER SHALL CAUSE A RECORD
4 OF THE CERTIFICATE OF AUTHORITY TO BE MADE. A CERTIFIED COPY OF
5 THE RECORD MAY BE GIVEN IN EVIDENCE WITH LIKE EFFECT AS THE ORIG-
6 INAL CERTIFICATE OF AUTHORITY.

7 SEC. 8121. AN INCORPORATED SOCIETY AUTHORIZED TO TRANSACT
8 BUSINESS IN THIS STATE ON JANUARY 1, 1990 IS NOT REQUIRED TO
9 REINCORPORATE UNDER THIS CHAPTER.

10 SEC. 8123. (1) A DOMESTIC SOCIETY MAY AMEND ITS LAWS, AS
11 ITS LAWS PROVIDE, BY ACTION OF ITS SUPREME GOVERNING BODY AT ANY
12 REGULAR OR SPECIAL MEETING OR, IF ITS LAWS SO PROVIDE, BY
13 REFERENDUM. A REFERENDUM MAY BE HELD IN ACCORDANCE WITH THE PRO-
14 VISIONS OF THE SOCIETY'S LAWS BY THE VOTE OF THE VOTING MEMBERS
15 OF THE SOCIETY, BY THE VOTE OF DELEGATES OR REPRESENTATIVES OF
16 VOTING MEMBERS, OR BY THE VOTE OF LOCAL LODGES. A SOCIETY MAY
17 PROVIDE FOR VOTING BY MAIL. AN AMENDMENT SUBMITTED FOR ADOPTION
18 BY REFERENDUM SHALL NOT BE ADOPTED UNLESS, WITHIN 6 MONTHS FROM
19 THE DATE OF SUBMISSION OF THE AMENDMENT, A MAJORITY OF THE MEM-
20 BERS VOTING SHALL HAVE SIGNIFIED THEIR CONSENT TO THE AMENDMENT
21 BY 1 OF THE METHODS SPECIFIED IN THIS SUBSECTION.

22 (2) AN AMENDMENT TO THE LAWS OF ANY DOMESTIC SOCIETY SHALL
23 NOT TAKE EFFECT UNLESS APPROVED BY THE COMMISSIONER. THE COMMIS-
24 SIONER SHALL APPROVE AN AMENDMENT IF THE COMMISSIONER FINDS THAT
25 THE AMENDMENT HAS BEEN DULY ADOPTED AND IS NOT INCONSISTENT WITH
26 ANY REQUIREMENT OF THE LAWS OF THIS STATE OR WITH THE CHARACTER,
27 OBJECTS, AND PURPOSES OF THE SOCIETY. UNLESS THE COMMISSIONER

1 DISAPPROVES AN AMENDMENT WITHIN 60 DAYS AFTER THE FILING OF THE
2 AMENDMENT, THE AMENDMENT SHALL BE CONSIDERED APPROVED. THE
3 APPROVAL OR DISAPPROVAL OF THE COMMISSIONER SHALL BE IN WRITING
4 AND MAILED TO THE SECRETARY OR CORRESPONDING OFFICER OF THE SOCI-
5 ETY AT ITS PRINCIPAL OFFICE. IF THE COMMISSIONER DISAPPROVES AN
6 AMENDMENT, THE REASONS FOR THE DISAPPROVAL SHALL BE STATED IN THE
7 WRITTEN NOTICE.

8 (3) WITHIN 90 DAYS FROM AN AMENDMENT'S APPROVAL BY THE COM-
9 MISSIONER, EACH AMENDMENT, OR A SYNOPSIS OF EACH AMENDMENT, SHALL
10 BE FURNISHED TO EACH SOCIETY MEMBER EITHER BY MAIL OR BY PUBLICA-
11 TION IN FULL IN THE SOCIETY'S OFFICIAL PUBLICATION. THE AFFIDA-
12 VIT OF A SOCIETY OFFICER OR OF ANYONE AUTHORIZED BY THE SOCIETY
13 TO MAIL AN AMENDMENT OR SYNOPSIS OF AN AMENDMENT STATING FACTS
14 THAT SHOW THE AMENDMENT OR SYNOPSIS HAS BEEN DULY ADDRESSED AND
15 MAILED, SHALL BE PRIMA FACIE EVIDENCE THAT THE AMENDMENT OR SYN-
16 OPSIS HAS BEEN FURNISHED THE ADDRESSEE.

17 (4) EACH FOREIGN OR ALIEN SOCIETY AUTHORIZED TO DO BUSINESS
18 IN THIS STATE SHALL FILE WITH THE COMMISSIONER A DULY CERTIFIED
19 COPY OF ALL AMENDMENTS OF, OR ADDITIONS TO, ITS LAWS WITHIN 90
20 DAYS AFTER ITS ENACTMENT.

21 (5) PRINTED COPIES OF THE AMENDED LAWS, CERTIFIED BY THE
22 SOCIETY'S SECRETARY OR ITS CORRESPONDING OFFICER, SHALL BE PRIMA
23 FACIE EVIDENCE OF THEIR LEGAL ADOPTION.

24 SEC. 8125. A SOCIETY MAY CREATE, MAINTAIN, AND OPERATE, OR
25 MAY ESTABLISH ORGANIZATIONS TO OPERATE, A NOT FOR PROFIT INSTITU-
26 TION TO FURTHER THE PURPOSES PERMITTED BY SECTION 8109(1)(B). A
27 NOT FOR PROFIT INSTITUTION MAY FURNISH SERVICES FREE OR AT A

1 REASONABLE CHARGE. ANY REAL OR PERSONAL PROPERTY OWNED, HELD, OR
2 LEASED BY THE SOCIETY FOR THE PURPOSES PERMITTED BY
3 SECTION 8109(1)(B) SHALL BE REPORTED IN EACH ANNUAL STATEMENT.

4 SEC. 8127. (1) A DOMESTIC SOCIETY, BY A REINSURANCE AGREE-
5 MENT, MAY CEDE ANY INDIVIDUAL RISK IN WHOLE OR IN PART TO AN
6 INSURER, OTHER THAN ANOTHER FRATERNAL BENEFIT SOCIETY, HAVING THE
7 POWER TO MAKE REINSURANCE AND AUTHORIZED TO DO BUSINESS IN THIS
8 STATE OR APPROVED BY THE COMMISSIONER. A SOCIETY SHALL NOT REIN-
9 SURE SUBSTANTIALLY ALL OF ITS INSURANCE IN FORCE WITHOUT THE
10 COMMISSIONER'S WRITTEN PERMISSION. A SOCIETY MAY TAKE CREDIT FOR
11 THE RESERVES ON SUCH CEDED RISKS TO THE EXTENT REINSURED, BUT
12 CREDIT SHALL NOT BE ALLOWED AS AN ADMITTED ASSET OR AS A DEDUC-
13 TION FROM LIABILITY, TO A CEDING SOCIETY FOR REINSURANCE MADE,
14 CEDED, RENEWED, OR OTHERWISE BECOMING EFFECTIVE ON OR AFTER
15 JANUARY 1, 1990, UNLESS THE REINSURANCE IS PAYABLE BY THE ASSUM-
16 ING INSURER ON THE BASIS OF THE LIABILITY OF THE CEDING SOCIETY
17 UNDER THE CONTRACT REINSURED WITHOUT DIMINUTION BECAUSE OF THE
18 INSOLVENCY OF THE CEDING SOCIETY.

19 (2) NOTWITHSTANDING THE LIMITATION IN SUBSECTION (1), A
20 SOCIETY MAY REINSURE THE RISKS OF ANOTHER SOCIETY IN A CONSOLIDA-
21 TION OR MERGER APPROVED BY THE COMMISSIONER UNDER SECTION 8129.

22 SEC. 8129. (1) A DOMESTIC SOCIETY MAY CONSOLIDATE OR MERGE
23 WITH ANOTHER SOCIETY BY COMPLYING WITH THE PROVISIONS OF THIS
24 SECTION AND FILING WITH THE COMMISSIONER ALL OF THE FOLLOWING:

25 (A) A CERTIFIED COPY OF THE WRITTEN CONTRACT CONTAINING IN
26 FULL THE TERMS AND CONDITIONS OF THE CONSOLIDATION OR MERGER.

1 (B) A SWORN STATEMENT BY THE PRESIDENT AND SECRETARY OR
2 CORRESPONDING OFFICERS OF EACH SOCIETY SHOWING THE FINANCIAL
3 CONDITION OF THE SOCIETY ON A DATE FIXED BY THE COMMISSIONER BUT
4 NOT EARLIER THAN DECEMBER 31 OF THE YEAR PRECEDING THE DATE OF
5 THE CONTRACT.

