

By: Senator(s) Kirby

To: Insurance

SENATE BILL NO. 2963

1 AN ACT TO REGULATE FRATERNAL BENEFIT SOCIETIES; TO DEFINE
2 CERTAIN TERMS; TO PROVIDE FOR QUALIFICATIONS FOR MEMBERSHIP; TO
3 PROVIDE GRIEVANCE PROCEDURES; TO PROVIDE THAT OFFICERS AND MEMBERS
4 OF THE SUPREME GOVERNING BODY OR ANY SUBORDINATE BODY OF A SOCIETY
5 SHALL NOT BE PERSONALLY LIABLE FOR ANY BENEFITS PROVIDED BY A
6 SOCIETY; TO PROVIDE FOR THE ORGANIZATION OF SOCIETIES; TO PROVIDE
7 FOR CONSOLIDATIONS AND MERGERS OF SOCIETIES; TO PROVIDE FOR THE
8 CONVERSION OF FRATERNAL BENEFIT SOCIETIES INTO MUTUAL OR STOCK
9 INSURERS; TO AUTHORIZE SOCIETIES TO PROVIDE CERTAIN CONTRACTUAL
10 BENEFITS; TO REQUIRE EVERY SOCIETY TO ISSUE TO EACH OWNER OF A
11 BENEFIT CONTRACT A CERTIFICATE SPECIFYING THE AMOUNT OF BENEFITS;
12 TO REQUIRE SOCIETIES TO INVEST ITS FUNDS ONLY IN SUCH INVESTMENTS
13 AS ARE AUTHORIZED BY THE LAWS OF THIS STATE FOR THE INVESTMENT OF
14 ASSETS OF LIFE INSURERS; TO PROVIDE FOR STANDARDS OF VALUATION; TO
15 REQUIRE EVERY SOCIETY TO FILE AN ANNUAL STATEMENT WITH THE
16 COMMISSIONER OF INSURANCE; TO PROVIDE FOR ANNUAL LICENSURE OF
17 SOCIETIES; TO AUTHORIZE THE COMMISSIONER OF INSURANCE TO ISSUE
18 INJUNCTIONS OR TO LIQUIDATE DOMESTIC SOCIETIES UPON CERTAIN
19 FINDINGS AFTER INVESTIGATION; TO PROVIDE FOR THE SUSPENSION,
20 REVOCATION OR REFUSAL OF LICENSE OF FOREIGN OR ALIEN SOCIETIES
21 UPON CERTAIN FINDINGS AFTER INVESTIGATION; TO PROVIDE CERTAIN
22 CRIMINAL PENALTIES; TO EXEMPT CERTAIN SOCIETIES FROM THE
23 PROVISIONS OF THIS ACT; TO AMEND SECTIONS 83-17-15 AND 83-17-101,
24 MISSISSIPPI CODE OF 1972, TO CHANGE SECTION REFERENCES IN
25 CONFORMITY TO THIS ACT; TO REPEAL SECTIONS 83-29-1 THROUGH
26 83-29-75, MISSISSIPPI CODE OF 1972, WHICH REGULATE FRATERNAL
27 BENEFIT SOCIETIES; AND FOR RELATED PURPOSES.

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

29 ARTICLE 1.

30 STRUCTURE AND PURPOSE.

31 SECTION 1. **Fraternal benefit societies.**

32 Any incorporated society, order or supreme lodge, without
33 capital stock, including one exempted under the provisions of
34 subsection (1) of Section 37 of this act whether incorporated or
35 not, conducted solely for the benefit of its members and their
36 beneficiaries and not for profit, operated on a lodge system with
37 ritualistic form of work, having a representative form of
38 government, and which provides benefits in accordance with this
39 chapter, is hereby declared to be a fraternal benefit society.



40 SECTION 2. Lodge system.

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

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

52 SECTION 3. Representative form of government.

53 A society has a representative form of government when:

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

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

70 (ii) Direct Election. The supreme governing body
71 is a board composed of persons elected by the members, either
72 directly or by their representatives in intermediate assemblies,



73 and any other persons prescribed in the society's laws. A
74 society may provide for election of the board by mail. Each term
75 of a board member may not exceed four years. Vacancies on the
76 board between elections may be filled in the manner prescribed by
77 the society's laws. Those persons elected to the board shall
78 constitute a majority in number and not less than the number of
79 votes required to amend the society's laws. A person filling the
80 unexpired term of an elected board member shall be considered to
81 be an elected member. The board shall meet at least quarterly to
82 conduct the business of the society.

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

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

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

89 **SECTION 4. Terms used.**

90 Whenever used in this chapter:

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

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

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

99 (d) "Commissioner" shall mean the Commissioner of
100 Insurance of this state.

