

[Passed Both Houses]

[First Reprint]

ASSEMBLY, No. 2874

STATE OF NEW JERSEY

INTRODUCED MAY 1, 1997

**By Assemblymen KRAMER, Garcia, Zecker
and Senator Inverso**

1 **AN ACT** concerning fraternal benefit societies, amending P.L.1987,
2 c.293, supplementing Title 17 of the Revised Statutes and repealing
3 P.L.1959, c.167.

4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7

8 1. (New section) As used in this act:

9 "Benefit contract" means an agreement for provision of benefits
10 authorized by section 16 of this act, as that agreement is described in
11 subsection a. of section 18 of this act.

12 "Benefit member" means an adult member who is designated by the
13 laws or rules of the society to be a benefit member under a benefit
14 contract.

15 "Certificate" means the document issued as written evidence of a
16 benefit contract.

17 "Commissioner" means the Commissioner of Banking and
18 Insurance.

19 "Department" means the Department of Banking and Insurance.

20 "Laws" means the society's articles of incorporation, constitution
21 and bylaws, however designated.

22 "Lodge" means a subordinate member unit of the society, known as
23 a camp, court, council, branch or by any other designation.

24 "Premiums" means premiums, rates, dues or other required
25 contributions by whatever name known, which are payable under the
26 certificate.

27 "Rules" means all rules, regulations or resolutions adopted by the

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AIN committee amendments adopted November 6, 1997.

1 assembly or board of directors which are intended to have general
2 application to the members of the society.

3 "Society" means fraternal benefit society, unless otherwise
4 indicated.

5

6 2. (New section) Any incorporated society, order or supreme
7 lodge, without capital stock, including one exempted under the
8 provisions of section 35 of this act, whether incorporated or not,
9 conducted solely for the benefit of its members and their beneficiaries
10 and not-for-profit, operated on a lodge system with ritualistic form of
11 work, having a representative form of government, and which provides
12 benefits in accordance with this act, is declared to be a fraternal benefit
13 society.

14

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

21 b. A society may, at its option, organize and operate lodges for
22 minors under the minimum age for adult membership. Membership
23 and initiation in local lodges shall not be required of children, nor shall
24 they have a voice or vote in the management of the society.

25

26 4. (New section) A society has a representative form of
27 government when:

28 a. ¹[it] It¹ has a supreme governing body constituted in one of the
29 following ways:

30 (1) Assembly. The supreme governing body is an assembly
31 composed of delegates elected directly by the members or at
32 intermediate assemblies or conventions of members or their
33 representatives, together with other delegates as may be prescribed in
34 the society's laws. A society may provide for election of delegates by
35 mail. The elected delegates shall constitute a majority in number and
36 shall not have less than 2/3 of the votes and not less than the number
37 of votes required to amend the society's laws. The assembly shall be
38 elected and shall meet at least once every four years and shall elect a
39 board of directors to conduct the business of the society between
40 meetings of the assembly. Vacancies on the board of directors
41 between elections may be filled in the manner prescribed by the
42 society's laws.

43 (2) Direct Election. The supreme governing body is a board
44 composed of persons elected by the members, either directly or by
45 their representatives in intermediate assemblies, and any other persons
46 prescribed in the society's laws. A society may provide for election of

1 the board by mail. Each term of a board member may not exceed four
2 years. Vacancies on the board between elections may be filled in the
3 manner prescribed by the society's laws. Those persons elected to the
4 board shall constitute a majority in number and not less than the
5 number of votes required to amend the society's laws. A person filling
6 the unexpired term of an elected board member shall be considered to
7 be an elected member. The board shall meet at least quarterly to
8 conduct the business of the society.

9 b. The officers of the society are elected either by the assembly or
10 board of directors;

11 c. Only benefit members are eligible for election to the assembly or
12 board of directors; and

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

15

16 5. (New section) a. A society shall operate for the benefit of
17 members and their beneficiaries by:

18 (1) providing benefits as specified in section 16 of this act; and

19 (2) operating for one or more social, intellectual, educational,
20 charitable, benevolent, moral, fraternal ¹[, patriotic]¹ or religious
21 purposes for the benefit of its members, which may also be extended
22 to others.

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

25 b. Every society shall have the power to adopt laws and rules for
26 the government of the society, the admission of its members, and the
27 management of its affairs. It shall have the power to change, alter, add
28 to or amend those laws and rules and shall have those other powers as
29 are necessary and incidental to carrying into effect the objects and
30 purposes of the society.

31

32 6. (New section) a. A society shall specify in its laws or rules:

33 (1) eligibility standards for each and every class of membership,
34 provided that if benefits are provided on the lives of minors, the
35 minimum age for adult membership shall be set at not less than age 15
36 and not greater than age 21;

37 (2) the process for admission to membership for each membership
38 class; and

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

42 b. A society may also admit social members who shall have no
43 voice or vote in the management of the insurance affairs of the society.

44 c. Membership rights in the society are personal to the member and
45 are not assignable.

