AN ACT TO REGULATE LARGER FRATERNAL BENEFIT SOCIETIES; TO
DEFINE CERTAIN TERMS; TO PROVIDE FOR QUALIFICATIONS FOR
MEMBERSHIP; TO PROVIDE GRIEVANCE PROCEDURES; TO PROVIDE THAT
OFFICERS AND MEMBERS OF THE SUPREME GOVERNING BODY OR ANY
SUBORDINATE BODY OF A SOCIETY SHALL NOT BE PERSONALLY LIABLE FOR
ANY BENEFITS PROVIDED BY A SOCIETY; TO PROVIDE FOR THE
ORGANIZATION OF SOCIETIES; TO PROVIDE FOR CONSOLIDATIONS AND
MERGERS OF SOCIETIES; TO PROVIDE FOR THE CONVERSION OF LARGER
FRATERNAL BENEFIT SOCIETIES INTO MUTUAL OR STOCK INSURERS; TO
AUTHORIZE SOCIETIES TO PROVIDE CERTAIN CONTRACTUAL BENEFITS; TO
REQUIRE EVERY SOCIETY TO ISSUE TO EACH OWNER OF A BENEFIT CONTRACT
A CERTIFICATE SPECIFYING THE AMOUNT OF BENEFITS; TO REQUIRE
SOCIOEITIES TO INVEST ITS FUNDS ONLY IN SUCH INVESTMENTS AS ARE
AUTHORIZED BY THE LAWS OF THIS STATE FOR THE INVESTMENT OF ASSETS
OF LIFE INSURERS; TO PROVIDE FOR STANDARDS OF VALUATION; TO
REQUIRE EVERY SOCIETY TO FILE AN ANNUAL STATEMENT WITH THE
COMMISSIONER OF INSURANCE; TO PROVIDE FOR ANNUAL LICENSURE OF
SOCIETIES; TO AUTHORIZE THE COMMISSIONER OF INSURANCE TO ISSUE
INJUNCTIONS OR TO LIQUIDATE DOMESTIC SOCIETIES UPON CERTAIN
FINDINGS AFTER INVESTIGATION; TO PROVIDE CERTAIN CRIMINAL PENALTIES; TO EXEMPT CERTAIN SOCIETIES FROM THE
PROVISIONS OF THIS ACT; TO AMEND SECTIONS 83-17-15 AND 83-17-101,
MISSISSIPPI CODE OF 1972, TO CHANGE SECTION REFERENCES IN
CONFORMITY TO THIS ACT; TO AMEND SECTION 83-29-1, MISSISSIPPI CODE
OF 1972, TO REVISE THE DEFINITION OF FRATERNAL BENEFIT SOCIETIES
WHICH ARE REGULATED UNDER CHAPTER 29, MISSISSIPPI CODE OF 1972;
AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

ARTICLE 1.

STRUCTURE AND PURPOSE.

SECTION 1. Larger fraternal benefit societies.

Any incorporated society, order or supreme lodge, without
capital stock, including one exempted under the provisions of
subsection (1) of Section 37 of this act whether incorporated or
not, conducted solely for the benefit of its members and their
beneficiaries and not for profit, operated on a lodge system with
ritualistic form of work, having more than Thirty Thousand Dollars ($30,000.00) in total annual written premium, having a representative form of government, and which provides benefits in accordance with this chapter, is hereby declared to be a larger fraternal benefit society.

SECTION 2. Lodge system.

(1) A society is operating on the lodge system if it has a supreme governing body and subordinate lodges into which members are elected, initiated or admitted in accordance with its laws, rules and ritual. Subordinate lodges shall be required by the laws of the society to hold regular meetings at least once in each month in furtherance of the purposes of the society.

(2) A society may, at its option, organize and operate lodges for children under the minimum age for adult membership. Membership and initiation in local lodges shall not be required of such children, nor shall they have a voice or vote in the management of the society.

SECTION 3. Representative form of government.

A society has a representative form of government when:

(a) It has a supreme governing body constituted in one of the following ways:

(i) Assembly. The supreme governing body is an assembly composed of delegates elected directly by the members or at intermediate assemblies or conventions of members or their representatives, together with other delegates as may be prescribed in the society's laws. A society may provide for election of delegates by mail. The elected delegates shall constitute a majority in number and shall not have less than two-thirds of the votes and not less than the number of votes required to amend the society's laws. The assembly shall be elected and shall meet at least once every four years and shall elect a board of directors to conduct the business of the society between meetings of the assembly. Vacancies on the board of
directors between elections may be filled in the manner prescribed by the society's laws.

(ii) Direct Election. The supreme governing body is a board composed of persons elected by the members, either directly or by their representatives in intermediate assemblies, and any other persons prescribed in the society's laws. A society may provide for election of the board by mail. Each term of a board member may not exceed four years. Vacancies on the board between elections may be filled in the manner prescribed by the society's laws. Those persons elected to the board shall constitute a majority in number and not less than the number of votes required to amend the society's laws. A person filling the unexpired term of an elected board member shall be considered to be an elected member. The board shall meet at least quarterly to conduct the business of the society.

(b) The officers of the society are elected either by the supreme governing body or by the board of directors;

(c) Only benefit members are eligible for election to the supreme governing body and the board of directors; and

(d) Each voting member shall have one vote; no vote may be cast by proxy.

SECTION 4. Terms used.

Whenever used in this chapter:

(a) "Benefit contract" shall mean the agreement for provision of benefits authorized by Section 16 of this act, as that agreement is described in Section 19(1) of this act.

(b) "Benefit member" shall mean an adult member who is designated by the laws or rules of the society to be a benefit member under a benefit contract.

(c) "Certificate" shall mean the document issued as written evidence of the benefit contract.

(d) "Commissioner" shall mean the Commissioner of Insurance of this state.
(e) "Laws" shall mean the society's articles of incorporation, constitution and bylaws, however designated.

(f) "Lodge" shall mean subordinate member units of the society, known as camps, courts, councils, branches or by any other designation.

(g) "Premiums" shall mean premiums, rates, dues or other required contributions by whatever name known, which are payable under the certificate.

(h) "Rules" shall mean all rules, regulations or resolutions adopted by the supreme governing body or board of directors which are intended to have general application to the members of the society.