101 (e) "Laws" shall mean the society's articles of
102 incorporation, constitution and bylaws, however designated.

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



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

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

113 (i) "Society" shall mean fraternal benefit society,
114 unless otherwise indicated.

115 **SECTION 5. Purposes and powers.**

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

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

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

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

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

133 **ARTICLE 3.**

134 **MEMBERSHIP.**

135 **SECTION 6. Qualifications for membership.**

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

137 (a) Eligibility standards for each and every class of
138 membership, provided that if benefits are provided on the lives



139 of children, the minimum age for adult membership shall be set at
140 not less than age fifteen (15) and not greater than age
141 twenty-one (21);

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

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

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

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

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

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

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



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

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

180 SECTION 8. No personal liability.

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

184 (2) Any person may be indemnified and reimbursed by any
185 society for expenses reasonably incurred by, and liabilities
186 imposed upon, such person in connection with or arising out of
187 any action, suit or proceeding, whether civil, criminal,
188 administrative or investigative, or threat thereof, in which the
189 person may be involved by reason of the fact that he or she is or
190 was a director, officer, employee or agent of the society or of
191 any firm, corporation or organization which he or she served in
192 any capacity at the request of the society. A person shall not
193 be so indemnified or reimbursed (a) in relation to any matter in
194 such action, suit or proceeding as to which he or she shall
195 finally be adjudged to be or have been guilty of breach of a duty
196 as a director, officer, employee or agent of the society, or (b)
197 in relation to any matter in such action, suit or proceeding, or
198 threat thereof, which has been made the subject of a compromise
199 settlement; unless in either such case the person acted in good
200 faith for a purpose the person reasonably believed to be in or
201 not opposed to the best interests of the society and, in a
202 criminal action or proceeding, in addition, had no reasonable
203 cause to believe that his or her conduct was unlawful. The
204 determination whether the conduct of such person met the standard



205 required in order to justify indemnification and reimbursement in
206 relation to any matter described in subsection (1) or (2) may
207 only be made by the supreme governing body or board of directors
208 by a majority vote of a quorum consisting of persons who were not
209 parties to such action, suit or proceeding or by a court of
210 competent jurisdiction. The termination of any action, suit or
211 proceeding by judgment, order, settlement, conviction, or upon a
212 plea of no contest, as to such person shall not in itself create
213 a conclusive presumption that the person did not meet the
214 standard of conduct required in order to justify indemnification
215 and reimbursement. The foregoing right of indemnification and
216 reimbursement shall not be exclusive of other rights to which
217 such person may be entitled as a matter of law and shall inure to
218 the benefit of his or her heirs, executors and administrators.

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

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

235 **SECTION 9. Waiver.**

236 The laws of the society may provide that no subordinate
237 body, nor any of its subordinate officers or members shall have



238 the power or authority to waive any of the provisions of the laws
239 of the society. Such provision shall be binding on the society
240 and every member and beneficiary of a member.

241 ARTICLE 5.

242 GOVERNANCE.

243 SECTION 10. **Organization.**

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

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

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

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

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

267 (b) Such articles of incorporation, duly certified
268 copies of the society's bylaws and rules, copies of all proposed
269 forms of certificates, applications therefor, and circulars to be
270 issued by the society and a bond conditioned upon the return to



271 applicants of the advanced payments if the organization is not
272 completed within one (1) year shall be filed with the
273 commissioner, who may require such further information as the
274 commissioner deems necessary. The bond with sureties approved by
275 the commissioner shall be in such amount, not less than Three
276 Hundred Thousand Dollars (\$300,000.00), nor more than One Million
277 Five Hundred Thousand Dollars (\$1,500,000.00), as required by the
278 commissioner. All documents filed are to be in the English
279 language. If the purposes of the society conform to the
280 requirements of this chapter and all provisions of the law have
281 been complied with, the commissioner shall so certify, retain and
282 file the articles of incorporation and shall furnish the
283 incorporators a preliminary certificate of authority authorizing
284 the society to solicit members as hereinafter provided.

285 (c) No preliminary certificate of authority granted
286 under the provisions of this section shall be valid after one
287 year from its date or after such further period, not exceeding
288 one (1) year, as may be authorized by the commissioner upon cause
289 shown, unless the five hundred (500) applicants hereinafter
290 required have been secured and the organization has been
291 completed as herein provided. The charter and all other
292 proceedings thereunder shall become null and void in one (1) year
293 from the date of the preliminary certificate of authority, or at
294 the expiration of the extended period, unless the society shall
295 have completed its organization and received a certificate of
296 authority to do business as hereinafter provided.