6 (C) A CERTIFICATE OF THE OFFICERS LISTED IN SUBDIVISION (B),
7 DULY VERIFIED BY THEIR RESPECTIVE OATHS, THAT THE CONSOLIDATION
8 OR MERGER HAS BEEN APPROVED BY A 2/3 VOTE OF THE SUPREME GOVERN-
9 ING BODY OF EACH SOCIETY, THE VOTE BEING CONDUCTED AT A REGULAR
10 OR SPECIAL MEETING OF EACH SOCIETY, OR, IF THE SOCIETY'S LAWS
11 PERMIT, BY MAIL.

12 (D) EVIDENCE THAT AT LEAST 60 DAYS PRIOR TO THE ACTION OF
13 THE SUPREME GOVERNING BODY OF EACH SOCIETY, THE TEXT OF THE CON-
14 TRACT HAS BEEN FURNISHED TO ALL MEMBERS OF EACH SOCIETY EITHER BY
15 MAIL OR BY PUBLICATION IN FULL IN EACH SOCIETY'S OFFICIAL
16 PUBLICATION.

17 (2) IF THE COMMISSIONER FINDS THAT THE CONTRACT IS IN CON-
18 FORMITY WITH THE PROVISIONS OF THIS SECTION, THE FINANCIAL STATE-
19 MENTS ARE CORRECT, AND THE CONSOLIDATION OR MERGER IS JUST AND
20 EQUITABLE TO THE MEMBERS OF EACH SOCIETY, THE COMMISSIONER SHALL
21 APPROVE THE CONTRACT AND ISSUE A CERTIFICATE TO THAT EFFECT.
22 UPON APPROVAL, THE CONTRACT SHALL BE IN FULL FORCE AND EFFECT
23 UNLESS ANY SOCIETY THAT IS A PARTY TO THE CONTRACT IS INCORPO-
24 RATED UNDER THE LAWS OF ANY OTHER STATE OR TERRITORY. IN SUCH
25 EVENT, THE CONSOLIDATION OR MERGER SHALL NOT BECOME EFFECTIVE
26 UNLESS AND UNTIL IT HAS BEEN APPROVED AS PROVIDED BY THE LAWS OF
27 EACH STATE OR TERRITORY AND A CERTIFICATE OF THE APPROVAL IS

1 FILED WITH THE COMMISSIONER OF THIS STATE OR, IF THE LAWS OF THE
2 STATE OR TERRITORY DO NOT CONTAIN SUCH A PROVISION, THEN THE CON-
3 SOLIDATION OR MERGER SHALL NOT BECOME EFFECTIVE UNLESS AND UNTIL
4 IT HAS BEEN APPROVED BY THE COMMISSIONER OF INSURANCE OF EACH
5 STATE OR TERRITORY AND A CERTIFICATE OF THE APPROVAL IS FILED
6 WITH THE COMMISSIONER OF THIS STATE.

7 (3) UPON THE EFFECTIVE DATE OF A CONSOLIDATION OR MERGER
8 UNDER THIS SECTION, ALL THE RIGHTS, FRANCHISES, AND INTERESTS OF
9 THE CONSOLIDATED OR MERGED SOCIETIES IN AND TO EVERY SPECIES OF
10 PROPERTY, REAL, PERSONAL, OR MIXED, AND THINGS IN ACTION BELONG-
11 ING TO THE SOCIETIES SHALL BE VESTED IN THE SOCIETY RESULTING
12 FROM OR REMAINING AFTER THE CONSOLIDATION OR MERGER WITHOUT ANY
13 OTHER INSTRUMENT, EXCEPT THAT CONVEYANCES OF REAL PROPERTY MAY BE
14 EVIDENCED BY PROPER DEEDS, AND THE TITLE TO ANY REAL ESTATE OR
15 INTEREST IN REAL ESTATE, VESTED UNDER THE LAWS OF THIS STATE IN
16 ANY OF THE SOCIETIES CONSOLIDATED OR MERGED, SHALL NOT REVERT OR
17 BE IN ANY WAY IMPAIRED BY REASON OF THE CONSOLIDATION OR MERGER,
18 BUT SHALL VEST ABSOLUTELY IN THE SOCIETY RESULTING FROM OR
19 REMAINING AFTER THE CONSOLIDATION OR MERGER.

20 (4) THE AFFIDAVIT OF ANY OFFICER OF THE SOCIETY OR OF ANYONE
21 AUTHORIZED BY THE SOCIETY TO MAIL ANY NOTICE OR DOCUMENT, STATING
22 THAT THE NOTICE OR DOCUMENT HAS BEEN DULY ADDRESSED AND MAILED,
23 IS PRIMA FACIE EVIDENCE THAT THE NOTICE OR DOCUMENT HAS BEEN FUR-
24 NISHED THE ADDRESSEES.

25 (5) ALL NECESSARY AND ACTUAL EXPENSES AND COMPENSATION INCI-
26 DENT TO THE PROCEEDINGS FOR CONSOLIDATION OR MERGER SHALL BE PAID
27 AS PROVIDED BY THE CONTRACT OF CONSOLIDATION OR MERGER EXCEPT

1 THAT A BROKERAGE OR COMMISSION SHALL NOT BE INCLUDED IN THE
2 EXPENSES AND COMPENSATION, SHALL NOT BE PAID TO ANY PERSON BY
3 EITHER OF THE PARTIES TO A CONTRACT IN CONNECTION WITH THE NEGO-
4 TIATION OR EXECUTION OF THE CONTRACT, AND COMPENSATION SHALL NOT
5 BE PAID TO ANY OFFICER OR EMPLOYEES OF EITHER OF THE PARTIES TO
6 THE CONTRACT FOR DIRECTLY OR INDIRECTLY AIDING IN EFFECTING THE
7 CONTRACT OF CONSOLIDATION OR MERGER. AN ITEMIZED STATEMENT OF
8 ALL EXPENSES SHALL BE FILED WITH EACH COMMISSIONER, IS SUBJECT TO
9 EACH COMMISSIONER'S APPROVAL, AND UPON APPROVAL IS BINDING ON THE
10 PARTIES. EXCEPT AS FULLY EXPRESSED IN THE CONTRACT OF CONSOLIDA-
11 TION OR MERGER OR APPROVED ITEMIZED STATEMENT OF EXPENSES, COM-
12 PENSATION SHALL NOT BE PAID TO A PERSON OR OFFICER OR EMPLOYEE OF
13 THE STATE, DIRECTLY OR INDIRECTLY, FOR IN ANY MANNER AIDING, PRO-
14 MOTING, OR ASSISTING ANY CONSOLIDATION OR MERGER.

15 (6) A CONSOLIDATION OR MERGER IS ALSO SUBJECT TO THE APPLI-
16 CABLE PROVISIONS OF SECTION 7604.

17 SEC. 8131. A DOMESTIC FRATERNAL BENEFIT SOCIETY MAY BE CON-
18 VERTED AND LICENSED AS A MUTUAL LIFE INSURANCE COMPANY BY COMPLI-
19 ANCE WITH ALL THE REQUIREMENTS OF CHAPTER 82.

20 SEC. 8133. (1) A SOCIETY MAY PROVIDE IN ANY FORM THE FOL-
21 LOWING CONTRACTUAL BENEFITS:

22 (A) DEATH BENEFITS.

23 (B) ENDOWMENT BENEFITS.

24 (C) ANNUITY BENEFITS.

25 (D) TEMPORARY OR PERMANENT DISABILITY BENEFITS.

26 (E) HOSPITAL, MEDICAL, OR NURSING BENEFITS.

1 (F) MONUMENT OR TOMBSTONE BENEFITS TO THE MEMORY OF DECEASED
2 MEMBERS.

3 (G) OTHER BENEFITS AUTHORIZED FOR LIFE INSURERS AND NOT
4 INCONSISTENT WITH THIS CHAPTER.

5 (2) A SOCIETY SHALL SPECIFY IN ITS RULES THOSE PERSONS WHO
6 MAY BE ISSUED, OR COVERED BY, THE CONTRACTUAL BENEFITS LISTED IN
7 SUBSECTION (1), CONSISTENT WITH PROVIDING BENEFITS TO MEMBERS AND
8 THEIR DEPENDENTS. A SOCIETY MAY PROVIDE BENEFITS ON THE LIVES OF
9 CHILDREN UNDER THE MINIMUM AGE FOR ADULT MEMBERSHIP UPON APPLICA-
10 TION OF AN ADULT.