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

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

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

23 c. A society may provide in its laws or rules for grievance or
24 complaint procedures for members.

25

26 8. (New section) a. The officers and members of the supreme
27 governing body or any subordinate body of a society shall not be
28 personally liable for any benefits provided by a society.

29 b. Any person may be indemnified and reimbursed by any society
30 for expenses reasonably incurred by, and liabilities imposed upon, that
31 person in connection with or arising out of any action, suit or
32 proceeding, whether civil, criminal, administrative or investigative, or
33 threat thereof, in which the person may be involved by reason of the
34 fact that he is or was a commissioner, officer, employee or agent of the
35 society or of any firm, corporation or organization which he served in
36 any capacity at the request of the society. A person shall not be
37 indemnified or reimbursed: (1) in relation to any matter in an action,
38 suit or proceeding which he is finally adjudged to be or have been
39 guilty of breach of a duty as a director, officer, employee or agent of
40 the society or (2) in relation to any matter in an action, suit or
41 proceeding, or threat thereof, which results in a compromise
42 settlement; unless in either case the person acted in good faith for a
43 purpose the person reasonably believed to be in or not opposed to the
44 best interests of the society and, in a criminal action or proceeding, in
45 addition, had no reasonable cause to believe that his conduct was
46 unlawful. The determination whether the conduct of that person met

1 the standard required in order to justify indemnification and
2 reimbursement in relation to any matter described in paragraph (1) or
3 (2) of this subsection may only be made by the assembly or board of
4 directors by a majority vote of a quorum consisting of persons who
5 were not parties to that action, suit or proceeding or by a court of
6 competent jurisdiction. The termination of any action, suit or
7 proceeding by judgment, order, settlement, conviction, or upon a plea
8 of no contest, as to that person shall not in itself create a conclusive
9 presumption that the person did not meet the standard of conduct
10 required in order to justify indemnification and reimbursement. The
11 right of indemnification and reimbursement shall not be exclusive of
12 other rights to which that person may be entitled as a matter of law
13 and shall inure to the benefit of his heirs, executors and administrators.

14 c. A society shall have the power to purchase and maintain
15 insurance on behalf of any person who is or was a director, officer,
16 employee or agent of the society, or who is or was serving at the
17 request of the society as a director, officer, employee or agent of any
18 other firm, corporation or organization against any liability asserted
19 against that person and incurred by him in that capacity or arising out
20 of his status in that capacity whether or not the society would have the
21 power to indemnify the person against that liability under this section.

22 d. No director, officer, employee, member or volunteer of a society
23 serving without compensation, shall be liable, and no cause of action
24 may be brought, for damages resulting from the exercise of judgment
25 or discretion in connection with the duties or responsibilities of that
26 person for the society unless the act or omission involved willful or
27 wanton misconduct.

28

29 9. (New section) The laws of the society may provide that no
30 subordinate body, nor any of its subordinate officers or members, shall
31 have the power or authority to waive any of the provisions of the laws
32 of the society. This provision shall be binding on the society and every
33 member and beneficiary of a member.

34

35 10. (New section) A domestic society organized on or after the
36 effective date of this act shall be formed as follows:

37 a. Seven or more citizens of the United States, a majority of whom
38 are citizens of this State, who desire to form a fraternal benefit society,
39 may make, sign and acknowledge, before some officer competent to
40 take acknowledgment of deeds, articles of incorporation, in which
41 shall be stated:

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

45 (2) the purposes for which it is being formed and the mode in which
46 its corporate powers are to be exercised. Those purposes shall not

1 include more liberal powers than are granted by this act;

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

10 b. The articles of incorporation, duly certified copies of the
11 society's bylaws and rules, copies of all proposed forms of certificates,
12 applications therefor, and circulars to be issued by the society and a
13 bond conditioned upon the return to applicants of the advanced
14 payments if the organization is not completed within one year shall be
15 filed with the commissioner, who may require further information that
16 he deems necessary. The bond with sureties approved by the
17 commissioner shall be in an amount, not less than \$300,000 ¹[nor more
18 than \$1,500,000] ¹ as required by the commissioner. All documents
19 filed are to be in the English language. If the purposes of the society
20 conform to the requirements of this act and all provisions of the law
21 have been complied with, the commissioner shall certify, retain and file
22 the articles of incorporation and furnish the incorporators a
23 preliminary certificate of authority authorizing the society to solicit
24 members pursuant to this act.

25 c. No preliminary certificate of authority granted under the
26 provisions of this section shall be valid after one year from its date or
27 after a further period, not exceeding one year, authorized by the
28 commissioner upon cause shown, unless the 500 applicants required
29 pursuant to paragraph (4) of subsection d. of this section have been
30 secured and the organization has been completed pursuant to this
31 section. The articles of incorporation and all other proceedings
32 thereunder shall become null and void in one year from the date of the
33 preliminary certificate of authority, or at the expiration of the extended
34 period, unless the society has completed its organization and received
35 a certificate of authority to do business pursuant to this section.