297 (d) Upon receipt of a preliminary certificate of
298 authority from the commissioner, the society may solicit members
299 for the purpose of completing its organization, shall collect
300 from each applicant the amount of not less than one (1) regular
301 monthly premium in accordance with its table of rates, and shall
302 issue to each such applicant a receipt for the amount so
303 collected. No society shall incur any liability other than for



304 the return of such advance premium, nor issue any certificate,
305 nor pay, allow, or offer or promise to pay or allow, any benefit
306 to any person until:

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

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

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

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

332 (e) The commissioner may make such examination and
333 require such further information as the commissioner deems
334 advisable. Upon presentation of satisfactory evidence that the
335 society has complied with all the provisions of law, the
336 commissioner shall issue to the society a certificate of



337 authority to that effect and that the society is authorized to
338 transact business pursuant to the provisions of this chapter.
339 The certificate of authority shall be prima facie evidence of the
340 existence of the society at the date of such certificate. The
341 commissioner shall cause a record of such certificate of
342 authority to be made. A certified copy of such record may be
343 given in evidence with like effect as the original certificate of
344 authority.

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

348 SECTION 11. **Amendments to laws.**

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

361 (2) No amendment to the laws of any domestic society shall
362 take effect unless approved by the commissioner who shall approve
363 such amendment if the commissioner finds that it has been duly
364 adopted and is not inconsistent with any requirement of the laws
365 of this state or with the character, objects and purposes of the
366 society. Unless the commissioner shall disapprove any such
367 amendment within sixty (60) days after the filing of same, such
368 amendment shall be considered approved. The approval or
369 disapproval of the commissioner shall be forwarded in writing,



370 and mailed to the secretary or corresponding officer of the
371 society at its principal office. In case the commissioner
372 disapproves such amendment, the reasons therefor shall be stated
373 in such written notice.

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

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

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

391 SECTION 12. **Institutions.**

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

400 SECTION 13. **Reinsurance.**

401 (1) A domestic society may, by a reinsurance agreement,
402 cede any individual risk or risks in whole or in part to an



403 insurer (other than another fraternal benefit society) having the
404 power to make such reinsurance and authorized to do business in
405 this state, or if not so authorized, one which is approved by the
406 commissioner but no such society may reinsure substantially all
407 of its insurance in force without the written permission of the
408 commissioner. It may take credit for the reserves on such ceded
409 risks to the extent reinsured, but no credit shall be allowed as
410 an admitted asset or as a deduction from liability, to a ceding
411 society for reinsurance made, ceded, renewed, or otherwise
412 becoming effective after the effective date of this chapter,
413 unless the reinsurance is payable by the assuming insurer on the
414 basis of the liability of the ceding society under the contract
415 or contracts reinsured without diminution because of the
416 insolvency of the ceding society.

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

421 **SECTION 14. Consolidations and mergers.**

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

425 (a) A certified copy of the written contract
426 containing in full the terms and conditions of the consolidation
427 or merger;

428 (b) A sworn statement by the president and secretary
429 or corresponding officers of each society showing the financial
430 condition thereof on a date fixed by the commissioner, but not
431 earlier than December 31 next preceding the date of the contract;

432 (c) A certificate of such officers, duly verified by
433 their respective oaths, that the consolidation or merger has been
434 approved by a two-thirds vote of the supreme governing body of
435 each society, such vote being conducted at a regular or special



436 meeting of each such body, or, if the society's laws so permit,
437 by mail; and

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

443 (2) If the commissioner finds that the contract is in
444 conformity with the provisions of this section, that the
445 financial statements are correct, and that the consolidation or
446 merger is just and equitable to the members of each society, the
447 commissioner shall approve the contract and issue a certificate
448 to such effect. Upon such approval, the contract shall be in
449 full force and effect unless any society which is a party to the
450 contract is incorporated under the laws of any other state or
451 territory. In such event the consolidation or merger shall not
452 become effective unless and until it has been approved as
453 provided by the laws of such state or territory and a certificate
454 of such approval filed with the commissioner, or, if the laws of
455 such state or territory contain no such provision, then the
456 consolidation or merger shall not become effective unless and
457 until it has been approved by the Commissioner of Insurance of
458 such state or territory and a certificate of such approval filed
459 with the commissioner.

460 (3) Upon the consolidation or merger becoming effective as
461 herein provided, all the rights, franchises and interests of the
462 consolidated or merged societies in and to every species of
463 property, real, personal or mixed, and things in action thereunto
464 belonging shall be vested in the society resulting from or
465 remaining after the consolidation or merger without any other
466 instrument, except that conveyances of real property may be
467 evidenced by proper deeds, and the title to any real estate or
468 interest therein, vested under the laws of this state in any of



469 the societies consolidated or merged, shall not revert or be in
470 any way impaired by reason of the consolidation or merger, but
471 shall vest absolutely in the society resulting from or remaining
472 after such consolidation or merger.