(i) "Society" shall mean larger fraternal benefit society as defined in Section 1 of this act, unless otherwise indicated.

SECTION 5. Purposes and powers.

(1) A society shall operate for the benefit of members and their beneficiaries by:

(a) Providing benefits as specified in Section 16 of this act; and

(b) Operating for one or more social, intellectual, educational, charitable, benevolent, moral, fraternal, patriotic or religious purposes for the benefit of its members, which may also be extended to others.

Such purposes may be carried out directly by the society, or indirectly through subsidiary corporations or affiliated organizations.

(2) Every society shall have the power to adopt laws and rules for the government of the society, the admission of its members, and the management of its affairs. It shall have the power to change, alter, add to or amend such laws and rules and shall have such other powers as are necessary and incidental to carrying into effect the objects and purposes of the society.
ARTICLE 3.
MEMBERSHIP.

SECTION 6. Qualifications for membership.

(1) A society shall specify in its laws or rules:

(a) Eligibility standards for each and every class of membership, provided that if benefits are provided on the lives of children, the minimum age for adult membership shall be set at not less than age fifteen (15) and not greater than age twenty-one (21);

(b) The process for admission to membership for each membership class; and

(c) The rights and privileges of each membership class, provided that only benefit members shall have the right to vote on the management of the insurance affairs of the society.

(2) A society may also admit social members who shall have no voice or vote in the management of the insurance affairs of the society.

(3) Membership rights in the society are personal to the member and are not assignable.

SECTION 7. Location of office, meetings, communications to members, grievance procedures.

(1) The principal office of any domestic society shall be located in this state. The meetings of its supreme governing body may be held in any state, district, province or territory wherein such society has at least one subordinate lodge, or in such other location as determined by the supreme governing body, and all business transacted at such meetings shall be as valid in all respects as if such meetings were held in this state. The minutes of the proceedings of the supreme governing body and of the board of directors shall be in the English language.

(2) (a) A society may provide in its laws for an official publication in which any notice, report, or statement required by law to be given to members, including notice of election, may be...
published. Such required reports, notices and statements shall be printed conspicuously in the publication. If the records of a society show that two (2) or more members have the same mailing address, an official publication mailed to one (1) member is deemed to be mailed to all members at the same address unless a member requests a separate copy.

(b) Not later than June 1 of each year, a synopsis of the society's annual statement providing an explanation of the facts concerning the condition of the society thereby disclosed shall be printed and mailed to each benefit member of the society or, in lieu thereof, such synopsis may be published in the society's official publication.

(3) A society may provide in its laws or rules for grievance or complaint procedures for members.

SECTION 8. No personal liability.

(1) The officers and members of the supreme governing body or any subordinate body of a society shall not be personally liable for any benefits provided by a society.

(2) Any person may be indemnified and reimbursed by any society for expenses reasonably incurred by, and liabilities imposed upon, such person in connection with or arising out of any action, suit or proceeding, whether civil, criminal, administrative or investigative, or threat thereof, in which the person may be involved by reason of the fact that he or she is or was a director, officer, employee or agent of the society or of any firm, corporation or organization which he or she served in any capacity at the request of the society. A person shall not be so indemnified or reimbursed (a) in relation to any matter in such action, suit or proceeding as to which he or she shall finally be adjudged to be or have been guilty of breach of a duty as a director, officer, employee or agent of the society, or (b) in relation to any matter in such action, suit or proceeding, or threat thereof, which has been made the subject of a compromise.
settlement; unless in either such case the person acted in good
faith for a purpose the person reasonably believed to be in or
not opposed to the best interests of the society and, in a
criminal action or proceeding, in addition, had no reasonable
cause to believe that his or her conduct was unlawful. The
determination whether the conduct of such person met the standard
required in order to justify indemnification and reimbursement in
relation to any matter described in subsection (1) or (2) may
only be made by the supreme governing body or board of directors
by a majority vote of a quorum consisting of persons who were not
parties to such action, suit or proceeding or by a court of
competent jurisdiction. The termination of any action, suit or
proceeding by judgment, order, settlement, conviction, or upon a
plea of no contest, as to such person shall not in itself create
a conclusive presumption that the person did not meet the
standard of conduct required in order to justify indemnification
and reimbursement. The foregoing right of indemnification and
reimbursement shall not be exclusive of other rights to which
such person may be entitled as a matter of law and shall inure to
the benefit of his or her heirs, executors and administrators.

(3) A society shall have power to purchase and maintain
insurance on behalf of any person who is or was a director,
officer, employee or agent of the society, or who is or was
serving at the request of the society as a director, officer,
employee or agent of any other firm, corporation, or organization
against any liability asserted against such person and incurred
by him or her in any such capacity or arising out of his or her
status as such, whether or not the society would have the power
to indemnify the person against such liability under this
section.

(4) No director, officer, employee, member or volunteer of
a society serving without compensation, shall be liable, and no
cause of action may be brought, for damages resulting from the
exercise of judgment or discretion in connection with the duties
or responsibilities of such person for the society unless such
act or omission involved willful or wanton misconduct.

SECTION 9. Waiver.

The laws of the society may provide that no subordinate
body, nor any of its subordinate officers or members shall have
the power or authority to waive any of the provisions of the laws
of the society. Such provision shall be binding on the society
and every member and beneficiary of a member.

ARTICLE 5.

GOVERNANCE.

SECTION 10. Organization.

A domestic society organized on or after the effective date
of this chapter shall be formed as follows:

(a) Seven (7) or more citizens of the United States, a
majority of whom are citizens of this state, who desire to form a
fraternal benefit society, may make, sign and acknowledge before
some officer competent to take acknowledgment of deeds, articles
of incorporation, in which shall be stated:

(i) The proposed corporate name of the society,
which shall not so closely resemble the name of any society or
insurance company as to be misleading or confusing;

(ii) The purposes for which it is being formed
and the mode in which its corporate powers are to be exercised.
Such purposes shall not include more liberal powers than are
granted by this chapter;

(iii) The names and residences of the
incorporators and the names, residences and official titles of
all the officers, trustees, directors, or other persons who are
to have and exercise the general control of the management of the
affairs and funds of the society for the first year or until the
ensuing election at which all such officers shall be elected by
the supreme governing body, which election shall be held not
later than one (1) year from the date of issuance of the permanent certificate of authority.