11 SEC. 8135. (1) THE OWNER OF A BENEFIT CONTRACT MAY CHANGE
12 THE BENEFICIARY IN ACCORDANCE WITH THE SOCIETY'S LAWS OR RULES
13 UNLESS THE OWNER WAIVES THIS RIGHT BY SPECIFICALLY REQUESTING IN
14 WRITING THAT THE BENEFICIARY DESIGNATION BE IRREVOCABLE. A SOCI-
15 ETY, THROUGH ITS LAWS OR RULES, MAY LIMIT THE SCOPE OF BENEFI-
16 CIARY DESIGNATIONS AND SHALL PROVIDE THAT NO REVOCABLE BENEFI-
17 CIARY SHALL HAVE OR OBTAIN ANY VESTED INTEREST IN THE PROCEEDS OF
18 A CERTIFICATE UNTIL THE CERTIFICATE HAS BECOME DUE AND PAYABLE IN
19 CONFORMITY WITH THE PROVISIONS OF THE BENEFIT CONTRACT.

20 (2) A SOCIETY MAY MAKE PROVISION FOR THE PAYMENT OF FUNERAL
21 BENEFITS TO THE EXTENT OF THE PORTION OF ANY PAYMENT UNDER A CER-
22 TIFICATE AS MIGHT REASONABLY APPEAR TO BE DUE TO A PERSON EQUITA-
23 BLY ENTITLED TO THE BENEFIT BY REASON OF HAVING INCURRED EXPENSE
24 OCCASIONED BY THE BURIAL OF THE MEMBER, IF THE PORTION PAID DOES
25 NOT EXCEED THE SUM OF \$1,000.00.

26 (3) IF AT THE DEATH OF A PERSON INSURED UNDER A BENEFIT
27 CONTRACT THERE IS NO LAWFUL BENEFICIARY TO WHOM THE PROCEEDS ARE

1 PAYABLE, THE AMOUNT OF THE BENEFIT, EXCEPT TO THE EXTENT THAT
2 FUNERAL BENEFITS ARE PAID PURSUANT TO SUBSECTION (2), SHALL BE
3 PAYABLE TO THE PERSONAL REPRESENTATIVE OF THE DECEASED INSURED,
4 EXCEPT THAT IF THE OWNER OF THE CERTIFICATE IS OTHER THAN THE
5 INSURED, THE PROCEEDS SHALL BE PAYABLE TO THAT OWNER.

6 SEC. 8137. NO MONEY OR OTHER BENEFIT, CHARITY, RELIEF, OR
7 AID TO BE PAID, PROVIDED, OR RENDERED BY A SOCIETY, SHALL BE
8 LIABLE TO ATTACHMENT, GARNISHMENT, OR OTHER PROCESS, OR SEIZED,
9 TAKEN, APPROPRIATED, OR APPLIED BY ANY LEGAL OR EQUITABLE PROCESS
10 OR OPERATION OF LAW TO PAY ANY DEBT OR LIABILITY OF A MEMBER,
11 BENEFICIARY, OR ANY OTHER PERSON WHO MAY HAVE A RIGHT THEREUNDER,
12 EITHER BEFORE OR AFTER PAYMENT BY THE SOCIETY.

13 SEC. 8139. (1) EACH SOCIETY AUTHORIZED TO DO BUSINESS IN
14 THIS STATE SHALL ISSUE TO EACH OWNER OF A BENEFIT CONTRACT A CER-
15 TIFICATE SPECIFYING THE AMOUNT OF BENEFITS PROVIDED. THE CERTIF-
16 ICATE, TOGETHER WITH ANY ATTACHED RIDERS OR ENDORSEMENTS, THE
17 LAWS OF THE SOCIETY, THE APPLICATION FOR MEMBERSHIP, THE APPLICA-
18 TION FOR INSURANCE AND DECLARATION OF INSURABILITY, IF ANY,
19 SIGNED BY THE APPLICANT, AND ALL AMENDMENTS TO EACH, SHALL CON-
20 STITUTE THE BENEFIT CONTRACT, AS OF THE DATE OF ISSUANCE, BETWEEN
21 THE SOCIETY AND THE OWNER, AND THE CERTIFICATE SHALL STATE THIS.
22 A COPY OF THE APPLICATION FOR INSURANCE AND DECLARATION OF INSUR-
23 ABILITY, IF ANY, SHALL BE ENDORSED UPON OR ATTACHED TO THE
24 CERTIFICATE. ALL STATEMENTS ON THE APPLICATION SHALL BE REPRE-
25 SENTATIONS AND NOT WARRANTIES. ANY WAIVER OF THIS PROVISION
26 SHALL BE VOID.

1 (2) CHANGES, ADDITIONS, OR AMENDMENTS TO THE SOCIETY'S LAWS
2 DULY MADE OR ENACTED SUBSEQUENT TO THE ISSUANCE OF THE
3 CERTIFICATE SHALL BIND THE OWNER AND THE BENEFICIARIES, AND SHALL
4 GOVERN AND CONTROL THE BENEFIT CONTRACT IN ALL RESPECTS THE SAME
5 AS THOUGH THE CHANGES, ADDITIONS, OR AMENDMENTS HAD BEEN MADE
6 PRIOR TO AND WERE IN FORCE AT THE TIME OF THE APPLICATION FOR
7 INSURANCE, EXCEPT THAT NO CHANGE, ADDITION, OR AMENDMENT SHALL
8 DESTROY OR DIMINISH BENEFITS THAT THE SOCIETY CONTRACTED TO GIVE
9 THE OWNER AS OF THE DATE OF ISSUANCE.

10 (3) A PERSON UPON WHOSE LIFE A BENEFIT CONTRACT IS ISSUED
11 PRIOR TO ATTAINING THE AGE OF MAJORITY SHALL BE BOUND BY THE
12 TERMS OF THE APPLICATION AND CERTIFICATE AND BY ALL THE SOCIETY'S
13 LAWS AND RULES TO THE SAME EXTENT AS THOUGH THE AGE OF MAJORITY
14 HAD BEEN ATTAINED AT THE TIME OF APPLICATION.

15 (4) A SOCIETY SHALL PROVIDE IN ITS LAWS THAT IF ITS RESERVES
16 AS TO ALL OR ANY CLASS OF CERTIFICATES BECOME IMPAIRED, ITS BOARD
17 OF DIRECTORS OR CORRESPONDING BODY MAY REQUIRE THAT THERE SHALL
18 BE PAID BY THE OWNER TO THE SOCIETY THE AMOUNT OF THE OWNER'S
19 EQUITABLE PROPORTION OF THE DEFICIENCY AS ASCERTAINED BY ITS
20 BOARD, AND THAT IF THE PAYMENT IS NOT MADE EITHER OF THE FOLLOW-
21 ING APPLIES:

22 (A) IT SHALL STAND AS AN INDEBTEDNESS AGAINST THE CERTIFI-
23 CATE AND DRAW INTEREST NOT TO EXCEED THE RATE SPECIFIED FOR CER-
24 TIFICATE LOANS UNDER THE CERTIFICATES.

25 (B) IN LIEU OF OR IN COMBINATION WITH SUBDIVISION (A), THE
26 OWNER MAY ACCEPT A PROPORTIONATE REDUCTION IN BENEFITS UNDER THE
27 CERTIFICATE.

1 (5) THE SOCIETY MAY SPECIFY THE MANNER OF THE ELECTION UNDER
2 SUBSECTION (4) AND WHICH ALTERNATIVE IS TO BE PRESUMED IF NO
3 ELECTION IS MADE.

4 (6) COPIES OF ANY OF THE DOCUMENTS IN THIS SECTION, CERTI-
5 FIED BY THE SECRETARY OR CORRESPONDING OFFICER OF THE SOCIETY,
6 SHALL BE RECEIVED IN EVIDENCE OF THE TERMS AND CONDITIONS OF THE
7 DOCUMENT.