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

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

480 (1) Any domestic fraternal benefit society organized and
481 doing business under the laws of this state may be converted and
482 licensed as a mutual life or mutual life and disability insurance
483 company by compliance with all the requirements of Section
484 83-31-15.

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

489 (a) Whenever the supreme governing legislative body of
490 any fraternal benefit society incorporated under the laws of this
491 state shall, by a two-thirds (2/3) vote, determine that a change
492 or conversion from a fraternal benefit society to a regular stock
493 life or stock life and disability company shall be to the best
494 interest of the society and its members, or when a majority of
495 the members in good standing of any such domestic fraternal
496 benefit society shall in writing signify their desire for such
497 conversion, or in event the supreme governing legislative body of
498 any fraternal benefit society prior to the adoption of this
499 chapter has by proper resolution expressed its desire and purpose
500 to change or convert said society into a level premium life
501 insurance company, then in either event said fraternal benefit



502 society may adopt and file with the commissioner an amendment or
503 amendments to its articles of incorporation authorizing it to
504 change or convert from a fraternal to a domestic stock life or
505 stock life and disability company; and said amendment shall
506 become operative upon its approval by the commissioner unless a
507 later time be provided in said amendment. If the amendment is
508 approved by the commissioner, he or she shall issue a certificate
509 of approval in writing. Thereafter the company shall have legal
510 existence as a domestic stock life or stock life and disability
511 company as indicated by the amendment, may reorganize by the
512 election of a board of directors and the adoption of bylaws, and
513 proceed to transact the business of such company in accordance
514 with and subject to all laws defining the powers and providing
515 for the regulation of stock life insurance companies.

516 (b) Provided, however, that no such conversion from a
517 fraternal benefit society to a regular stock or disability
518 company shall be had unless written notice of such proposed
519 change be deposited in the United States mail, registered and
520 postage prepaid, to every member of such fraternal benefit
521 society at their last known post office address at least ninety
522 (90) days before the proposed change or conversion is to be acted
523 upon by the supreme governing body; but notice provided herein
524 councils, or state or division grand lodges composed of delegates
525 from branch councils or subordinate lodges, have by a two-thirds
526 (2/3) vote already authorized or instructed its national council
527 or supreme legislative governing body to change or convert their
528 society into a level premium life insurance or disability company
529 at the time this chapter becomes effective or when such proposed
530 change to a stock life or stock life and disability company,
531 before becoming effective, is submitted to and unanimously
532 approved by the national council or supreme governing body of
533 such fraternal society at a regular meeting of such national
534 council or supreme governing body, or a special meeting of the



535 national council or supreme governing body called by the national
536 or supreme president for the purpose of considering such
537 proposal. The national or supreme president of any such
538 fraternal benefit society may prepare in writing a ballot and, on
539 ninety days' written notice to each member, take a referendum
540 vote in writing as to any such proposed change or conversion. If
541 two-thirds (2/3) of the membership by said referendum vote
542 authorize the national council or supreme legislative governing
543 body to change or covert the society into a stock life or stock
544 life and disability company, then in that event the national
545 council or supreme legislative governing body of said society may
546 proceed to vote said change, and its action in the premises shall
547 be binding upon all members. The amendment to the charter, the
548 method of placing any surplus belonging to any such fraternal
549 benefit society to capital stock, and the method of prorating the
550 stock among membership in a way to protect the interests of all
551 policyholders and members, shall be under the jurisdiction and
552 approval of the commissioner.

553 ARTICLE 7.

554 CONTRACTUAL BENEFITS.

555 SECTION 16. **Benefits.**

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

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



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

574 SECTION 17. **Beneficiaries.**

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

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

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

597 SECTION 18. **Benefits not attachable.**

598 No money or other benefit, charity, relief or aid to be
599 paid, provided or rendered by any society, shall be liable to
600 attachment, garnishment or other process, or to be seized, taken,



601 appropriated or applied by any legal or equitable process or
602 operation of law to pay any debt or liability of a member or
603 beneficiary, or any other person who may have a right thereunder,
604 either before or after payment by the society.

605 SECTION 19. **The benefit contract.**

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

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

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



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

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

651 (6) No certificate shall be delivered or issued for
652 delivery in this state unless a copy of the form has been filed
653 with the commissioner in the manner provided for like policies
654 issued by life and disability insurers in this state. Every
655 life, accident and sickness, health or disability insurance
656 certificate and every annuity certificate issued on or after one
657 (1) year from the effective date of this act must be filed with
658 the commissioner and shall meet the standard contract provision
659 requirements not inconsistent with this chapter for like policies
660 issued by life and disability insurers in this state, except that
661 a society may provide for a grace period for payment of premiums
662 of one (1) full month in its certificates. The certificate shall
663 also contain a provision stating the amount of premiums which are
664 payable under the certificate and a provision reciting or setting
665 forth the substance of any sections of the society's laws or
666 rules in force at the time of issuance of the certificate which,



667 if violated, will result in the termination or reduction of
668 benefits payable under the certificate. If the laws of the
669 society provide for expulsion or suspension of a member, the
670 certificate shall also contain a provision that any member so
671 expelled or suspended, except for nonpayment of a premium or
672 within the contestable period for material misrepresentation in
673 the application for membership or insurance, shall have the
674 privilege of maintaining the certificate in force by continuing
675 payment of the required premium.