(b) Such articles of incorporation, duly certified copies of the society's bylaws and rules, copies of all proposed forms of certificates, applications therefor, and circulars to be issued by the society and a bond conditioned upon the return to applicants of the advanced payments if the organization is not completed within one (1) year shall be filed with the commissioner, who may require such further information as the commissioner deems necessary. The bond with sureties approved by the commissioner shall be in such amount, not less than Three Hundred Thousand Dollars ($300,000.00), nor more than One Million Five Hundred Thousand Dollars ($1,500,000.00), as required by the commissioner. All documents filed are to be in the English language. If the purposes of the society conform to the requirements of this chapter and all provisions of the law have been complied with, the commissioner shall so certify, retain and file the articles of incorporation and shall furnish the incorporators a preliminary certificate of authority authorizing the society to solicit members as hereinafter provided.

(c) No preliminary certificate of authority granted under the provisions of this section shall be valid after one year from its date or after such further period, not exceeding one (1) year, as may be authorized by the commissioner upon cause shown, unless the five hundred (500) applicants hereinafter required have been secured and the organization has been completed as herein provided. The charter and all other proceedings thereunder shall become null and void in one (1) year from the date of the preliminary certificate of authority, or at the expiration of the extended period, unless the society shall have completed its organization and received a certificate of authority to do business as hereinafter provided.
(d) Upon receipt of a preliminary certificate of authority from the commissioner, the society may solicit members for the purpose of completing its organization, shall collect from each applicant the amount of not less than one (1) regular monthly premium in accordance with its table of rates, and shall issue to each such applicant a receipt for the amount so collected. No society shall incur any liability other than for the return of such advance premium, nor issue any certificate, nor pay, allow, or offer or promise to pay or allow, any benefit to any person until:

(i) Actual bona fide applications for benefits have been secured on not less than five hundred (500) applicants, and any necessary evidence of insurability has been furnished to and approved by the society;

(ii) At least ten (10) subordinate lodges have been established into which the five hundred (500) applicants have been admitted;

(iii) There has been submitted to the commissioner, under oath of the president or secretary, or corresponding officer of the society, a list of such applicants, giving their names, addresses, date each was admitted, name and number of the subordinate lodge of which each applicant is a member, amount of benefits to be granted and premiums therefor; and

(iv) It shall have been shown to the commissioner, by sworn statement of the treasurer, or corresponding officer of such society, that at least five hundred (500) applicants have each paid in cash at least one (1) regular monthly premium as herein provided, which premiums in the aggregate shall amount to at least One Hundred Fifty Thousand Dollars ($150,000.00). Said advance premiums shall be held in trust during the period of organization and if the society has not qualified for a certificate of authority within one (1) year,
as herein provided, such premiums shall be returned to said applicants.

(e) The commissioner may make such examination and require such further information as the commissioner deems advisable. Upon presentation of satisfactory evidence that the society has complied with all the provisions of law, the commissioner shall issue to the society a certificate of authority to that effect and that the society is authorized to transact business pursuant to the provisions of this chapter. The certificate of authority shall be prima facie evidence of the existence of the society at the date of such certificate. The commissioner shall cause a record of such certificate of authority to be made. A certified copy of such record may be given in evidence with like effect as the original certificate of authority.

(f) Any incorporated society authorized to transact business in this state at the time this chapter becomes effective shall not be required to reincorporate.

SECTION 11. Amendments to laws.

(1) A domestic society may amend its laws in accordance with the provisions thereof by action of its supreme governing body at any regular or special meeting thereof or, if its laws so provide, by referendum. Such referendum may be held in accordance with the provisions of its laws by the vote of the voting members of the society, by the vote of delegates or representatives of voting members or by the vote of local lodges. A society may provide for voting by mail. No amendment submitted for adoption by referendum shall be adopted unless, within six months from the date of submission thereof, a majority of the members voting shall have signified their consent to such amendment by one (1) of the methods herein specified.

(2) No amendment to the laws of any domestic society shall take effect unless approved by the commissioner who shall approve
such amendment if the commissioner finds that it has been duly adopted and is not inconsistent with any requirement of the laws of this state or with the character, objects and purposes of the society. Unless the commissioner shall disapprove any such amendment within sixty (60) days after the filing of same, such amendment shall be considered approved. The approval or disapproval of the commissioner shall be forwarded in writing, and mailed to the secretary or corresponding officer of the society at its principal office. In case the commissioner disapproves such amendment, the reasons therefor shall be stated in such written notice.

(3) Within ninety (90) days from the approval thereof by the commissioner, all such amendments, or a synopsis thereof, shall be furnished to all members of the society either by mail or by publication in full in the official publication of the society. The affidavit of any officer of the society or of anyone authorized by it to mail any amendments or synopsis thereof, stating facts which show that same have been duly addressed and mailed, shall be prima facie evidence that such amendments or synopsis thereof, have been furnished the addressee.

(4) Every foreign or alien society authorized to do business in this state shall file with the commissioner a duly certified copy of all amendments of, or additions to, its laws within ninety (90) days after the enactment of same.

(5) Printed copies of the laws as amended, certified by the secretary or corresponding officer of the society shall be prima facie evidence of the legal adoption thereof.

SECTION 12. Institutions.

A society may create, maintain and operate, or may establish organizations to operate, not for profit institutions to further the purposes permitted by Section 5(1)(b) of this act. Such institutions may furnish services free or at a reasonable charge.
Any real or personal property owned, held or leased by the society for this purpose shall be reported in every annual statement but shall not be allowed as an admitted asset of such society.

SECTION 13. Reinsurance.

(1) A domestic society may, by a reinsurance agreement, cede any individual risk or risks in whole or in part to an insurer (other than another fraternal benefit society) having the power to make such reinsurance and authorized to do business in this state, or if not so authorized, one which is approved by the commissioner but no such society may reinsure substantially all of its insurance in force without the written permission of the commissioner. It may take credit for the reserves on such ceded risks to the extent reinsured, but no credit shall be allowed as an admitted asset or as a deduction from liability, to a ceding society for reinsurance made, ceded, renewed, or otherwise becoming effective after the effective date of this chapter, unless the reinsurance is payable by the assuming insurer on the basis of the liability of the ceding society under the contract or contracts reinsured without diminution because of the insolvency of the ceding society.