8 (7) A CERTIFICATE SHALL NOT BE DELIVERED OR ISSUED FOR
9 DELIVERY IN THIS STATE UNLESS A COPY OF THE FORM HAS BEEN FILED
10 WITH THE COMMISSIONER IN THE MANNER PROVIDED FOR LIKE POLICIES
11 ISSUED BY LIFE INSURERS IN THIS STATE. EACH LIFE, ACCIDENT,
12 HEALTH, OR DISABILITY INSURANCE CERTIFICATE AND EACH ANNUITY CER-
13 TIFICATE ISSUED ON OR AFTER JANUARY 1, 1991 SHALL MEET THE STAN-
14 DARD CONTRACT PROVISION REQUIREMENTS NOT INCONSISTENT WITH THIS
15 CHAPTER FOR LIKE POLICIES ISSUED BY LIFE INSURERS IN THIS STATE
16 AS PROVIDED IN CHAPTERS 34 AND 40, EXCEPT THAT A SOCIETY MAY PRO-
17 VIDE FOR A GRACE PERIOD FOR PAYMENT OF PREMIUMS OF 1 FULL MONTH
18 IN ITS CERTIFICATES. THE CERTIFICATES SHALL ALSO CONTAIN A PRO-
19 VISION STATING THE AMOUNT OF PREMIUMS PAYABLE UNDER THE CERTIFI-
20 CATE AND A PROVISION RECITING OR SETTING FORTH THE SUBSTANCE OF
21 ANY SECTIONS OF THE SOCIETY'S LAWS OR RULES IN FORCE AT THE TIME
22 OF ISSUANCE OF THE CERTIFICATE THAT, IF VIOLATED, WILL RESULT IN
23 THE TERMINATION OR REDUCTION OF BENEFITS PAYABLE UNDER THE
24 CERTIFICATE. IF THE LAWS OF THE SOCIETY PROVIDE FOR EXPULSION OR
25 SUSPENSION OF A MEMBER, THE CERTIFICATE SHALL ALSO CONTAIN A PRO-
26 VISION THAT ANY MEMBER SO EXPELLED OR SUSPENDED, EXCEPT FOR
27 NONPAYMENT OF A PREMIUM OR WITHIN THE CONTESTABLE PERIOD FOR

1 MATERIAL MISREPRESENTATION IN THE APPLICATION FOR MEMBERSHIP OR
2 INSURANCE, SHALL HAVE THE PRIVILEGE OF MAINTAINING THE CERTIFI-
3 CATE IN FORCE BY CONTINUING PAYMENT OF THE REQUIRED PREMIUM.

4 (8) BENEFIT CONTRACTS ISSUED ON THE LIVES OF PERSONS BELOW
5 THE SOCIETY'S MINIMUM AGE FOR ADULT MEMBERSHIP MAY PROVIDE FOR
6 TRANSFER OF CONTROL OR OWNERSHIP TO THE INSURED AT AN AGE SPECI-
7 FIED IN THE CERTIFICATE. A SOCIETY MAY REQUIRE APPROVAL OF AN
8 APPLICATION FOR MEMBERSHIP IN ORDER TO EFFECT THIS TRANSFER, AND
9 MAY PROVIDE IN ALL OTHER RESPECTS FOR THE REGULATION, GOVERNMENT,
10 AND CONTROL OF THE CERTIFICATE AND ALL RIGHTS, OBLIGATIONS, AND
11 LIABILITIES INCIDENT TO AND CONNECTED WITH THE CERTIFICATE.
12 OWNERSHIP RIGHTS PRIOR TO THE TRANSFER SHALL BE SPECIFIED IN THE
13 CERTIFICATE.

14 (9) A SOCIETY MAY SPECIFY THE TERMS AND CONDITIONS ON WHICH
15 BENEFIT CONTRACTS MAY BE ASSIGNED.

16 SEC. 8141. (1) FOR CERTIFICATES ISSUED BEFORE JANUARY 1,
17 1991, THE VALUE OF EVERY PAID-UP NONFORFEITURE BENEFIT AND THE
18 AMOUNT OF ANY CASH SURRENDER VALUE, LOAN, OR OTHER OPTION GRANTED
19 SHALL COMPLY WITH THE LAW APPLICABLE BEFORE JANUARY 1, 1990.

20 (2) FOR CERTIFICATES ISSUED ON OR AFTER JANUARY 1, 1991, FOR
21 WHICH RESERVES ARE COMPUTED ON THE COMMISSIONER'S 1980 STANDARD
22 MORTALITY TABLE, OR ANY MORE RECENT TABLE MADE APPLICABLE TO LIFE
23 INSURERS, EVERY PAID-UP NONFORFEITURE BENEFIT AND THE AMOUNT OF
24 ANY CASH SURRENDER VALUE, LOAN, OR OTHER OPTION GRANTED SHALL NOT
25 BE LESS THAN THE CORRESPONDING AMOUNT ASCERTAINED IN ACCORDANCE
26 WITH THE LAWS OF THIS STATE APPLICABLE TO LIFE INSURERS ISSUING
27 POLICIES CONTAINING LIKE BENEFITS BASED UPON THE TABLES.

1 SEC. 8143. A SOCIETY SHALL INVEST ITS FUNDS ONLY IN THOSE
2 INVESTMENTS AUTHORIZED BY THE LAWS OF THIS STATE FOR THE INVEST-
3 MENT OF ASSETS OF LIFE INSURERS AND SUBJECT TO THE LIMITATIONS OF
4 THOSE LAWS. ANY FOREIGN OR ALIEN SOCIETY PERMITTED OR SEEKING TO
5 DO BUSINESS IN THIS STATE WHICH INVESTS ITS FUNDS IN ACCORDANCE
6 WITH THE LAWS OF THE STATE, DISTRICT, TERRITORY, COUNTRY, OR
7 PROVINCE IN WHICH IT IS INCORPORATED, SHALL BE HELD TO MEET THE
8 REQUIREMENTS OF THIS SECTION FOR THE INVESTMENT OF FUNDS.

9 SEC. 8145. (1) ALL ASSETS SHALL BE HELD, INVESTED, AND DIS-
10 BURSED FOR THE USE AND BENEFIT OF THE SOCIETY. A SOCIETY MEMBER
11 OR BENEFICIARY SHALL NOT HAVE OR ACQUIRE INDIVIDUAL RIGHTS IN A
12 SOCIETY'S ASSETS OR BECOME ENTITLED TO ANY APPORTIONMENT ON THE
13 SURRENDER OF ANY PART OF A SOCIETY'S ASSETS, EXCEPT AS PROVIDED
14 IN THE BENEFIT CONTRACT.

15 (2) A SOCIETY MAY CREATE, MAINTAIN, INVEST, DISBURSE, AND
16 APPLY ANY SPECIAL FUND NECESSARY TO CARRY OUT ANY PURPOSE PERMIT-
17 TED BY THE LAWS OF THE SOCIETY.

18 (3) A SOCIETY, PURSUANT TO RESOLUTION OF ITS SUPREME GOVERN-
19 ING BODY, MAY ESTABLISH AND OPERATE 1 OR MORE SEPARATE ACCOUNTS
20 AND ISSUE CONTRACTS ON A VARIABLE BASIS, SUBJECT TO ALL THE PRO-
21 VISIONS OF LAW REGULATING LIFE INSURERS ESTABLISHING SUCH
22 ACCOUNTS AND ISSUING SUCH CONTRACTS, INCLUDING CAPITAL AND SUR-
23 PLUS REQUIREMENTS. TO THE EXTENT THE SOCIETY CONSIDERS IT NECES-
24 SARY IN ORDER TO COMPLY WITH ANY APPLICABLE FEDERAL OR STATE LAWS
25 OR RULES, THE SOCIETY MAY ADOPT SPECIAL PROCEDURES FOR THE CON-
26 DUCT OF THE BUSINESS AND AFFAIRS OF A SEPARATE ACCOUNT, MAY
27 PROVIDE, FOR PERSONS HAVING BENEFICIAL INTEREST IN SUCH AN

1 ACCOUNT, SPECIAL VOTING AND OTHER RIGHTS, INCLUDING WITHOUT
2 LIMITATION SPECIAL RIGHTS AND PROCEDURES RELATING TO INVESTMENT
3 POLICY, INVESTMENT ADVISORY SERVICES, SELECTION OF CERTIFIED
4 PUBLIC ACCOUNTANTS, AND SELECTION OF A COMMITTEE TO MANAGE THE
5 BUSINESS AND AFFAIRS OF THE ACCOUNT, AND MAY ISSUE CONTRACTS ON A
6 VARIABLE BASIS TO WHICH SECTION 8139(2) AND (4) SHALL NOT APPLY.

7 SEC. 8151. (1) STANDARDS OF VALUATION FOR CERTIFICATES
8 ISSUED BEFORE JANUARY 1, 1991 SHALL BE THOSE PROVIDED BY THE LAWS
9 APPLICABLE BEFORE JANUARY 1, 1990.