36 d. Upon receipt of a preliminary certificate of authority from the
37 commissioner, the society may solicit members for the purpose of
38 completing its organization, shall collect from each applicant the
39 amount of not less than one regular monthly premium in accordance
40 with its table of rates, and shall issue to each applicant a receipt for the
41 amount of premium collected. No society shall incur any liability other
42 than for the return of an advance premium, nor issue any certificate,
43 nor pay, allow, or offer or promise to pay or allow, any benefit to any
44 person until:

45 (1) actual bona fide applications for benefits have been secured on
46 500 applicants and any necessary evidence of insurability has been

1 furnished to and approved by the society;

2 (2) at least 10 subordinate lodges have been established into which
3 the 500 applicants have been admitted;

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

10 (4) it shall have been shown to the commissioner, by sworn
11 statement of the treasurer, or corresponding officer of the society, that
12 500 applicants have each paid in cash at least one regular monthly
13 premium, which premiums in the aggregate shall amount to at least
14 \$150,000 ¹for each kind of business specified in N.J.S. 17B:17-3,
15 N.J.S. 17B:17-4 or N.J.S. 17B:17-5 that the society is authorized to
16 transact¹. The advance premiums shall be held in trust during the
17 period of organization and if the society does not qualify for a
18 certificate of authority within one year, the premiums shall be returned
19 to the applicants.

20 e. The commissioner may examine, and require further information
21 of, a society as the commissioner deems advisable. Upon presentation
22 of satisfactory evidence that the society has complied with all the
23 provisions of law, the commissioner shall issue to the society a
24 certificate of authority to that effect and the society is authorized to
25 transact business pursuant to the provisions of this act. The certificate
26 of authority shall be prima facie evidence of the existence of the
27 society at the date of the certificate. The commissioner shall cause a
28 record of the certificate of authority to be made. A certified copy of
29 that record may be given in evidence with like effect as the original
30 certificate of authority.

31 f. Any incorporated society authorized to transact business in this
32 State at the time this act becomes effective shall not be required to
33 reincorporate.

34 g. No unincorporated or voluntary association shall be permitted
35 to transact business in this State as a society.

36

37 11. (New section) a. A domestic society may amend its laws in
38 accordance with the provisions of those laws by action of its supreme
39 governing body at any regular or special meeting thereof or, if its laws
40 so provide, by referendum. The referendum may be held in accordance
41 with the provisions of its laws by the vote of the voting members of
42 the society, by the vote of delegates or representatives of voting
43 members or by the vote of local lodges. A society may provide for
44 voting by mail. No amendment submitted for adoption by referendum
45 shall be adopted unless, within six months from the date of its
46 submission, 2/3 of the members voting shall have signified their

1 consent to an amendment by one of the methods specified in this
2 section.

3 b. No amendment to the laws of any domestic society shall take
4 effect unless approved by the commissioner who shall approve the
5 amendment if the commissioner finds that it has been duly adopted and
6 is not inconsistent with any requirement of the laws of this State or
7 with the character, objects and purposes of the society. If the
8 commissioner does not disapprove an amendment within 60 days after
9 filing it, the amendment shall be considered approved. The approval
10 or disapproval of the commissioner shall be in writing and mailed to
11 the secretary or corresponding officer of the society at its principal
12 office. If the commissioner disapproves an amendment, the reasons
13 for the disapproval shall be stated in the written notice.

14 c. Within 90 days after the approval of an amendment by the
15 commissioner, the amendment, or a synopsis thereof, shall be furnished
16 to all members of the society either by mail or publication in full in the
17 official publication of the society. The affidavit of any officer of the
18 society or of anyone authorized by it to mail any amendment or
19 synopsis of the amendment, stating facts which show that the
20 amendment has been duly addressed and mailed, shall be prima facie
21 evidence that the amendment or synopsis thereof, has been furnished
22 the addressee.

23 d. Every foreign or alien society authorized to do business in this
24 State shall file with the commissioner a duly certified copy of all
25 amendments of, or additions to, its laws within 90 days after the
26 enactment of same.

27 e. Printed copies of the laws as amended, certified by the secretary
28 or corresponding officer of the society, shall be prima facie evidence
29 of the legal adoption thereof.

30

31 12. (New section) a. A society may create, maintain and operate,
32 or may establish organizations to operate, not-for-profit institutions to
33 further the purposes permitted by paragraph (2) of subsection a. of
34 section 5 of this act. These institutions may furnish services free or at
35 a reasonable charge. Any real or personal property owned, held or
36 leased by the society for this purpose shall be reported in every annual
37 statement but may not be allowed as an admitted asset of the society.

38 b. No society shall own or operate funeral homes or undertaking
39 establishments.