(2) Notwithstanding subsection (1) of this section, a society may reinsure the risks of another society in a consolidation, merger or assumption reinsurance transaction approved by the commissioner.

SECTION 14. Consolidations and mergers.

(1) A domestic society may consolidate or merge with any other society by complying with the provisions of this section. It shall file with the commissioner:

(a) A certified copy of the written contract containing in full the terms and conditions of the consolidation or merger;
(b) A sworn statement by the president and secretary or corresponding officers of each society showing the financial condition thereof on a date fixed by the commissioner, but not earlier than December 31 next preceding the date of the contract;

(c) A certificate of such officers, duly verified by their respective oaths, that the consolidation or merger has been approved by a two-thirds vote of the supreme governing body of each society, such vote being conducted at a regular or special meeting of each such body, or, if the society's laws so permit, by mail; and

(d) Evidence that at least sixty (60) days prior to the action of the supreme governing body of each society, the text of the contract has been furnished to all members of each society either by mail or by publication in full in the official publication of each society.

(2) If the commissioner finds that the contract is in conformity with the provisions of this section, that the financial statements are correct, and that the consolidation or merger is just and equitable to the members of each society, the commissioner shall approve the contract and issue a certificate to such effect. Upon such approval, the contract shall be in full force and effect unless any society which is a party to the contract is incorporated under the laws of any other state or territory. In such event the consolidation or merger shall not become effective unless and until it has been approved as provided by the laws of such state or territory and a certificate of such approval filed with the commissioner, or, if the laws of such state or territory contain no such provision, then the consolidation or merger shall not become effective unless and until it has been approved by the Commissioner of Insurance of such state or territory and a certificate of such approval filed with the commissioner.
Upon the consolidation or merger becoming effective as herein provided, all the rights, franchises and interests of the consolidated or merged societies in and to every species of property, real, personal or mixed, and things in action thereunto belonging shall be vested in the society resulting from or remaining after the consolidation or merger without any other instrument, except that conveyances of real property may be evidenced by proper deeds, and the title to any real estate or interest therein, vested under the laws of this state in any of the societies consolidated or merged, shall not revert or be in any way impaired by reason of the consolidation or merger, but shall vest absolutely in the society resulting from or remaining after such consolidation or merger.

The affidavit of any officer of the society or of anyone authorized by it to mail any notice or document, stating that such notice or document has been duly addressed and mailed, shall be prima facie evidence that such notice or document has been furnished the addressees.

SECTION 15. Conversion of fraternal benefit society into a mutual or stock insurer.

(1) Any domestic fraternal benefit society organized and doing business under the laws of this state may be converted and licensed as a mutual life or mutual life and disability insurance company by compliance with all the requirements of Section 83-31-15.

(2) Any fraternal benefit society organized and doing business under the laws of this state may be converted into a stock like or stock life and disability company upon the terms and conditions as follows:

(a) Whenever the supreme governing legislative body of any fraternal benefit society incorporated under the laws of this state shall, by a two-thirds (2/3) vote, determine that a change or conversion from a fraternal benefit society to a regular stock
life or stock life and disability company shall be to the best
interest of the society and its members, or when a majority of
the members in good standing of any such domestic fraternal
benefit society shall in writing signify their desire for such
conversion, or in event the supreme governing legislative body of
any fraternal benefit society prior to the adoption of this
chapter has by proper resolution expressed its desire and purpose
to change or convert said society into a level premium life
insurance company, then in either event said fraternal benefit
society may adopt and file with the commissioner an amendment or
amendments to its articles of incorporation authorizing it to
change or convert from a fraternal to a domestic stock life or
stock life and disability company; and said amendment shall
become operative upon its approval by the commissioner unless a
later time be provided in said amendment. If the amendment is
approved by the commissioner, he or she shall issue a certificate
of approval in writing. Thereafter the company shall have legal
existence as a domestic stock life or stock life and disability
company as indicated by the amendment, may reorganize by the
election of a board of directors and the adoption of bylaws, and
proceed to transact the business of such company in accordance
with and subject to all laws defining the powers and providing
for the regulation of stock life insurance companies.

(b) Provided, however, that no such conversion from a
fraternal benefit society to a regular stock or disability
company shall be had unless written notice of such proposed
change be deposited in the United States mail, registered and
postage prepaid, to every member of such fraternal benefit
society at their last known post office address at least ninety
(90) days before the proposed change or conversion is to be acted
upon by the supreme governing body; but notice provided herein
councils, or state or division grand lodges composed of delegates
from branch councils or subordinate lodges, have by a two-thirds
(2/3) vote already authorized or instructed its national council or supreme legislative governing body to change or convert their society into a level premium life insurance or disability company at the time this chapter becomes effective or when such proposed change to a stock life or stock life and disability company, before becoming effective, is submitted to and unanimously approved by the national council or supreme governing body of such fraternal society at a regular meeting of such national council or supreme governing body, or a special meeting of the national council or supreme governing body called by the national or supreme president for the purpose of considering such proposal. The national or supreme president of any such fraternal benefit society may prepare in writing a ballot and, on ninety days’ written notice to each member, take a referendum vote in writing as to any such proposed change or conversion. If two-thirds (2/3) of the membership by said referendum vote authorize the national council or supreme legislative governing body to change or covert the society into a stock life or stock life and disability company, then in that event the national council or supreme legislative governing body of said society may proceed to vote said change, and its action in the premises shall be binding upon all members. The amendment to the charter, the method of placing any surplus belonging to any such fraternal benefit society to capital stock, and the method of prorating the stock among membership in a way to protect the interests of all policyholders and members, shall be under the jurisdiction and approval of the commissioner.

ARTICLE 7.


(1) A society may provide the following contractual benefits in any form:

(a) Death benefits;
(b) Endowment benefits;
(c) Annuity benefits;
(d) Temporary or permanent disability benefits;
(e) Hospital, medical or nursing benefits;
(f) Funeral benefits;
(g) Monument or tombstone benefits to the memory of deceased members; and
(h) Such other benefits as authorized for life insurers and which are not inconsistent with this chapter.