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

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

688 **SECTION 20. Nonforfeiture benefits, cash surrender values,**
689 **certificate loans and other options.**

690 (1) For certificates issued prior to one (1) year after the
691 effective date of this chapter, the value of every paid-up
692 nonforfeiture benefit and the amount of any cash surrender value,
693 loan or other option granted shall comply with the provisions of
694 law applicable immediately prior to the effective date of this
695 act.

696 (2) For certificates issued on or after one (1) year from
697 the effective date of this act for which reserves are computed on
698 the commissioner's 1941 Standard Ordinary Mortality Table, the
699 commissioner's 1941 Standard Industrial Table or the



700 commissioner's 1958 Standard Ordinary Mortality Table, or the
701 commissioner's 1980 Standard Mortality Table, or any more recent
702 table made applicable to life insurers, every paid-up
703 nonforfeiture benefit and the amount of any cash surrender value,
704 loan or other option granted shall not be less than the
705 corresponding amount ascertained in accordance with the laws of
706 this state applicable to life insurers issuing policies
707 containing like benefits based upon such tables.

708 ARTICLE 9.

709 FINANCIAL.

710 SECTION 21. **Investments.**

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

721 SECTION 22. **Funds.**

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

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

730 (3) A society may, pursuant to resolution of its supreme
731 governing body, establish and operate one or more separate
732 accounts and issue contracts on a variable basis, subject to the



733 provisions of law regulating life insurers establishing such
734 accounts and issuing such contracts. To the extent the society
735 deems it necessary in order to comply with any applicable federal
736 or state laws, or any rules issued thereunder, the society may
737 adopt special procedures for the conduct of the business and
738 affairs of a separate account, may, for persons having
739 beneficial interests therein, provide special voting and other
740 rights, including without limitation special rights and
741 procedures relating to investment policy, investment advisory
742 services, selection of certified public accountants, and
743 selection of a committee to manage the business and affairs of
744 the account, and may issue contracts on a variable basis to which
745 Section 19(2) and (4) of this act shall not apply.

746 SECTION 23. **Exemption from insurance laws.**

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

753 SECTION 24. **Taxation.**

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

760 ARTICLE 11.

761 REGULATION.

762 SECTION 25. **Valuation.**

763 (1) Standards of valuation for certificates issued prior to
764 one (1) year after the effective date of this act shall be those



765 provided by the laws applicable immediately prior to the
766 effective date of this act.

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

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

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

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

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

793 (4) Any society, with the consent of the Commissioner of
794 Insurance of the state of domicile of the society and under such
795 conditions, if any, which the commissioner may impose, may
796 establish and maintain reserves on its certificates in excess of



797 the reserves required thereunder, but the contractual rights of
798 any benefit member shall not be affected thereby.

799 SECTION 26. Annual statement.

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

809 (2) As part of the annual statement herein required, each
810 society shall, on or before March 1, file with the commissioner a
811 valuation of its certificates in force on December 31 last
812 preceding, provided the commissioner may, in his or her
813 discretion for cause shown, extend the time for filing such
814 valuation for not more than two (2) calendar months. Such
815 valuation shall be done in accordance with the standards
816 specified in Section 25 of this act. Such valuation and
817 underlying data shall be certified by a qualified actuary or, at
818 the expense of the society, verified by the actuary of the
819 department of insurance of the state of domicile of the society.

820 (3) A society neglecting to file the annual statement in
821 the form and within the time provided by this section may be
822 subject to a fine of One Hundred Dollars (\$100.00) for each day
823 during which such neglect continues, and its authority to do
824 business in this state may be suspended by the commissioner while
825 such default continues.

826 SECTION 27. Annual license.

827 Societies which are now authorized to transact business in
828 this state may continue such business until the first day of
829 March next succeeding the effective date of this chapter. The



830 authority of such societies may hereafter be renewed annually,
831 but in all cases to terminate on the first day of the succeeding
832 March. However, a license so issued shall continue in full force
833 and effect until the new license be issued or specifically
834 refused. For each such license or renewal the society shall pay
835 the commissioner the fee prescribed in Section 27-15-83. A duly
836 certified copy or duplicate of such license shall be prima facie
837 evidence that the licensee is a fraternal benefit society within
838 the meaning of this chapter.