10 (2) THE MINIMUM STANDARDS OF VALUATION FOR CERTIFICATES
11 ISSUED ON OR AFTER JANUARY 1, 1991 SHALL BE UNDER VALUATION
12 METHODS AND STANDARDS, INCLUDING INTEREST ASSUMPTIONS, IN ACCORD-
13 ANCE WITH THE LAWS OF THIS STATE APPLICABLE TO LIFE INSURERS
14 ISSUING POLICIES CONTAINING LIKE BENEFITS AND SHALL BE BASED ON
15 THE FOLLOWING TABLES:

16 (A) FOR CERTIFICATES OF LIFE INSURANCE, THE COMMISSIONER'S
17 1980 STANDARD ORDINARY MORTALITY TABLE OR ANY MORE RECENT TABLE
18 MADE APPLICABLE TO LIFE INSURERS.

19 (B) FOR ANNUITY AND PURE ENDOWMENT CERTIFICATES, FOR TOTAL
20 AND PERMANENT DISABILITY BENEFITS, FOR ACCIDENTAL DEATH BENEFITS,
21 AND FOR NONCANCELABLE ACCIDENT AND HEALTH BENEFITS, THE TABLES AS
22 ARE AUTHORIZED FOR USE BY LIFE INSURERS IN THIS STATE.

23 (3) THE COMMISSIONER, IN HIS OR HER DISCRETION, MAY ACCEPT
24 OTHER STANDARDS FOR VALUATION IF THE COMMISSIONER FINDS THAT THE
25 RESERVES PRODUCED THEREBY WILL NOT BE LESS IN THE AGGREGATE THAN
26 RESERVES COMPUTED IN ACCORDANCE WITH THE MINIMUM VALUATION
27 STANDARD PRESCRIBED IN THIS SECTION. THE COMMISSIONER, IN HIS OR

1 HER DISCRETION, MAY VARY THE STANDARDS OF MORTALITY APPLICABLE TO
2 ALL BENEFIT CONTRACTS ON SUBSTANDARD LIVES OR OTHER EXTRA HAZARD-
3 OUS LIVES BY ANY SOCIETY AUTHORIZED TO DO BUSINESS IN THIS
4 STATE.

5 (4) A SOCIETY, WITH THE CONSENT OF THE COMMISSIONER OF
6 INSURANCE OF THE STATE OF DOMICILE OF THE SOCIETY AND UNDER CON-
7 DITIONS, IF ANY, THAT THE COMMISSIONER MAY IMPOSE, MAY ESTABLISH
8 AND MAINTAIN RESERVES ON ITS CERTIFICATES IN EXCESS OF THE
9 RESERVES REQUIRED THEREUNDER, SO LONG AS THE CONTRACTUAL RIGHTS
10 OF ANY BENEFIT MEMBER ARE NOT AFFECTED.

11 SEC. 8153. (1) REPORTS SHALL BE FILED IN ACCORDANCE WITH
12 THIS SECTION.

13 (2) ON OR BEFORE MARCH 1, EACH SOCIETY TRANSACTING BUSINESS
14 IN THIS STATE SHALL ANNUALLY FILE WITH THE COMMISSIONER A TRUE
15 STATEMENT OF ITS FINANCIAL CONDITION, TRANSACTIONS, AND AFFAIRS
16 FOR THE PRECEDING CALENDAR YEAR. THE COMMISSIONER, IN HIS OR HER
17 DISCRETION, FOR CAUSE SHOWN, MAY EXTEND THE TIME FOR FILING. THE
18 STATEMENT SHALL BE IN A FORM AS REQUIRED BY THE COMMISSIONER
19 WHICH MAY BE IN THE GENERAL FORM AND CONTEXT AS APPROVED BY THE
20 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS FOR FRATERNAL
21 BENEFIT SOCIETIES AND AS SUPPLEMENTED BY ADDITIONAL INFORMATION
22 REQUIRED BY THE COMMISSIONER.

23 (3) AS PART OF THE ANNUAL STATEMENT REQUIRED IN SUBSECTION
24 (2), EACH SOCIETY SHALL FILE WITH THE COMMISSIONER, ON OR BEFORE
25 MARCH 1, A VALUATION OF ITS CERTIFICATES IN FORCE ON DECEMBER 31
26 OF THE YEAR PRECEDING THE FILING. THE COMMISSIONER, IN HIS OR
27 HER DISCRETION FOR CAUSE SHOWN, MAY EXTEND THE TIME FOR FILING

1 THE VALUATION FOR NOT MORE THAN 2 CALENDAR MONTHS. THE VALUATION
2 SHALL BE DONE IN ACCORDANCE WITH THE STANDARDS SPECIFIED IN
3 SECTION 8151. THE VALUATION AND UNDERLYING DATA SHALL BE CERTI-
4 FIED BY A QUALIFIED ACTUARY OR, AT THE EXPENSE OF THE SOCIETY,
5 VERIFIED BY THE ACTUARY OF THE DEPARTMENT OF INSURANCE OF THE
6 STATE OF DOMICILE OF THE SOCIETY.

7 (4) A SOCIETY NEGLECTING TO FILE THE ANNUAL STATEMENT IN THE
8 FORM AND WITHIN THE TIME PROVIDED BY THIS SECTION SHALL BE FINED
9 \$100.00 FOR EACH DAY DURING WHICH THE NEGLECT CONTINUES, AND,
10 UPON NOTICE BY THE COMMISSIONER TO THAT EFFECT, ITS AUTHORITY TO
11 DO BUSINESS IN THIS STATE SHALL CEASE WHILE THE DEFAULT
12 CONTINUES.

13 SEC. 8155. A SOCIETY THAT IS LICENSED OR AUTHORIZED TO
14 TRANSACT BUSINESS IN THIS STATE MAY CONTINUE THE BUSINESS AND THE
15 AUTHORITY OF THE SOCIETY UNTIL THE SOCIETY'S LICENSE OR AUTHORITY
16 IS SUSPENDED OR REVOKED BY THE COMMISSIONER OR IS TERMINATED AT
17 THE SOCIETY'S REQUEST. A DULY CERTIFIED COPY OR DUPLICATE OF THE
18 LICENSE SHALL BE PRIMA FACIE EVIDENCE THAT THE LICENSEE IS A FRA-
19 TERNAL BENEFIT SOCIETY WITHIN THE MEANING OF THIS CHAPTER.

20 SEC. 8157. (1) THE COMMISSIONER, OR ANY PERSON HE OR SHE
21 MAY APPOINT, MAY EXAMINE ANY DOMESTIC, FOREIGN, OR ALIEN SOCIETY
22 TRANSACTING OR APPLYING FOR ADMISSION TO TRANSACT BUSINESS IN
23 THIS STATE IN THE SAME MANNER AS AUTHORIZED FOR EXAMINATION OF
24 DOMESTIC, FOREIGN, OR ALIEN INSURERS, SHALL HAVE FREE ACCESS TO
25 ALL THE BOOKS, PAPERS, AND DOCUMENTS THAT RELATE TO THE BUSINESS
26 OF THE SOCIETY, AND MAY SUMMON AND QUALIFY AS WITNESS UNDER OATH
27 AND EXAMINE ITS OFFICERS, AGENTS, AND EMPLOYEES OR OTHER PERSONS

1 IN RELATION TO THE AFFAIRS, TRANSACTIONS, AND CONDITION OF THE
2 SOCIETY. REQUIREMENTS OF NOTICE AND AN OPPORTUNITY TO RESPOND
3 BEFORE FINDINGS ARE MADE PUBLIC AS PROVIDED IN THE LAWS REGULAT-
4 ING INSURERS SHALL ALSO BE APPLICABLE TO THE EXAMINATION OF
5 SOCIETIES.

6 (2) THE EXPENSE OF EACH EXAMINATION AND OF EACH VALUATION,
7 INCLUDING COMPENSATION AND ACTUAL EXPENSE OF EXAMINERS, SHALL BE
8 PAID BY THE SOCIETY EXAMINED OR WHOSE CERTIFICATES ARE VALUED,
9 UPON STATEMENTS FURNISHED BY THE COMMISSIONER.