(2) A society shall specify in its rules those persons who may be issued, or covered by, the contractual benefits in subsection (1), consistent with providing benefits to members and their dependents. A society may provide benefits on the lives of children under the minimum age for adult membership upon application of an adult person.

SECTION 17. Beneficiaries.

(1) The owner of a benefit contract shall have the right at all times to change the beneficiary or beneficiaries in accordance with the laws or rules of the society unless the owner waives this right by specifically requesting in writing that the beneficiary designation be irrevocable. A society may, through its laws or rules, limit the scope of beneficiary designations and shall provide that no revocable beneficiary shall have or obtain any vested interest in the proceeds of any certificate until the certificate has become due and payable in conformity with the provisions of the benefit contract.

(2) A society may make provision for the payment of funeral benefits to the extent of such portion of any payment under a certificate as might reasonably appear to be due to any person equitably entitled thereto by reason of having incurred expense occasioned by the burial of the member.

(3) If, at the death of any person insured under a benefit contract, there is no lawful beneficiary to whom the proceeds...
shall be payable, the amount of such benefit, except to the
extent that funeral benefits may be paid, shall be payable to the
personal representative of the deceased insured, provided that if
the owner of the certificate is other than the insured, such
proceeds shall be payable to such owner.

SECTION 18. Benefits not attachable.

No money or other benefit, charity, relief or aid to be
paid, provided or rendered by any society, shall be liable to
attachment, garnishment or other process, or to be seized, taken,
appropriated or applied by any legal or equitable process or
operation of law to pay any debt or liability of a member or
beneficiary, or any other person who may have a right thereunder,
either before or after payment by the society.

SECTION 19. The benefit contract.

(1) Every society authorized to do business in this state
shall issue to each owner of a benefit contract a certificate
specifying the amount of benefits provided thereby. The
certificate, together with any riders or endorsements attached
thereto, the laws of the society, the application for membership,
the application for insurance and declaration of insurability, if
any, signed by the applicant, and all amendments to each thereof,
shall constitute the benefit contract, as of the date of
issue, between the society and the owner, and the certificate
shall so state. A copy of the application for insurance and
declaration of insurability, if any, shall be endorsed upon or
attached to the certificate. All statements on the application
shall be representations and not warranties. Any waiver of this
provision shall be void.

(2) Any changes, additions or amendments to the laws of the
society duly made or enacted subsequent to the issuance of the
certificate, shall bind the owner and the beneficiaries, and
shall govern and control the benefit contract in all respects the
same as though such changes, additions or amendments had been
made prior to and were in force at the time of the application for insurance, except that no change, addition or amendment shall destroy or diminish benefits which the society contracted to give the owner as of the date of issuance.

(3) Any person upon whose life a benefit contract is issued prior to attaining the age of majority shall be bound by the terms of the application and certificate and by all the laws and rules of the society to the same extent as though the age of majority had been attained at the time of application.

(4) A society shall provide in its laws that if its reserves as to all or any class of certificates become impaired its board of directors or corresponding body may require that there shall be paid by the owner to the society the amount of the owner's equitable proportion of such deficiency as ascertained by its board, and that if the payment is not made either (a) it shall stand as an indebtedness against the certificate and draw interest not to exceed the rate specified for certificate loans under the certificates; or (b) in lieu of or in combination with (a), the owner may accept a proportionate reduction in benefits under the certificate. The society may specify the manner of the election and which alternative is to be presumed if no election is made.

(5) Copies of any of the documents mentioned in this section, certified by the secretary or corresponding officer of the society, shall be received in evidence of the terms and conditions thereof.

(6) No certificate shall be delivered or issued for delivery in this state unless a copy of the form has been filed with the commissioner in the manner provided for like policies issued by life and disability insurers in this state. Every life, accident and sickness, health or disability insurance certificate and every annuity certificate issued on or after one year from the effective date of this act must be filed with
the commissioner and shall meet the standard contract provision
requirements not inconsistent with this chapter for like policies
issued by life and disability insurers in this state, except that
a society may provide for a grace period for payment of premiums
of one (1) full month in its certificates. The certificate shall
also contain a provision stating the amount of premiums which are
payable under the certificate and a provision reciting or setting
forth the substance of any sections of the society's laws or
rules in force at the time of issuance of the certificate which,
if violated, will result in the termination or reduction of
benefits payable under the certificate. If the laws of the
society provide for expulsion or suspension of a member, the
certificate shall also contain a provision that any member so
expelled or suspended, except for nonpayment of a premium or
within the contestable period for material misrepresentation in
the application for membership or insurance, shall have the
privilege of maintaining the certificate in force by continuing
payment of the required premium.

(7) Benefit contracts issued on the lives of persons below
the society's minimum age for adult membership may provide for
transfer of control of ownership to the insured at an age
specified in the certificate. A society may require approval of
an application for membership in order to effect this transfer,
and may provide in all other respects for the regulation,
government and control of such certificates and all rights,
obligations and liabilities incident thereto and connected
therewith. Ownership rights prior to such transfer shall be
specified in the certificate.

(8) A society may specify the terms and conditions on which
benefit contracts may be assigned.

SECTION 20. Nonforfeiture benefits, cash surrender values,
certificate loans and other options.
(1) For certificates issued prior to one (1) year after the effective date of this chapter, the value of every paid-up nonforfeiture benefit and the amount of any cash surrender value, loan or other option granted shall comply with the provisions of law applicable immediately prior to the effective date of this act.

(2) For certificates issued on or after one (1) year from the effective date of this act for which reserves are computed on the commissioner's 1941 Standard Ordinary Mortality Table, the commissioner's 1941 Standard Industrial Table or the commissioner's 1958 Standard Ordinary Mortality Table, or the commissioner's 1980 Standard Mortality Table, or any more recent table made applicable to life insurers, every paid-up nonforfeiture benefit and the amount of any cash surrender value, loan or other option granted shall not be less than the corresponding amount ascertained in accordance with the laws of this state applicable to life insurers issuing policies containing like benefits based upon such tables.

ARTICLE 9.

FINANCIAL.

SECTION 21. Investments.