40

41 13. a. A domestic society may, by a reinsurance agreement, cede
42 any individual risk or risks in whole or in part to an insurer, other than
43 another fraternal benefit society, having the power to reinsure and
44 authorized to do business in this State, or if not so authorized, an
45 insurer which is approved by the commissioner, but no domestic
46 society may reinsure substantially all of its insurance in force without

1 the written permission of the commissioner. ¹[A domestic society may
2 take credit for the reserves on ceded risks to the extent reinsured, but
3 no credit shall be allowed as an admitted asset or as a deduction from
4 liability, to a ceding society for reinsurance made, ceded, renewed or
5 otherwise becoming effective after the effective date of this act, unless
6 the reinsurance is payable by the assuming insurer on the basis of the
7 liability of the ceding society under the contract or contracts reinsured
8 without diminution because of the insolvency of the ceding society]
9 Credit for reinsurance shall be allowed a domestic ceding society as
10 either an asset or a reduction from liability in accordance with P.L.
11 1993, c. 243 (C. 17:51B-1 et seq.). A domestic society shall also
12 comply with all requirements of law generally applicable to reinsurance
13 ceded or assumed by life and health insurers of this State¹.

14 b. Notwithstanding the limitation of subsection a. of this section,
15 a society may reinsure the risks of another society in a consolidation
16 or merger approved by the commissioner under section 14 of this act.
17

18 14. (New section) a. A domestic society may consolidate or
19 merge with any other society by complying with the provisions of this
20 section. It shall file with the commissioner:

21 (1) a certified copy of the written contract containing in full the
22 terms and conditions of the consolidation or merger;

23 (2) a sworn statement by the president and secretary, or
24 corresponding officers of each society, showing the financial condition
25 of the domestic society on a date fixed by the commissioner but not
26 earlier than December 31, next preceding the date of the contract;

27 (3) a certificate of the officers of the societies, duly verified by
28 their respective oaths, that the consolidation or merger has been
29 approved by a 2/3 vote of the supreme governing body of each society,
30 the vote being conducted at a regular or special meeting of each
31 supreme governing body, or, if the society's laws so permit, by mail;
32 and

33 (4) evidence that at least 60 days prior to the action of the supreme
34 governing body of each society, the text of the contract has been
35 furnished to all members of each society either by mail or by
36 publication in full in the official publication of each society.

37 b. If the commissioner finds that the contract is in conformity with
38 the provisions of this section, that the financial statements are correct
39 and that the consolidation or merger is just and equitable to the
40 members of each society, the commissioner shall approve the contract
41 and issue a certificate to that effect. Upon approval, the contract shall
42 be in full force and effect unless any society which is a party to the
43 contract is incorporated under the laws of any other state or territory.
44 In that event the consolidation or merger shall not become effective
45 unless and until it has been approved as provided by the laws of that
46 other state or territory and a certificate of approval from that other

1 state is filed with the commissioner of this State or, if the laws of that
2 other state or territory contain no like provision, then the
3 consolidation or merger shall not become effective unless and until it
4 has been approved by the commissioner of that other state or territory
5 and a certificate of approval from the commissioner of that other state
6 is filed with the commissioner of this State.

7 c. Upon the consolidation or merger becoming effective, all the
8 rights, franchises and interests of the consolidated or merged societies
9 in and to every species of property, real, personal or mixed, and things
10 in action thereunto belonging shall be vested in the society resulting
11 from or remaining after the consolidation or merger without any other
12 instrument, except that conveyances of real property may be evidenced
13 by proper deeds, and the title to any real estate or interest therein,
14 vested under the laws of this State in any of the societies consolidated
15 or merged, shall not revert or be in any way impaired by reason of the
16 consolidation or merger, but shall vest absolutely in the society
17 resulting from or remaining after the consolidation or merger.

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

23

24 15. (New section) a. A domestic fraternal benefit society which
25 is organized pursuant to the provisions of this act may convert to a
26 domestic mutual insurer by complying with the provisions of this
27 section.

28 b. A written plan of conversion setting forth in full the terms and
29 conditions of conversion shall be prepared by the assembly or board
30 of directors of the society. The plan shall include:

31 (1) the purpose of the conversion;

32 (2) the effect of conversion on existing benefit contracts issued by
33 the society;

34 (3) a business plan;

35 (4) a provision that each holder of a benefit contract of the society
36 shall receive any rights with respect to the domestic mutual insurer as
37 may be prescribed by the commissioner, provided that those rights
38 shall not exceed the rights provided to policyholders of other domestic
39 mutual insurers authorized to transact ¹[either] the¹ kind or ¹[both]¹
40 kinds of business specified in N.J.S. 17B:17-3 ¹, N.J.S. 17B:17-4¹ and
41 N.J.S. 17B:17-5; and

42 (5) a provision that each member of the society shall be notified of
43 the conversion, which notification process shall be approved by the
44 commissioner.

45 c. The written plan of conversion provided for in subsection b. of
46 this section shall be approved by an affirmative vote of 2/3 of all

1 members of the supreme governing body at a regular or special
2 meeting and then filed with the commissioner.