10 SEC. 8159. A FOREIGN OR ALIEN SOCIETY SHALL NOT TRANSACT
11 BUSINESS IN THIS STATE WITHOUT A LICENSE ISSUED BY THE
12 COMMISSIONER. A SOCIETY DESIRING ADMISSION TO THIS STATE SHALL
13 COMPLY SUBSTANTIALLY WITH THE REQUIREMENTS AND LIMITATIONS OF
14 THIS CHAPTER APPLICABLE TO A DOMESTIC SOCIETY. A FOREIGN OR
15 ALIEN SOCIETY MAY BE LICENSED TO TRANSACT BUSINESS IN THIS STATE
16 IF ITS ASSETS ARE INVESTED IN ACCORDANCE WITH THE PROVISIONS OF
17 THIS CHAPTER AND UPON FILING WITH THE COMMISSIONER ALL OF THE
18 FOLLOWING:

19 (A) A DULY CERTIFIED COPY OF ITS ARTICLES OF INCORPORATION.

20 (B) A COPY OF ITS BYLAWS, CERTIFIED BY ITS SECRETARY OR COR-
21 RESPONDING OFFICER.

22 (C) A POWER OF ATTORNEY TO THE COMMISSIONER AS PROVIDED IN
23 SECTION 8171.

24 (D) A STATEMENT OF ITS BUSINESS UNDER OATH OF ITS PRESIDENT
25 AND SECRETARY OR CORRESPONDING OFFICERS IN A FORM PRESCRIBED BY
26 THE COMMISSIONER, DULY VERIFIED BY AN EXAMINATION MADE BY THE
27 SUPERVISING INSURANCE OFFICIAL OF ITS HOME STATE OR OTHER STATE,

1 TERRITORY, PROVINCE, OR COUNTRY, SATISFACTORY TO THE
2 COMMISSIONER.

3 (E) CERTIFICATION FROM THE PROPER OFFICIAL OF ITS HOME
4 STATE, TERRITORY, PROVINCE, OR COUNTRY THAT THE SOCIETY IS
5 LEGALLY INCORPORATED AND LICENSED TO TRANSACT BUSINESS THERE.

6 (F) COPIES OF ITS CERTIFICATE FORMS.

7 (G) SUCH OTHER INFORMATION AS THE COMMISSIONER MAY CONSIDER
8 NECESSARY.

9 SEC. 8161. (1) IF THE COMMISSIONER UPON INVESTIGATION FINDS
10 THAT A DOMESTIC SOCIETY HAS EXCEEDED ITS POWERS, HAS FAILED TO
11 COMPLY WITH ANY PROVISION OF THIS CHAPTER, IS NOT FULFILLING ITS
12 CONTRACTS IN GOOD FAITH, HAS A MEMBERSHIP OF LESS THAN 400 AFTER
13 AN EXISTENCE OF 1 YEAR OR MORE, OR IS CONDUCTING BUSINESS FRAUDU-
14 LENTLY OR IN A MANNER HAZARDOUS TO ITS MEMBERS, CREDITORS, THE
15 PUBLIC, OR THE BUSINESS, THE COMMISSIONER SHALL NOTIFY THE SOCI-
16 ETY OF HIS OR HER FINDINGS AND STATE IN WRITING THE REASONS FOR
17 HIS OR HER DISSATISFACTION. THE COMMISSIONER SHALL ISSUE IMMEDI-
18 ATELY A WRITTEN NOTICE TO THE SOCIETY REQUIRING THAT EACH DEFICI-
19 CIENCY THAT EXISTS BE CORRECTED. AFTER NOTICE, THE SOCIETY SHALL
20 HAVE A 30-DAY PERIOD IN WHICH TO COMPLY WITH THE COMMISSIONER'S
21 REQUEST FOR CORRECTION, AND IF THE SOCIETY FAILS TO COMPLY, THE
22 COMMISSIONER SHALL NOTIFY THE SOCIETY OF THE FINDINGS OF NONCOM-
23 PLIANCE AND REQUIRE THE SOCIETY TO SHOW CAUSE ON A DATE NAMED WHY
24 IT SHOULD NOT BE ENJOINED FROM CARRYING ON ANY BUSINESS UNTIL THE
25 VIOLATION COMPLAINED OF IS CORRECTED, OR WHY AN ACTION IN QUO
26 WARRANTO SHOULD NOT BE COMMENCED AGAINST THE SOCIETY.

1 (2) IF THE SOCIETY PURSUANT TO SUBSECTION (1) DOES NOT
2 PRESENT GOOD AND SUFFICIENT REASONS WHY IT SHOULD NOT BE ENJOINED
3 OR WHY AN ACTION IN QUO WARRANTO SHOULD NOT BE COMMENCED, THE
4 COMMISSIONER MAY REQUEST THE ATTORNEY GENERAL TO COMMENCE AN
5 ACTION TO ENJOIN THE SOCIETY FROM TRANSACTING BUSINESS OR TO COM-
6 MENCE AN ACTION IN QUO WARRANTO.

7 (3) THE COURT SHALL NOTIFY THE SOCIETY'S OFFICERS OF A
8 HEARING. IF AFTER A FULL HEARING IT APPEARS THAT THE SOCIETY
9 SHOULD BE ENJOINED, LIQUIDATED, OR A RECEIVER APPOINTED, THE
10 COURT SHALL ENTER THE NECESSARY ORDER. AN ENJOINED SOCIETY SHALL
11 NOT HAVE THE AUTHORITY TO DO BUSINESS UNTIL THE COMMISSIONER
12 FINDS ALL OF THE FOLLOWING:

13 (A) THAT THE VIOLATION COMPLAINED OF HAS BEEN CORRECTED.

14 (B) THE COSTS OF THE ACTION HAVE BEEN PAID BY THE SOCIETY IF
15 THE COURT FINDS THAT THE SOCIETY WAS IN DEFAULT AS CHARGED.

16 (C) THE COURT HAS DISSOLVED ITS INJUNCTION.

17 (D) THE COMMISSIONER HAS REINSTATED THE CERTIFICATE OF
18 AUTHORITY.

19 (4) IF THE COURT ORDERS THE SOCIETY LIQUIDATED, THE SOCIETY
20 SHALL BE ENJOINED FROM CARRYING ON ANY FURTHER BUSINESS, AND THE
21 RECEIVER OF THE SOCIETY SHALL PROCEED AT ONCE TO TAKE POSSESSION
22 OF THE BOOKS, PAPERS, MONEY, AND OTHER ASSETS OF THE SOCIETY AND,
23 UNDER THE DIRECTION OF THE COURT, PROCEED IMMEDIATELY TO CLOSE
24 THE AFFAIRS OF THE SOCIETY AND TO DISTRIBUTE ITS FUNDS TO THOSE
25 ENTITLED.

26 (5) AN ACTION UNDER THIS SECTION SHALL NOT BE RECOGNIZED IN
27 ANY COURT OF THIS STATE UNLESS BROUGHT BY THE ATTORNEY GENERAL

1 UPON REQUEST OF THE COMMISSIONER. IF A RECEIVER IS TO BE
2 APPOINTED FOR A DOMESTIC SOCIETY, THE COURT SHALL APPOINT THE
3 COMMISSIONER AS THE RECEIVER.

4 (6) THE PROVISIONS OF THIS SECTION RELATING TO HEARING BY
5 THE COMMISSIONER, ACTION BY THE ATTORNEY GENERAL AT THE REQUEST
6 OF THE COMMISSIONER, HEARING BY THE COURT, INJUNCTION, AND
7 RECEIVERSHIP SHALL BE APPLICABLE TO A SOCIETY THAT VOLUNTARILY
8 DETERMINES TO DISCONTINUE BUSINESS.