A society shall invest its funds only in such investments as are authorized by the laws of this state for the investment of assets of life insurers, and such securities shall be valued accordingly to the methods used in valuing similar securities held by life insurers. Any foreign or alien society permitted or seeking to do business in this state which invests its funds in accordance with the laws of the state, district, territory, country or province in which it is incorporated, shall be held to meet the requirements of this chapter for the investment of funds.

SECTION 22. Funds.
(1) All assets shall be held, invested and disbursed for the use and benefit of the society and no member or beneficiary shall have or acquire individual rights therein or become entitled to any apportionment on the surrender of any part thereof, except as provided in the benefit contract.

(2) A society may create, maintain, invest, disburse and apply any special fund or funds necessary to carry out any purpose permitted by the laws of such society.

(3) A society may, pursuant to resolution of its supreme governing body, establish and operate one or more separate accounts and issue contracts on a variable basis, subject to the provisions of law regulating life insurers establishing such accounts and issuing such contracts. To the extent the society deems it necessary in order to comply with any applicable federal or state laws, or any rules issued thereunder, the society may adopt special procedures for the conduct of the business and affairs of a separate account, may, for persons having beneficial interests therein, provide special voting and other rights, including without limitation special rights and procedures relating to investment policy, investment advisory services, selection of certified public accountants, and selection of a committee to manage the business and affairs of the account, and may issue contracts on a variable basis to which Section 19(2) and (4) of this act shall not apply.

SECTION 23. Exemption from insurance laws.

Except as herein provided, societies shall be governed by this chapter and shall be exempt from all other provisions of the insurance laws of this state, not only in governmental relations with the state but for every other purpose. No law hereafter enacted shall apply to them unless they be expressly designated therein.

SECTION 24. Taxation.
Every society organized or licensed under this chapter is hereby declared to be a charitable and benevolent institution, and all of its funds shall be exempt from every state, county, district, municipal and state tax other than license taxes as defined by Section 27-15-83 and ad valorem taxes on real estate, office equipment and motor vehicles.

ARTICLE 11.

REGULATION.


(1) Standards of valuation for certificates issued prior to one (1) year after the effective date of this act shall be those provided by the laws applicable immediately prior to the effective date of this act.

(2) The minimum standards of valuation for certificates issued on or after one (1) year from the effective date of this chapter shall be based on the following tables:

(a) For certificates of life insurance - the commissioner's 1941 Standard Ordinary Mortality Table, the commissioner's 1941 Standard Industrial Mortality Table, the commissioner's 1958 Standard Ordinary Mortality Table, the commissioner's 1980 Standard Ordinary Mortality Table, or any more recent table made applicable to life insurers;

(b) For annuity and pure endowment certificates, for total and permanent disability benefits, for accidental death benefits and for noncancelable accident and health benefits - such tables as are authorized for use by life insurers in this state.

All of the above shall be under valuation methods and standards (including interest assumptions) in accordance with the laws of this state applicable to life insurers issuing policies containing like benefits.

(3) The commissioner may, in his or her discretion, accept other standards for valuation if the commissioner finds that the
reserves produced thereby will not be less in the aggregate than reserves computed in accordance with the minimum valuation standard herein prescribed. The commissioner may, in his or her discretion, vary the standards of mortality applicable to all benefit contracts on substandard lives or other extra hazardous lives by any society authorized to do business in this state.

(4) Any society, with the consent of the Commissioner of Insurance of the state of domicile of the society and under such conditions, if any, which the commissioner may impose, may establish and maintain reserves on its certificates in excess of the reserves required thereunder, but the contractual rights of any benefit member shall not be affected thereby.


(1) Every society transacting business in this state shall annually, on or before March 1, unless for cause shown such time has been extended by the commissioner, file with the commissioner a true statement of its financial condition, transactions and affairs for the preceding calendar year. The statement shall be in general form and context as approved by the National Association of Insurance Commissioners for fraternal benefit societies and as supplemented by additional information required by the commissioner.

(2) As part of the annual statement herein required, each society shall, on or before March 1, file with the commissioner a valuation of its certificates in force on December 31 last preceding, provided the commissioner may, in his or her discretion for cause shown, extend the time for filing such valuation for not more than two (2) calendar months. Such valuation shall be done in accordance with the standards specified in Section 25 of this act. Such valuation and underlying data shall be certified by a qualified actuary or, at the expense of the society, verified by the actuary of the department of insurance of the state of domicile of the society.
(3) A society neglecting to file the annual statement in the form and within the time provided by this section may be subject to a fine of One Hundred Dollars ($100.00) for each day during which such neglect continues, and its authority to do business in this state may be suspended by the commissioner while such default continues.

SECTION 27. Annual license.

Societies which are now authorized to transact business in this state may continue such business until the first day of March next succeeding the effective date of this chapter. The authority of such societies may hereafter be renewed annually, but in all cases to terminate on the first day of the succeeding March. However, a license so issued shall continue in full force and effect until the new license be issued or specifically refused. For each such license or renewal the society shall pay the commissioner the fee prescribed in Section 27-15-83. A duly certified copy or duplicate of such license shall be prima facie evidence that the licensee is a fraternal benefit society within the meaning of this chapter.

SECTION 28. Examination of societies; no adverse publications.

(1) The commissioner, or any person he or she may appoint, may examine any domestic, foreign or alien society transacting or applying for admission to transact business in this state in the same manner as authorized for examination of domestic, foreign or alien insurers. Requirements of notice and an opportunity to respond before findings are made public as provided in the laws regulating insurers shall also be applicable to the examination of societies.

(2) The expense of each examination and of each valuation, including compensation and actual expense of examiners, shall be paid by the society examined or whose certificates are valued, upon statements furnished by the Commissioner.
SECTION 29. Foreign or alien society - admission.

No foreign or alien society shall transact business in this state without a license issued by the commissioner. Any such society desiring admission to this state shall comply substantially with the requirements and limitations of this chapter applicable to domestic societies. Any such society may be licensed to transact business in this state upon filing with the commissioner:

(a) A duly certified copy of its chapters of incorporation;
(b) A copy of its bylaws, certified by its secretary or corresponding officer;
(c) A power of attorney to the commissioner as prescribed in Section 83-29-135;
(d) A statement of its business under oath of its president and secretary or corresponding officers in a form prescribed by the commissioner, duly verified by an examination made by the supervising insurance official of its home state or other state, territory, province or country, satisfactory to the commissioner;
(e) Certification from the proper official of its home state, territory, province or country that the society is legally incorporated and licensed to transact business therein;
(f) Copies of its certificate forms; and
(g) Such other information as the commissioner may deem necessary;

and upon a showing that its assets are invested in accordance with the provisions of this chapter.