3 d. The commissioner shall approve or disapprove the plan. The
4 commissioner shall approve the plan unless he finds the plan:

5 (1) is contrary to law;

6 (2) would be detrimental to the safety or soundness of the proposed
7 domestic mutual insurer;

8 (3) prejudices the interests of the holders of benefit contracts of the
9 society or treats them inequitably.

10 The commissioner shall set forth his decision in writing and shall
11 state the reasons therefor. A disapproval shall be subject to judicial
12 review.

13 e. Upon approval of the plan by the commissioner and the issuance
14 of a certificate of authority to transact the business of insurance as a
15 domestic mutual insurer, the society shall be deemed to be a domestic
16 mutual insurer subject to the provisions of Title 17B of the New Jersey
17 Statutes ¹, including surplus requirements, and all other applicable
18 law¹.

19 f. On and after the date of issuance of the certificate of authority,
20 the society shall be a domestic mutual insurer, vested with all the
21 powers and privileges of a domestic mutual insurer, and subject to all
22 provisions of law applicable to those insurers, ¹including surplus
23 requirements,¹ in the same manner and with the same effect as if the
24 converted society had originally been incorporated as a domestic
25 mutual insurer on the date of issuance of the certificate of authority,
26 and the members of the society shall become and be members of the
27 domestic mutual insurer.

28 g. The conversion of a society into a domestic mutual insurer shall
29 not affect the right of any creditor or member of the society, but all
30 rights of all persons against the society before its conversion shall
31 continue unaffected and shall be enforced against the domestic mutual
32 insurer in the same manner they could have been enforced against the
33 society had its conversion not taken place; except that all rights of
34 assessment or reduction in benefits in lieu of assessment, prescribed in
35 the certificate of incorporation or bylaws of the society, or provided
36 in any certificate, policy or contract of the society, shall be canceled.
37 As used in this section, "assessment" means the right to require the
38 payment of a sum in addition to the weekly or other periodical dues,
39 contributions, premiums and fees required under the terms of any
40 certificate, policy or contract; and "domestic mutual insurer" shall only
41 include a domestic mutual insurer authorized to transact ¹[either] the¹
42 kind or ¹[both]¹ kinds of business specified in N.J.S. 17B:17-3 ¹,
43 N.J.S. 17B:17-4¹ and N.J.S. 17B:17-5.

44
45 16. (New section) a. A society may provide the following
46 contractual benefits in any form ¹, except in the form of group

1 insurance¹:

2 (1) death benefits;

3 (2) endowment benefits;

4 (3) annuity benefits;

5 (4) temporary or permanent disability benefits;

6 (5) hospital, medical or nursing benefits;

7 (6) monument or tombstone benefits to the memory of

8 deceased members; and

9 (7) other benefits as authorized for life and health insurers and
10 which are not inconsistent with this act.

11 b. A society shall specify in its rules those persons who may be
12 issued, or covered by, the contractual benefits in subsection a. of this
13 section, consistent with providing benefits to members and their
14 dependents. A society may provide benefits on the lives of minors
15 under the minimum age for adult membership upon application of an
16 adult person.

17

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

28 b. A society may make provision for the payment of funeral
29 benefits to the extent of that portion of any payment under a certificate
30 as reasonably appears to be due to any person equitably entitled
31 thereto by reason of having incurred expense occasioned by the burial
32 of the member, provided the amount paid shall not exceed the sum of
33 \$5,000.

34 c. If, at the death of any person insured under a benefit contract,
35 there is no lawful beneficiary to whom the proceeds shall be payable,
36 the amount of the benefit, except to the extent that funeral benefits
37 may be paid as provided in subsection b. of this section, shall be
38 payable to the estate of the deceased insured, provided that if the
39 owner of the certificate is other than the insured, the proceeds shall be
40 payable to the owner.

41

42 18. (New section) a. Every society authorized to do business in
43 this State shall issue to each owner of a benefit contract a certificate
44 specifying the amount of benefits provided by the contract. The
45 certificate, together with any riders or endorsements attached thereto,
46 the laws of the society, the application for membership, the application

1 for insurance and declaration of insurability, if any, signed by the
2 applicant, and all amendments to each document shall constitute the
3 benefit contract, as of the date of issuance, between the society and
4 the owner, and the certificate shall state this requirement. A copy of
5 the application for insurance and declaration of insurability, if any,
6 shall be endorsed upon or attached to the certificate. All statements
7 on the application shall be representations and not warranties. Any
8 waiver of the provisions of the subsection shall be void.

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

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

22 d. A society shall provide in its laws that if its reserves as to all or
23 any class of certificates become impaired its board of directors or
24 assembly may require that there shall be paid by the owner to the
25 society the amount of the owner's equitable proportion of the
26 deficiency ascertained by its board or assembly, and that if the payment
27 is not made either: (1) it shall stand as an indebtedness against the
28 certificate and draw interest not to exceed the rate specified for
29 certificate loans under the certificates; or (2) in lieu of or in
30 combination with paragraph (1), the owner may accept a proportionate
31 reduction in benefits under benefits under the certificate. The society
32 may specify the manner of the election and which alternative is to be
33 presumed if no election is made.