839 SECTION 28. **Examination of societies; no adverse**
840 **publications.**

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

849 (2) The expense of each examination and of each valuation,
850 including compensation and actual expense of examiners, shall be
851 paid by the society examined or whose certificates are valued,
852 upon statements furnished by the Commissioner.

853 SECTION 29. **Foreign or alien society - admission.**

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

861 (a) A duly certified copy of its chapters of
862 incorporation;



863 (b) A copy of its bylaws, certified by its secretary or
864 corresponding officer;

865 (c) A power of attorney to the commissioner as
866 prescribed in Section 83-29-135;

867 (d) A statement of its business under oath of its
868 president and secretary or corresponding officers in a form
869 prescribed by the commissioner, duly verified by an examination
870 made by the supervising insurance official of its home state or
871 other state, territory, province or country, satisfactory to the
872 commissioner;

873 (e) Certification from the proper official of its home
874 state, territory, province or country that the society is legally
875 incorporated and licensed to transact business therein;

876 (f) Copies of its certificate forms; and

877 (g) Such other information as the commissioner may deem
878 necessary;

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

881 **SECTION 30. Injunction - liquidation - receivership of**
882 **domestic society**

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

885 (a) Has exceeded its powers;

886 (b) Has failed to comply with any provision of this
887 chapter;

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

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

891 (e) Is conducting business fraudulently or in a
892 manner hazardous to its members, creditors or the public;
893 the commissioner shall notify the society of such deficiency or
894 deficiencies and state in writing the reasons for his or her
895 dissatisfaction. The commissioner shall simultaneously issue a



896 written notice to the society requiring that the deficiency or
897 deficiencies which exist be corrected. After such notice the
898 society shall have a thirty-day period in which to comply with
899 the commissioner's request for correction, and if the society
900 fails to comply, the commissioner shall take such action as is
901 necessary and appropriate under Chapter 24 of Title 83.

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

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

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

910 (a) Has exceeded its powers;

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

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

914 (d) Is conducting its business fraudulently or in a
915 manner hazardous to its members or creditors or the public;

916 the commissioner shall notify the society of such deficiency or
917 deficiencies and state in writing the reasons for his or her
918 dissatisfaction. The commissioner shall at once issue a written
919 notice to the society requiring that the deficiency or
920 deficiencies which exist are corrected. After such notice the
921 society shall have a thirty-day period in which to comply with
922 the commissioner's request for correction, and if the society
923 fails to comply the commissioner shall notify the society of such
924 findings of noncompliance and require the society to show cause
925 on a date named why its license should not be suspended, revoked
926 or refused. If on such date the society does not present good
927 and sufficient reason why its authority to do business in this
928 state should not be suspended, revoked or refused, the



929 commissioner may suspend or refuse the license of the society to
930 do business in this state until satisfactory evidence is
931 furnished to the commissioner that such suspension or refusal
932 should be withdrawn or the commissioner may revoke the authority
933 of the society to do business in this state.

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

938 SECTION 32. **Injunction.**

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

944 SECTION 33. **Licensing of agents.**

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

947 (2) No examination or license shall be required of any
948 regular salaried officer, employee or member of a licensed
949 society who devotes substantially all of his or her services to
950 activities other than the solicitation of fraternal insurance
951 contracts from the public, and who receives for the solicitation
952 of such contracts no commission or other compensation directly
953 dependent upon the amount of business obtained.

954 SECTION 34. **Unfair methods of competition and unfair and
955 deceptive acts and practices.**

956 Every society authorized to do business in this state shall
957 be subject to the provisions Chapter 5 of Title 83 relating to
958 unfair practices; provided, however, that nothing therein shall
959 be construed as applying to or affecting the right of any society
960 to determine its eligibility requirements for membership, or be
961 construed as applying to or affecting the offering of benefits



962 exclusively to members or persons eligible for membership in the
963 society by a subsidiary corporation or affiliated organization of
964 the society.

965 ARTICLE 13.

966 MISCELLANEOUS PROVISIONS.

967 SECTION 35. **Service of process.**

968 (1) Every society authorized to do business in this state
969 shall appoint in writing the commissioner and each successor in
970 office to be its true and lawful attorney upon whom all lawful
971 process in any action or proceeding against it shall be served,
972 and shall agree in such writing that any lawful process against
973 it which is served on such attorney shall be of the same legal
974 force and validity as if served upon the society, and that the
975 authority shall continue in force so long as any liability
976 remains outstanding in this state. Copies of such appointment,
977 certified by the commissioner, shall be deemed sufficient
978 evidence thereof and shall be admitted in evidence with the same
979 force and effect as the original thereof might be admitted.