SECTION 30. Injunction - liquidation - receivership of domestic society

(1) When the commissioner upon investigation finds that a domestic society:

(a) Has exceeded its powers;
(b) Has failed to comply with any provision of this chapter;

(c) Is not fulfilling its contracts in good faith;

(d) Has a membership of less than four hundred (400) after an existence of one (1) year or more; or

(e) Is conducting business fraudulently or in a

manner hazardous to its members, creditors or the public;

the commissioner shall notify the society of such deficiency or deficiencies and state in writing the reasons for his or her dissatisfaction. The commissioner shall simultaneously issue a written notice to the society requiring that the deficiency or deficiencies which exist be corrected. After such notice the society shall have a thirty-day period in which to comply with the commissioner's request for correction, and if the society fails to comply, the commissioner shall take such action as is necessary and appropriate under Chapter 24 of Title 83.

(2) The commissioner may take such action as is necessary and appropriate under this section as respects a domestic society which shall voluntarily determine to discontinue business.

SECTION 31. Suspension, revocation or refusal of license of foreign or alien society.

(1) When the commissioner upon investigation finds that a foreign or alien society transacting or applying to transact business in this state:

(a) Has exceeded its powers;

(b) Has failed to comply with any of the provisions of this chapter;

(c) Is not fulfilling its contracts in good faith; or

(d) Is conducting its business fraudulently or in a

manner hazardous to its members or creditors or the public;

the commissioner shall notify the society of such deficiency or deficiencies and state in writing the reasons for his or her dissatisfaction. The commissioner shall at once issue a written
notice to the society requiring that the deficiency or deficiencies which exist are corrected. After such notice the society shall have a thirty-day period in which to comply with the commissioner's request for correction, and if the society fails to comply the commissioner shall notify the society of such findings of noncompliance and require the society to show cause on a date named why its license should not be suspended, revoked or refused. If on such date the society does not present good and sufficient reason why its authority to do business in this state should not be suspended, revoked or refused, the commissioner may suspend or refuse the license of the society to do business in this state until satisfactory evidence is furnished to the commissioner that such suspension or refusal should be withdrawn or the commissioner may revoke the authority of the society to do business in this state.

(2) Nothing contained in this section shall be taken or construed as preventing any such society from continuing in good faith all contracts made in this state during the time such society was legally authorized to transact business herein.

SECTION 32. Injunction.

No application for injunction against or proceeding for the dissolution of or the appointment of a receiver for any domestic society, or lodge thereof, or against any foreign or alien society, shall be entertained in any court of this state unless made by the Attorney General or the commissioner.

SECTION 33. Licensing of agents.

(1) Agents of societies shall be licensed in accordance with the provisions of Chapter 17 of Title 83.

(2) No examination or license shall be required of any regular salaried officer, employee or member of a licensed society who devotes substantially all of his or her services to activities other than the solicitation of fraternal insurance contracts from the public, and who receives for the solicitation
957 of such contracts no commission or other compensation directly
958 dependent upon the amount of business obtained.
959
SECTION 34. Unfair methods of competition and unfair and
devise acts and practices.
960
Every society authorized to do business in this state shall
961 be subject to the provisions Chapter 5 of Title 83 relating to
962 unfair practices; provided, however, that nothing therein shall
963 be construed as applying to or affecting the right of any society
964 to determine its eligibility requirements for membership, or be
965 construed as applying to or affecting the offering of benefits
966 exclusively to members or persons eligible for membership in the
967 society by a subsidiary corporation or affiliated organization of
968 the society.

ARTICLE 13.
MISCELLANEOUS PROVISIONS.

SECTION 35. Service of process.
972 (1) Every society authorized to do business in this state
973 shall appoint in writing the commissioner and each successor in
974 office to be its true and lawful attorney upon whom all lawful
975 process in any action or proceeding against it shall be served,
976 and shall agree in such writing that any lawful process against
977 it which is served on such attorney shall be of the same legal
978 force and validity as if served upon the society, and that the
979 authority shall continue in force so long as any liability
980 remains outstanding in this state. Copies of such appointment,
981 certified by the commissioner, shall be deemed sufficient
982 evidence thereof and shall be admitted in evidence with the same
983 force and effect as the original thereof might be admitted.
984
(2) Service shall only be made upon the commissioner, or if
985 absent, upon the person in charge of his or her office. It shall
986 be made in duplicate and shall constitute sufficient service upon
987 the society. When legal process against a society is served upon
988 the commissioner, he shall forthwith forward thirty (30) of the
duplicate copies by registered mail, prepaid, directed to the
secretary or corresponding officer. No such service shall
require a society to file its answer, pleading or defense in less
than thirty (30) days from the date of mailing the copy of the
service to a society. Legal process shall not be served upon a
society except in the manner herein provided.

(3) At the time of serving any process upon the
commissioner, the plaintiff or complainant in the action shall
pay to the commissioner a fee of Four Dollars ($4.00).

SECTION 36. Penalties.

(1) A person who shall knowingly or willfully make any
false or fraudulent statement or representation in or relating to
any application for membership or for the purpose of obtaining
money from or a benefit in any society, shall be guilty of a
misdemeanor and upon conviction thereof be fined not less than
One Hundred Dollars ($100.00) nor more than Five Hundred Dollars
($500.00), or imprisonment in the county jail not less than
thirty (30) days nor more than one (1) year, or both, in the
discretion of the court.

(2) Any person who shall willfully make a false or
fraudulent statement in any verified report or declaration under
oath required or authorized by this chapter, or of any material
fact or thing contained in a sworn statement concerning the death
or disability of an insured for the purpose of procuring payment
of a benefit named in the certificate, shall be guilty of perjury
and shall be subject to the penalties therefor prescribed by law.

(3) Any person who solicits membership for, or in any
manner assists in procuring membership in, any society not
licensed to do business in this state shall upon conviction
thereof be fined not less than Fifty Dollars ($50.00) nor more
than Two Hundred Dollars ($200.00).