34 e. Copies of any of the documents mentioned in this section,
35 certified by the secretary or corresponding officer of the society, shall
36 be received in evidence of the terms and conditions of the contract.

37 f. No certificate shall be delivered or issued for delivery in this
38 State unless a copy of the form has been filed with the commissioner
39 ¹for approval¹ in the manner provided for like policies issued by life
40 and health insurers in this State. ¹[A filing shall be considered
41 approved unless disapproved within 60 days from the date of filing.]¹
42 Every life, accident, health, or disability insurance certificate and every
43 annuity certificate issued on or after one year from the effective date
44 of this act shall meet the standard contract provision requirements, not
45 inconsistent with this act, for like policies issued by life and health
46 insurers in this State ¹], except that a society may provide for a grace

1 period for payment of premiums of one full month in its certificates]
2 . Any non-complying certificate shall be deemed withdrawn one year
3 from the effective date of this act, except that the commissioner may,
4 for good cause shown, allow the continued use of a non-conforming
5 certificate for an additional period not to exceed one year¹. The
6 certificate shall also contain a provision stating the amount of
7 premiums which are payable under the certificate and a provision
8 reciting or setting forth the substance of any section of the society's
9 laws or rules in force at the time of issuance of the certificate which,
10 if violated, will result in the termination or reduction of benefits
11 payable under the certificate. If the laws of the society provide for
12 expulsion or suspension of a member, the certificate shall also contain
13 a provision that any member expelled or suspended, except for
14 nonpayment of a premium or within the contestable period for material
15 misrepresentation in the application for membership or insurance, shall
16 have the privilege of maintaining the certificate in force by continuing
17 payment of the required premium.

18 g. Benefit contracts issued on the lives of persons below the
19 society's minimum age for adult membership may provide for transfer
20 of control of ownership to the insured at an age specified in the
21 certificate. A society may require approval of an application for
22 membership in order to effect this transfer, and may provide in all
23 other respects for the regulation, government and control of those
24 certificates and all rights, obligations and liabilities incident thereto
25 and connected therewith. Ownership rights prior to the transfer shall
26 be specified in the certificate.

27 h. A society may specify the terms and conditions on which benefit
28 contracts may be assigned.

29

30 19. (New section) a. For certificates issued prior to one year after
31 the effective date of this act, the value of every paid-up nonforfeiture
32 benefit and the amount of any cash surrender value, loan or other
33 option granted shall comply with the provisions of law applicable
34 immediately prior to the effective date of this act.

35 b. For certificates issued on or after one year after the effective
36 date of this act ¹[for which reserves are computed on the
37 Commissioner's 1941 Standard Ordinary Mortality Table, the
38 Commissioner's 1941 Standard Industrial Table or the Commissioner's
39 1958 Standard Ordinary Mortality Table, or the Commissioner's 1980
40 Standard Ordinary Mortality Table, or any more recent table made
41 applicable to life insurers]¹, every paid-up nonforfeiture benefits and
42 the amount of any cash surrender value, loan or other option granted
43 shall not be less than the corresponding amount based on the interest
44 rate and mortality tables authorized by the laws of this State for the
45 calculation of those benefits by life and health insurers issuing policies
46 containing like benefits ¹[based upon those tables]¹.

1

2 20. (New section) A society shall invest its funds only in
3 investments that are authorized by the laws of this State for the
4 investment of assets of domestic life insurers and subject to the
5 limitations thereon. Any foreign or alien society permitted or seeking
6 to do business in this State which invests its funds in accordance with
7 the laws of the State, district, territory, country or province in which
8 it is incorporated, shall be held to meet the requirements of this section
9 for the investment of funds.

10

11 21. (New section) a. All assets shall be held, invested and
12 disbursed for the use and benefit of the society and no member or
13 beneficiary shall have or acquire individual rights therein or become
14 entitled to any apportionment on the surrender of any part of the
15 assets, except as provided in the benefit contract.

16 b. A society may create, maintain, invest, disburse and apply any
17 special fund or funds necessary to carry out any purpose permitted by
18 the laws of the society.

19 c. A society may, pursuant to resolution of its supreme governing
20 body, establish and operate one or more separate accounts and issue
21 ¹separate account¹ contracts ¹, whether or not contracts¹ on a variable
22 basis, subject to the provisions of law regulating life and health
23 insurers establishing those accounts and issuing those contracts. To
24 the extent the society deems it necessary in order to comply with any
25 applicable federal or State laws, or any rules or regulations issued
26 thereunder, the society may adopt special procedures for the conduct
27 of the business and affairs of a separate account; may, for persons
28 having beneficial interests in an account, provide special voting and
29 other rights, including special rights and procedures relating to
30 investment policy, investment advisory services, selection of certified
31 public accountants, and selection of a committee to manage the
32 business and affairs of the account, and may issue contracts on a
33 variable basis to which subsections b. and d. of section 18 of this act
34 shall not apply.