980 (2) Service shall only be made upon the commissioner, or if
981 absent, upon the person in charge of his or her office. It shall
982 be made in duplicate and shall constitute sufficient service upon
983 the society. When legal process against a society is served upon
984 the commissioner, he shall forthwith forward thirty (30) of the
985 duplicate copies by registered mail, prepaid, directed to the
986 secretary or corresponding officer. No such service shall
987 require a society to file its answer, pleading or defense in less
988 than thirty (30) days from the date of mailing the copy of the
989 service to a society. Legal process shall not be served upon a
990 society except in the manner herein provided.

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

994 SECTION 36. **Penalties.**



995 (1) A person who shall knowingly or willfully make any
996 false or fraudulent statement or representation in or relating to
997 any application for membership or for the purpose of obtaining
998 money from or a benefit in any society, shall be guilty of a
999 misdemeanor and upon conviction thereof be fined not less than
1000 One Hundred Dollars (\$100.00) nor more than Five Hundred Dollars
1001 (\$500.00), or imprisonment in the county jail not less than
1002 thirty (30) days nor more than one (1) year, or both, in the
1003 discretion of the court.

1004 (2) Any person who shall willfully make a false or
1005 fraudulent statement in any verified report or declaration under
1006 oath required or authorized by this chapter, or of any material
1007 fact or thing contained in a sworn statement concerning the death
1008 or disability of an insured for the purpose of procuring payment
1009 of a benefit named in the certificate, shall be guilty of perjury
1010 and shall be subject to the penalties therefor prescribed by law.

1011 (3) Any person who solicits membership for, or in any
1012 manner assists in procuring membership in, any society not
1013 licensed to do business in this state shall upon conviction
1014 thereof be fined not less than Fifty Dollars (\$50.00) nor more
1015 than Two Hundred Dollars (\$200.00).

1016 (4) Any person guilty of a willful violation of, or neglect
1017 or refusal to comply with, the provisions of this chapter for
1018 which a penalty is not otherwise prescribed shall upon conviction
1019 thereof be fined not exceeding Two Hundred Dollars (\$200.00).

1020 SECTION 37. Exemption of certain societies.

1021 (1) Nothing contained in this chapter shall be so construed
1022 as to affect or apply to grand or subordinate lodges of Masons,
1023 Odd Fellows, or Knights of Pythias exclusive of the insurance
1024 department of the supreme lodge Knights of Pythias, and the
1025 Junior Order of United American Mechanics exclusive of
1026 beneficiary degree or insurance branch of the National Council
1027 Junior Order United American Mechanics, or societies which admit



1028 to membership only persons engaged in one or more hazardous
1029 occupation in the same or similar lines of business. The
1030 Commissioner of Insurance may require from any society such
1031 information as will enable him to determine whether such society
1032 is exempt from the provisions of this chapter.

1033 (2) Any fraternal benefit society heretofore organized and
1034 incorporated and operating within the definition set forth in
1035 Section 1 of this act providing benefits in case of death or
1036 disability resulting solely from accidents, but which does not
1037 obligate itself to pay death or sick benefits, may be licensed
1038 under the provisions of this chapter, and shall have all the
1039 privileges and shall be subject to all the provisions and
1040 regulations of this chapter, except that the provisions of this
1041 chapter as to valuations of benefit certificates shall not apply
1042 to such society.

1043 (3) The commissioner may require from any society or
1044 association, by examination or otherwise, such information as
1045 will enable the commissioner to determine whether such society or
1046 association is exempt from the provisions of this chapter.

1047 (4) Societies exempted under the provisions of this section
1048 shall also be exempt from all other provisions of the insurance
1049 laws of this state.

1050 SECTION 38. Review.

1051 All decisions and findings of the commissioner made under
1052 the provisions of this chapter shall be subject to review as set
1053 forth in Section 83-6-41 or otherwise in Title 83 as respects the
1054 particular subject matter involved.

1055 SECTION 39. Severability.

1056 If any provision of this chapter or the application of such
1057 provision to any circumstance is held invalid, the remainder of
1058 the chapter or the application of the provision to other
1059 circumstances, shall not be affected thereby.



1060 SECTION 40. Section 83-17-15, Mississippi Code of 1972, is
1061 amended as follows:

1062 83-17-15. Sections 83-17-7 through 83-17-15 shall apply to
1063 all insurance companies operating under the insurance laws of
1064 Mississippi, including stock companies. However, the cited
1065 sections shall not apply to reciprocal exchanges, mutual, or
1066 interinsurance companies. Said sections shall not apply to
1067 fraternal societies as defined by Section 1 of Senate Bill No.
1068 , 2001 Regular Session.