9 SEC. 8163. (1) IF THE COMMISSIONER UPON INVESTIGATION FINDS
10 THAT A FOREIGN OR ALIEN SOCIETY TRANSACTING OR APPLYING TO TRANS-
11 ACT BUSINESS IN THIS STATE HAS EXCEEDED ITS POWERS, HAS FAILED TO
12 COMPLY WITH ANY OF THE PROVISIONS OF THIS CHAPTER, IS NOT FUL-
13 FILLING ITS CONTRACTS IN GOOD FAITH, OR IS CONDUCTING ITS BUSI-
14 NESS FRAUDULENTLY OR IN A MANNER HAZARDOUS TO ITS MEMBERS OR
15 CREDITORS OR THE PUBLIC, THE COMMISSIONER SHALL NOTIFY THE SOCI-
16 ETY OF HIS OR HER FINDINGS AND STATE IN WRITING THE REASONS FOR
17 HIS OR HER DISSATISFACTION. THE COMMISSIONER SHALL ISSUE IMMEDI-
18 ATELY A WRITTEN NOTICE TO THE SOCIETY REQUIRING THAT THE DEFI-
19 CIENCY OR DEFICIENCIES THAT EXIST BE CORRECTED. AFTER THE NOTICE
20 THE SOCIETY SHALL HAVE A 30-DAY PERIOD IN WHICH TO COMPLY WITH
21 THE COMMISSIONER'S REQUEST FOR CORRECTION, AND IF THE SOCIETY
22 FAILS TO COMPLY, THE COMMISSIONER SHALL NOTIFY THE SOCIETY OF THE
23 FINDINGS OF NONCOMPLIANCE AND REQUIRE THE SOCIETY TO SHOW CAUSE
24 ON A DATE NAMED WHY ITS LICENSE SHOULD NOT BE SUSPENDED, REVOKED,
25 OR REFUSED. IF ON THAT DATE THE SOCIETY DOES NOT PRESENT GOOD
26 AND SUFFICIENT REASON WHY ITS AUTHORITY TO DO BUSINESS IN THIS
27 STATE SHOULD NOT BE SUSPENDED, REVOKED, OR REFUSED, THE

1 COMMISSIONER MAY SUSPEND OR REFUSE THE LICENSE OF THE SOCIETY TO
2 DO BUSINESS IN THIS STATE UNTIL SATISFACTORY EVIDENCE IS FUR-
3 NISHED TO THE COMMISSIONER THAT THE SUSPENSION OR REFUSAL SHOULD
4 BE WITHDRAWN OR THE COMMISSIONER MAY REVOKE THE AUTHORITY OF THE
5 SOCIETY TO DO BUSINESS IN THIS STATE.

6 (2) NOTHING IN THIS SECTION SHALL BE TAKEN OR CONSTRUED AS
7 PREVENTING A SOCIETY FROM CONTINUING IN GOOD FAITH ALL CONTRACTS
8 MADE IN THIS STATE DURING THE TIME THAT THE SOCIETY WAS LEGALLY
9 AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE.

10 SEC. 8165. AN APPLICATION OR PETITION FOR INJUNCTION
11 AGAINST ANY DOMESTIC, FOREIGN, OR ALIEN SOCIETY, OR LODGE OF SUCH
12 A SOCIETY, SHALL NOT BE RECOGNIZED IN ANY COURT OF THIS STATE
13 UNLESS COMMENCED BY THE ATTORNEY GENERAL UPON REQUEST OF THE
14 COMMISSIONER.

15 SEC. 8167. AN AGENT OF A SOCIETY SHALL BE LICENSED IN
16 ACCORDANCE WITH THE PROVISIONS OF CHAPTER 12 REGULATING THE
17 LICENSING, REVOCATION, SUSPENSION, OR TERMINATION OF LICENSES OF
18 RESIDENT AND NONRESIDENT AGENTS EXCEPT THAT AN EXAMINATION OR
19 LICENSE SHALL NOT BE REQUIRED OF ANY REGULAR SALARIED OFFICER,
20 EMPLOYEE, OR MEMBER OF A LICENSED SOCIETY WHO DEVOTES SUBSTAN-
21 TIALY ALL OF HIS OR HER SERVICES TO ACTIVITIES OTHER THAN THE
22 SOLICITATION OF FRATERNAL INSURANCE CONTRACTS FROM THE PUBLIC,
23 AND WHO RECEIVES FOR THE SOLICITATION OF SUCH CONTRACTS NO COM-
24 MISSION OR OTHER COMPENSATION DIRECTLY DEPENDENT UPON THE AMOUNT
25 OF BUSINESS OBTAINED.

26 SEC. 8169. EACH SOCIETY AUTHORIZED TO DO BUSINESS IN THIS
27 STATE SHALL BE SUBJECT TO THE PROVISIONS OF CHAPTER 20 RELATING

1 TO UNFAIR TRADE PRACTICES EXCEPT THAT CHAPTER 20 SHALL NOT BE
2 CONSTRUED AS APPLYING TO OR AFFECTING THE RIGHT OF A SOCIETY TO
3 DETERMINE ITS ELIGIBILITY REQUIREMENTS FOR MEMBERSHIP, OR BE CON-
4 STRUED AS APPLYING TO OR AFFECTING THE OFFERING OF BENEFITS
5 EXCLUSIVELY TO MEMBERS OR PERSONS ELIGIBLE FOR MEMBERSHIP IN THE
6 SOCIETY BY A SUBSIDIARY CORPORATION OR AFFILIATED ORGANIZATION OF
7 THE SOCIETY.

8 SEC. 8171. (1) EACH SOCIETY AUTHORIZED TO DO BUSINESS IN
9 THIS STATE SHALL APPOINT IN WRITING THE COMMISSIONER AND EACH
10 SUCCESSOR IN OFFICE TO BE ITS TRUE AND LAWFUL ATTORNEY UPON WHOM
11 ALL LAWFUL PROCESS IN ANY ACTION OR PROCEEDING AGAINST IT SHALL
12 BE SERVED, AND SHALL AGREE IN THAT WRITING THAT ANY LAWFUL PRO-
13 CESS AGAINST IT THAT IS SERVED ON THE COMMISSIONER SHALL BE OF
14 THE SAME LEGAL FORCE AND VALIDITY AS IF SERVED UPON THE SOCIETY,
15 AND THAT THE AUTHORITY SHALL CONTINUE IN FORCE SO LONG AS ANY
16 LIABILITY REMAINS OUTSTANDING IN THIS STATE. COPIES OF THE
17 APPOINTMENT, CERTIFIED BY THE COMMISSIONER, SHALL BE SUFFICIENT
18 EVIDENCE THEREOF AND SHALL BE ADMITTED IN EVIDENCE WITH THE SAME
19 FORCE AND EFFECT AS THE ORIGINAL MIGHT BE ADMITTED.

20 (2) SERVICE SHALL ONLY BE MADE UPON THE COMMISSIONER, OR THE
21 COMMISSIONER'S DEPUTY. SERVICE SHALL BE MADE IN DUPLICATE AND
22 SHALL CONSTITUTE SUFFICIENT SERVICE UPON THE SOCIETY. IF LEGAL
23 PROCESS AGAINST A SOCIETY IS SERVED UPON THE COMMISSIONER, THE
24 COMMISSIONER SHALL FORWARD IMMEDIATELY 1 OF THE DUPLICATE COPIES
25 PREPAID AND DIRECTED TO THE SECRETARY OR CORRESPONDING OFFICER OF
26 THE SOCIETY. SUCH SERVICE SHALL NOT REQUIRE A SOCIETY TO FILE
27 ITS ANSWER, PLEADING, OR DEFENSE IN LESS THAN 30 DAYS FROM THE

1 DATE OF MAILING THE COPY OF THE SERVICE TO A SOCIETY. LEGAL
2 PROCESS SHALL NOT BE SERVED UPON A SOCIETY EXCEPT IN THE MANNER
3 PROVIDED IN THIS SECTION AND UPON PAYMENT OF THE FEE SPECIFIED IN
4 SECTION 456.

5 SEC. 8173. (1) A PERSON, OFFICER, MEMBER, OR EXAMINING PHY-
6 SICIAN OF ANY SOCIETY AUTHORIZED TO DO BUSINESS UNDER THIS CHAP-
7 TER, WHO KNOWINGLY OR WILLFULLY MAKES A FALSE OR FRAUDULENT
8 STATEMENT OR REPRESENTATION IN OR WITH REFERENCE TO AN APPLICA-
9 TION FOR MEMBERSHIP, OR FOR THE PURPOSE OF OBTAINING MONEY FROM
10 OR BENEFIT IN ANY SOCIETY TRANSACTING BUSINESS UNDER THIS CHAP-
11 TER, IS GUILTY OF A MISDEMEANOR, AND UPON CONVICTION SHALL BE
12 PUNISHED BY IMPRISONMENT FOR NOT LESS THAN 30 DAYS OR MORE THAN
13 1 YEAR, OR BY A FINE OF NOT LESS THAN \$100.00 OR MORE THAN
14 \$500.00, OR BOTH.

15 (2) A PERSON WHO WILLFULLY MAKES A FALSE STATEMENT OF A
16 MATERIAL FACT OR THING IN A SWORN STATEMENT AS TO THE DEATH OR
17 DISABILITY OF A CERTIFICATE HOLDER IN A SOCIETY FOR THE PURPOSE
18 OF PROCURING PAYMENT OF A BENEFIT NAMED IN THE CERTIFICATE OF THE
19 HOLDER, AND A PERSON WHO WILLFULLY MAKES A FALSE STATEMENT IN A
20 VERIFIED REPORT OR DECLARATION UNDER OATH REQUIRED OR AUTHORIZED
21 BY THIS CHAPTER, IS GUILTY OF PERJURY.