35 ¹d. Separate accounts of foreign or alien societies are subject to
36 approval by the department, unless the society's place of domicile has
37 adopted a substantially similar act.¹

38

39 22. (New section) Except as otherwise provided in this act,
40 societies shall be governed by this act and shall be exempt from all
41 other provisions of the insurance laws of this State, not only in
42 governmental relations with the State, but for every other purpose.
43 No law enacted on or after the effective date of this act shall apply to
44 societies unless they be expressly ¹[designed] designated¹. No
45 corporation or association which purports to be a fraternal
46 organization but which does not meet the requirements in this act with

1 respect to a fraternal benefit society shall be exempt from the other
2 provisions of the insurance laws of this State.

3
4 23. (New section) Every society organized or licensed under this
5 act is declared to be a charitable and benevolent institution, and all of
6 its funds shall be exempt from all and every State, county, district,
7 municipal and school tax, other than taxes on real estate and office
8 equipment. ¹Every society organized or licensed under this act shall
9 be subject to the assessment provided pursuant to section 8 of P.L.
10 1983, c. 320 (C. 17:33A-8) and the apportionment provided pursuant
11 to section 2 of P.L. 1995, c. 156 (C. 17:1C-20).¹

12
13 24. (New section) a. Standards of valuation for certificates issued
14 prior to one year after the effective date of this act shall be those
15 provided by the laws applicable immediately prior to the effective date
16 of this act.

17 b. The minimum standards of valuation for certificates issued on or
18 after one year after the effective date of this act shall be ¹[based on the
19 following tables:

20 (1) for certificates of life insurance - the Commissioner's 1941
21 Standard Ordinary Mortality Table, the Commissioner's 1941 Standard
22 Industrial Mortality Table, the Commissioner's 1958 Standard
23 Ordinary Mortality Table, the Commissioner's 1980 Standard Ordinary
24 Mortality Table or any more recent table made applicable to life
25 insurers;

26 (2) for annuity and pure endowment certificates, for total and
27 permanent disability benefits, for accidental death benefits and for non-
28 cancelable accident and health benefits - such tables as are authorized
29 for use by life and health insurers in this State.

30 These standards of valuation for certificates shall be under valuation
31 methods and standards, including interest assumptions, in accordance
32 with the laws of this State applicable to life and health insurers issuing
33 policies containing like benefits.

34 c. The commissioner may, in his discretion, accept other standards
35 for valuation if the commissioner finds that the reserves produced
36 thereby will not be less in the aggregate than reserves computed in
37 accordance with the minimum valuation standard prescribed in this
38 section. The commissioner may, in his discretion, vary the standards
39 of mortality applicable to all benefit contracts on substandard lives or
40 other extra hazardous lives by any society authorized to do business
41 in this State.

42 d. Any society, with the consent of the insurance supervisory
43 official of the State of domicile of the society and under conditions, if
44 any, which the commissioner may impose, may establish and maintain
45 reserves on its certificates in excess of the reserves required in this
46 section, but the contractual rights of any benefit member shall not be

1 affected by this requirement] the same as those for life and health
2 insurers specified in N.J.S. 17B:19-5 and N.J.S. 17B:19-8¹.

3
4 25. (New section) a. Every society transacting business in this
5 State shall annually, on or before March 1, unless for cause shown the
6 time has been extended by the commissioner, file with the
7 commissioner a true statement of its financial condition, transactions
8 and affairs for the preceding calendar year and pay a filing fee
9 established by the commissioner by regulation. The statement shall be
10 in general form and content as approved by the National Association
11 of Insurance Commissioners for fraternal benefit societies and as
12 supplemented by additional information required by the commissioner.

13 b. As a part of the annual statement required by subsection a. of
14 this section, each society shall, on or before March 1, file with the
15 commissioner a valuation of its certificates in force on December 31
16 last preceding, provided the commissioner may, in his discretion for
17 cause shown, extend the time for filing the valuation for not more than
18 two-calendar months. The valuation shall be done in accordance with
19 the standards specified in section 24 of this act. The valuation and
20 underlying data shall be certified by a qualified actuary or, at the
21 expense of the society, verified by the actuary of the insurance
22 regulatory agency of the state of domicile of the society;

23 c. A society failing to file the annual statement in the form and
24 within the time provided by this section shall forfeit \$100 for each day
25 during which the failure continues, and, upon notice by the
26 commissioner to that effect, its authority to do business in this State
27 shall cease while the failure continues.