1069 SECTION 41. Section 83-17-101, Mississippi Code of 1972, is
1070 amended as follows:

1071 83-17-101. Whenever used in this article, certain terms
1072 shall be defined as follows:

1073 (a) The term "agent" shall include all individuals,
1074 partnerships, and any corporation, who act in any manner, directly
1075 or indirectly, as such in the solicitation of, negotiation for, or
1076 procurement or making of a contract of life, health or accident
1077 insurance, or making of an annuity contract, and includes hospital
1078 service association agents; except that the term "agent" shall not
1079 include any regular salaried officer or employee of a licensed
1080 insurer or of a licensed insurance agent who does not solicit or
1081 accept from the public applications for any such contract. A
1082 regular salaried officer or employee of an insurer authorized to
1083 do business in this state shall not be deemed to be an "agent" by
1084 reason of rendering assistance to or on behalf of a licensed
1085 insurance agent, provided that such salaried officer or employee
1086 devotes substantially all of his time to activities other than the
1087 solicitation of applications for life, health or accident
1088 insurance or annuity contracts and receives no commission or other
1089 compensation directly dependent upon the amount of business
1090 obtained. The possessor of an insurable interest in any risk or
1091 subject of insurance shall not be deemed an agent by reason of
1092 procuring or maintaining, or agreeing to procure or maintain,



1093 insurance extending to such interests, together with the interest
1094 or interests of others in such risk or subject of insurance,
1095 however the cost may be borne.

1096 (b) The term "inactive agent" shall mean an individual
1097 who is retired, disabled or has not obtained from the Commissioner
1098 of Insurance a current continuous certificate. An inactive agent
1099 shall not solicit new business or service existing business, but
1100 may receive renewal commissions.

1101 (c) The term "supervising general agent" as used in
1102 this article refers to and includes any person, partnership,
1103 association or corporation, having authority to serve as trustees,
1104 managers or administrators, except attorneys at law, for such
1105 licensed insurance companies or their insureds in the handling of
1106 insurance programs underwritten by such licensed insurance
1107 companies, or in which they may be participating.

1108 (d) The term "insurance contract" shall mean any
1109 contract or policy affecting life, health or accident insurance or
1110 any annuity contract on behalf of any company or insurer engaged
1111 in the business of writing life, health or accident insurance or
1112 annuity contracts.

1113 (e) The term "excess risk" shall mean all or any
1114 portion of a life, health or accident insurance risk or contract
1115 of annuity for which application is made to an agent and which
1116 exceeds the amount of insurance or annuity which will be provided
1117 by the insurer for which such agent is licensed.

1118 (f) The term "rejected risk" shall mean a life, health
1119 or accident insurance risk or annuity contract for which
1120 application has been made to an agent and which insurance or
1121 annuity contract is declined by the insurer for which such agent
1122 is licensed.

1123 (g) The term "commissioner" shall mean the Commissioner
1124 of Insurance of the State of Mississippi.



1125 (h) The terms "company" and "insurer" shall mean a
1126 corporation, association, hospital and/or medical service
1127 association, exchange, order or society writing life, health and
1128 accident and/or hospital insurance or annuity contracts, but shall
1129 not include fraternal societies as defined in Section 1 of Senate
1130 Bill No. _____, 2001 Regular Session.

1131 (i) The term "person" shall mean any individual,
1132 partnership or corporation incorporated pursuant to Sections
1133 79-10-1 through 79-10-117, being the Mississippi Professional
1134 Corporation Act, and Sections 79-29-901 through 79-29-933, being
1135 the Mississippi Limited Liability Company Act, except as otherwise
1136 limited by Section 83-17-105.

1137 SECTION 42. Sections 83-29-1, 83-29-3, 83-29-5, 83-29-7,
1138 83-29-9, 83-29-11, 83-29-13 , 83-29- 15, 83-29-17 , 83-29-19 ,
1139 83-29-21 , 83-29-23 , 83-29-25 , 83-29-27 , 83-29-29 , 83-29-31 ,
1140 83-29-33 , 83-29-35 , 83-29-37 , 83-29-39 , 83-29-41 , 83-29-43 ,
1141 83-29-45 , 83-29-47 , 83-29-49 , 83-29-51 , 83-29-53 , 83-29-55 ,
1142 83-29-57 , 83-29-59 , 83-29-61 , 83-29-63 , 83-29-65 , 83-29-67 ,
1143 83-29-69 , 83-29-71 , 83-29-73 and 83-29-75, Mississippi Code of
1144 1972, which regulate fraternal benefit societies, is hereby
1145 repealed.

1146 SECTION 43. Sections 1 through 39 of this act shall be
1147 codified as a separate chapter within Title 83, Mississippi Code
1148 of 1972.

1149 SECTION 44. This act shall take effect and be in force from
1150 and after July 1, 2001.