22 (3) A PERSON WHO VIOLATES SECTION 8129 IS GUILTY OF A
23 FELONY, AND UPON CONVICTION SHALL BE PUNISHED BY IMPRISONMENT FOR
24 NOT MORE THAN 5 YEARS, OR BY A FINE OF NOT MORE THAN \$5,000.00,
25 OR BOTH.

26 (4) A PERSON WHO SOLICITS MEMBERSHIP FOR OR IN ANY MANNER
27 ASSISTS IN PROCURING MEMBERSHIP IN A SOCIETY NOT LICENSED TO DO

1 BUSINESS IN THIS STATE IS GUILTY OF A MISDEMEANOR PUNISHABLE BY A
2 FINE OF NOT LESS THAN \$50.00 OR MORE THAN \$200.00.

3 (5) A PERSON GUILTY OF A WILLFUL VIOLATION OF OR NEGLECT OR
4 REFUSAL TO COMPLY WITH THE PROVISIONS OF THIS CHAPTER FOR WHICH A
5 PENALTY IS NOT OTHERWISE PRESCRIBED IS SUBJECT TO THE PENALTY
6 PROVIDED IN SECTION 150.

7 SEC. 8175. ALL DECISIONS AND FINDINGS OF THE COMMISSIONER
8 MADE UNDER THE PROVISIONS OF THIS CHAPTER SHALL BE SUBJECT TO
9 REVIEW BY PROPER PROCEEDINGS IN A COURT OF COMPETENT JURISDICTION
10 IN THIS STATE.

11 SEC. 8177. (1) THIS CHAPTER SHALL NOT BE CONSTRUED TO
12 AFFECT OR APPLY TO ANY OF THE FOLLOWING DESCRIBED ORGANIZATIONS
13 WHICH WERE IN EXISTENCE AND ISSUING BENEFITS ON JULY 1, 1945:

14 (A) GRAND OR SUBORDINATE LODGES OF MASONS, ODD FELLOWS OR
15 KNIGHTS OF PYTHIAS, EXCLUSIVE OF THE INSURANCE DEPARTMENT OF THE
16 SUPREME LODGE KNIGHTS OF PYTHIAS, THE JUNIOR ORDER OF UNITED
17 AMERICAN MECHANICS, EXCLUSIVE OF THE BENEFICIARY DEGREE OF INSUR-
18 ANCE BRANCH OF THE NATIONAL COUNCIL JUNIOR ORDER OF UNITED
19 AMERICAN MECHANICS, THE LADIES' LUTHERAN BENEVOLENT FEDERATION OF
20 MICHIGAN, LABOR ORGANIZATIONS OR SOCIETIES THAT ADMIT TO MEMBER-
21 SHIP ONLY THOSE PERSONS WHO AT THE TIME OF ADMISSION ARE ENGAGED
22 IN ANY 1 OCCUPATION OR WHO LIMIT THEIR MEMBERSHIP TO ANY 1 RELI-
23 GIOUS DENOMINATION, SIMILAR SOCIETIES THAT DO NOT ISSUE INSURANCE
24 CERTIFICATES, AN ASSOCIATION OF LOCAL LODGES OF A SOCIETY NOW
25 DOING BUSINESS IN THIS STATE THAT PROVIDES DEATH BENEFITS NOT
26 EXCEEDING \$500.00 TO ANY 1 PERSON OR DISABILITY BENEFITS NOT
27 EXCEEDING \$300.00 IN ANY 1 YEAR TO ANY 1 PERSON, OR BOTH, A

1 CONTRACT OF REINSURANCE BUSINESS ON SUCH PLAN IN THIS STATE, A
2 DOMESTIC SOCIETY THAT LIMITS ITS MEMBERSHIP TO THE EMPLOYEES OF A
3 PARTICULAR CITY OR TOWN, SIMILAR SOCIETIES THAT LIMIT THEIR MEM-
4 BERSHIP TO A DESIGNATED FIRM, BUSINESS HOUSE, OR CORPORATION
5 GRANTING DEATH BENEFITS NOT EXCEEDING \$1,000.00 OR DISABILITY
6 BENEFITS NOT EXCEEDING \$300.00 IN ANY 1 YEAR TO ANY 1 PERSON, AND
7 DOMESTIC LODGES ORDERS OR ASSOCIATIONS OF A PURELY RELIGIOUS,
8 CHARITABLE, AND BENEVOLENT DESCRIPTION THAT DO NOT PROVIDE FOR A
9 DEATH BENEFIT OF MORE THAN \$150.00 OR FOR DISABILITY BENEFITS OF
10 MORE THAN \$150.00 TO ANY 1 PERSON IN ANY 1 YEAR.

11 (B) ORDERS, SOCIETIES, OR ASSOCIATIONS THAT ADMIT TO MEMBER-
12 SHIP ONLY PERSONS ENGAGED IN 1 OR MORE CRAFTS OR HAZARDOUS OCCU-
13 PATIONS, IN THE SAME OR SIMILAR LINES OF BUSINESS, INSURING ONLY
14 THEIR OWN MEMBERS AND THEIR FAMILIES, AND THE LADIES' SOCIETIES
15 OR LADIES' AUXILIARIES TO SUCH ORDERS, SOCIETIES, OR
16 ASSOCIATIONS.

17 (2) THE COMMISSIONER MAY REQUIRE FROM A SOCIETY SUCH INFOR-
18 MATION AS WILL ENABLE HIM OR HER TO DETERMINE WHETHER THE SOCIETY
19 IS EXEMPT FROM THE PROVISIONS OF THIS CHAPTER.

20 (3) A FRATERNAL BENEFIT SOCIETY, ORGANIZED AND INCORPORATED
21 AND OPERATING AS SET FORTH IN SECTIONS 8103 TO 8107, PROVIDING
22 FOR BENEFITS IN CASE OF DEATH OR DISABILITY RESULTING SOLELY FROM
23 ACCIDENTS BUT WHICH DOES NOT OBLIGATE ITSELF TO PAY DEATH OR SICK
24 BENEFITS, MAY BE LICENSED UNDER THE PROVISIONS OF THIS CHAPTER
25 AND SHALL HAVE ALL THE PRIVILEGES AND BE SUBJECT TO ALL THE PRO-
26 VISIONS AND REGULATIONS OF THIS CHAPTER, EXCEPT THAT THE
27 PROVISIONS OF THIS CHAPTER REQUIRING MEDICAL EXAMINATIONS AND

1 VALUATIONS OF BENEFIT CERTIFICATES, AND THAT THE CERTIFICATE
2 SHALL SPECIFY THE AMOUNT OF BENEFITS, SHALL NOT APPLY TO SUCH
3 SOCIETY.

4 (4) SOCIETIES EXEMPTED UNDER THE PROVISIONS OF THIS SECTION
5 SHALL ALSO BE EXEMPT FROM ALL OTHER PROVISIONS OF THE INSURANCE
6 LAWS OF THIS STATE.

7 SEC. 8179. A FRATERNAL BENEFIT SOCIETY TRANSACTING BUSINESS
8 IN THIS STATE AND NOT EXEMPT FROM THE PROVISIONS OF THIS CHAPTER
9 UNDER SECTION 8177 SHALL ALSO BE SUBJECT TO THE FOLLOWING ADDI-
10 TIONAL CHAPTERS AND PROVISIONS OF THIS CODE, AS APPLICABLE:

11 (A) CHAPTER 1 AND CHAPTER 2. HOWEVER, AS TO SECTION 240,
12 ONLY SUBSECTION (1)(C), (D), (H), AND (J) SHALL APPLY, EXCEPT AS
13 PROVIDED IN SECTION 5222.

14 (B) SECTIONS 436, 437, 476A, 5222, AND 5256.

15 (C) CHAPTERS 9, 34, 40 EXCEPT AS TO SECTION 4004, AND 78.

16 Sec. 8240. Nothing in sections 8204 through 8232 shall be
17 construed to apply to any association exempt from the provisions
18 of chapter ~~80 (fraternal benefit societies)~~ 81 in accordance
19 with the provisions of section ~~8094~~ 8177.

20 Section 2. Chapter 80 of Act No. 218 of the Public Acts of
21 1956, being sections 500.8000 to 500.8095 of the Michigan
22 Compiled Laws, is repealed.

23 Section 3. This act shall take effect January 1, 1990.