(4) Any person guilty of a willful violation of, or neglect
or refusal to comply with, the provisions of this chapter for
which a penalty is not otherwise prescribed shall upon conviction thereof be fined not exceeding Two Hundred Dollars ($200.00).

SECTION 37. Exemption of certain societies.

(1) Nothing contained in this chapter shall be so construed as to affect or apply to grand or subordinate lodges of Masons, Odd Fellows, or Knights of Pythias exclusive of the insurance department of the supreme lodge Knights of Pythias, and the Junior Order of United American Mechanics exclusive of beneficiary degree or insurance branch of the National Council Junior Order United American Mechanics, or societies which admit to membership only persons engaged in one or more hazardous occupation in the same or similar lines of business. The Commissioner of Insurance may require from any society such information as will enable him to determine whether such society is exempt from the provisions of this chapter.

(2) Any larger fraternal benefit society heretofore organized and incorporated and operating within the definition set forth in Section 1 of this act providing benefits in case of death or disability resulting solely from accidents, but which does not obligate itself to pay death or sick benefits, may be licensed under the provisions of this chapter, and shall have all the privileges and shall be subject to all the provisions and regulations of this chapter, except that the provisions of this chapter as to valuations of benefit certificates shall not apply to such society.

(3) The commissioner may require from any society or association, by examination or otherwise, such information as will enable the commissioner to determine whether such society or association is exempt from the provisions of this chapter.

(4) Societies exempted under the provisions of this section shall also be exempt from all other provisions of the insurance laws of this state.

SECTION 38. Review.
All decisions and findings of the commissioner made under the provisions of this chapter shall be subject to review as set forth in Section 83-6-41 or otherwise in Title 83 as respects the particular subject matter involved.

SECTION 39. Severability.
If any provision of this chapter or the application of such provision to any circumstance is held invalid, the remainder of the chapter or the application of the provision to other circumstances, shall not be affected thereby.

SECTION 40. Section 83-17-15, Mississippi Code of 1972, is amended as follows:

83-17-15. Sections 83-17-7 through 83-17-15 shall apply to all insurance companies operating under the insurance laws of Mississippi, including stock companies. However, the cited sections shall not apply to reciprocal exchanges, mutual, or interinsurance companies. Said sections shall not apply to fraternal societies as defined by Section 83-29-1 and larger fraternal benefit societies as defined in Section 1 of Senate Bill No. 2963, 2001 Regular Session.

SECTION 41. Section 83-17-101, Mississippi Code of 1972, is amended as follows:

83-17-101. Whenever used in this article, certain terms shall be defined as follows:

(a) The term "agent" shall include all individuals, partnerships, and any corporation, who act in any manner, directly or indirectly, as such in the solicitation of, negotiation for, or procurement or making of a contract of life, health or accident insurance, or making of an annuity contract, and includes hospital service association agents; except that the term "agent" shall not include any regular salaried officer or employee of a licensed insurer or of a licensed insurance agent who does not solicit or accept from the public applications for any such contract. A regular salaried officer or employee of an insurer authorized to...
do business in this state shall not be deemed to be an "agent" by reason of rendering assistance to or on behalf of a licensed insurance agent, provided that such salaried officer or employee devotes substantially all of his time to activities other than the solicitation of applications for life, health or accident insurance or annuity contracts and receives no commission or other compensation directly dependent upon the amount of business obtained. The possessor of an insurable interest in any risk or subject of insurance shall not be deemed an agent by reason of procuring or maintaining, or agreeing to procure or maintain, insurance extending to such interests, together with the interest or interests of others in such risk or subject of insurance, however the cost may be borne.

(b) The term "inactive agent" shall mean an individual who is retired, disabled or has not obtained from the Commissioner of Insurance a current continuous certificate. An inactive agent shall not solicit new business or service existing business, but may receive renewal commissions.

(c) The term "supervising general agent" as used in this article refers to and includes any person, partnership, association or corporation, having authority to serve as trustees, managers or administrators, except attorneys at law, for such licensed insurance companies or their insureds in the handling of insurance programs underwritten by such licensed insurance companies, or in which they may be participating.

(d) The term "insurance contract" shall mean any contract or policy affecting life, health or accident insurance or any annuity contract on behalf of any company or insurer engaged in the business of writing life, health or accident insurance or annuity contracts.

(e) The term "excess risk" shall mean all or any portion of a life, health or accident insurance risk or contract of annuity for which application is made to an agent and which
exceeds the amount of insurance or annuity which will be provided
by the insurer for which such agent is licensed.

(f) The term "rejected risk" shall mean a life, health
or accident insurance risk or annuity contract for which
application has been made to an agent and which insurance or
annuity contract is declined by the insurer for which such agent
is licensed.

(g) The term "commissioner" shall mean the Commissioner
of Insurance of the State of Mississippi.

(h) The terms "company" and "insurer" shall mean a
corporation, association, hospital and/or medical service
association, exchange, order or society writing life, health and
accident and/or hospital insurance or annuity contracts, but shall
not include fraternal societies as defined in Section 83-29-1 and
larger fraternal benefit societies as defined in Section 1 of
Senate Bill No. 2963, 2001 Regular Session.

(i) The term "person" shall mean any individual,
partnership or corporation incorporated pursuant to Sections
79-10-1 through 79-10-117, being the Mississippi Professional
Corporation Act, and Sections 79-29-901 through 79-29-933, being
the Mississippi Limited Liability Company Act, except as otherwise
limited by Section 83-17-105.

SECTION 42. Section 83-29-1, Mississippi Code of 1972, is
amended as follows:

83-29-1. Any corporation, society, order, or voluntary
association without capital stock, organized and carried on solely
for the mutual benefit of its members and their beneficiaries and
not for profit, and having less than Thirty Thousand Dollars
($30,000.00) in total annual written premium, having a lodge
system and representative form of government, or which limits its
membership to a secret fraternity having a lodge system and
representative form of government, and which shall make provision
for the payment of benefits in accordance with Section 83-29-9 is hereby declared to be a fraternal benefit society.

SECTION 43. Sections 1 through 39 of this act shall be codified as a separate chapter within Title 83, Mississippi Code of 1972.

SECTION 44. This act shall take effect and be in force from and after July 1, 2001.