28
29 26. (New section) Societies which are now authorized to transact
30 business in this State, and all societies licensed on or after the effective
31 date of this act, may continue in business until June 1 next succeeding
32 the effective date of this act. The authority of these ¹domestic ¹
33 societies ¹[and all societies licensed on or after the effective date of
34 this act,]¹ may thereafter be ¹[renewed annually] continued by
35 satisfying the requirements set forth in this act. The authority of
36 existing foreign or alien societies and all foreign and alien societies
37 licensed on or after the effective date of this act, may thereafter be
38 renewed annually¹, but in all cases ¹[to]¹ terminate on the first day of
39 the succeeding June. However, a license that has been issued shall
40 continue in full force and effect until the new license is issued or
41 specifically refused. A duly certified copy or duplicate of the license
42 shall be prima facie evidence that the licensee is a fraternal benefit
43 society within the meaning of this act.

44
45 27. (New section) a. ¹[The commissioner, or any person appointed
46 by the commissioner, may examine any domestic, foreign or alien

1 society transacting or applying for admission to transact business in
2 this State in the same manner as authorized for examination of
3 domestic, foreign or alien life or health insurers. Requirements of
4 notice and an opportunity to respond before findings are made public
5 as provided in the laws regulating life or health insurers shall also be
6 applicable to the examination of societies.

7 b. The expense of each examination and of each valuation,
8 including compensation and actual expense of examiners, shall be paid
9 by the society examined or whose certificates are valued, upon
10 statements furnished by the commissioner.

11 c.] All societies shall be subject to examination by the
12 commissioner in the same manner and subject to the same procedures
13 as set forth in P.L.1993, c.236 (C.17:23-20 et seq.).

14 b.¹ A summary of the report of the commissioner and the
15 recommendations or statements of the commissioner as may
16 accompany the report, shall be read at the first meeting of the board
17 of directors or corresponding body of the society following their
18 receipt, and if directed by the commissioner, shall also be read at the
19 first meeting of the supreme governing body of the society following
20 their receipt. A copy of the report, recommendations and statements
21 of the commissioner shall be furnished by the society to each member
22 of the board of directors or assembly.

23

24 28. (New section) No foreign or alien society shall transact
25 business in this State without a license issued by the commissioner.
26 Any foreign or alien society desiring admission to this State shall
27 comply substantially with the requirements and limitations of this act
28 applicable to domestic societies. Any foreign or alien society may be
29 licensed to transact business in this State upon filing with the
30 commissioner:

31 a. A duly certified copy of its articles of incorporation;

32 b. A copy of its bylaws, certified by its secretary or corresponding
33 officer;

34 c. A power of attorney to the commissioner as prescribed in
35 section 34 of this act;

36 d. A statement of its business under oath of its president and
37 secretary or corresponding officers in a form prescribed by the
38 commissioner, duly verified by an examination made by the supervising
39 insurance official of its home state, territory, province or country,
40 satisfactory to the commissioner;

41 e. Certification from the proper official of its home state, territory,
42 province or country that the society is legally incorporated and
43 licensed to transact business therein;

44 f. Copies of its certificate forms;

45 g. A showing that its assets are invested in accordance with the
46 provisions of this act;

1 h. Any other information the commissioner may deem necessary;
2 and

3 i. Upon payment of a filing fee established by the commissioner by
4 regulation.

5
6 29. (New section) Domestic societies shall be subject to the
7 provision of P.L.1992, c.65 (C.17B:32-31 et seq.).

8
9 30. (New section) a. When the commissioner upon investigation
10 finds that a foreign or alien society transacting or applying to transact
11 business in this State:

12 (1) has exceeded its powers;

13 (2) has failed to comply with any of the provisions of this act;

14 (3) is not fulfilling its contract in good faith; or

15 (4) is conducting its business fraudulently or in a manner
16 hazardous to its members or creditors or the public:

17 the commissioner shall notify the society in writing of the deficiency
18 or deficiencies and state in writing the reasons for his dissatisfaction.

19 The commissioner shall at once issue a written order to the society
20 requiring that the deficiency or deficiencies which exist be corrected.

21 After that order the society shall have 30 days in which to comply with
22 the commissioner's order for correction, and if the society fails to

23 comply, the ¹[commission] commissioner¹ shall notify the society of
24 his findings of noncompliance and require the society to show cause

25 on a date to be named why its license should not be suspended,
26 revoked or refused. If on that date the society does not present good

27 and sufficient reason why its authority to do business in this State
28 should not be suspended, revoked or refused, the commissioner may

29 suspend or refuse the license of the society to do business in this State
30 until satisfactory evidence is furnished to the commissioner that the

31 suspension or refusal should be withdrawn, or the commissioner may
32 revoke the authority of the society to do business in this State.

33 b. Nothing contained in this section shall be taken or construed as
34 preventing any foreign or alien society from continuing in good faith

35 all contracts made in this State during the time the society was legally
36 authorized to transact business.

37

38 31. (New section) No application or petition for injunction against
39 any domestic, foreign or alien society, or lodge thereof, shall be

40 recognized in any court of this State unless made by the Attorney
41 General upon request of the commissioner.

42

43 32. (New section) ¹[Agents of] Individuals acting as insurance
44 producers with respect to¹ societies shall be licensed in accordance

45 with the provisions of P.L.1987, c.293 (C.17:22A-1 et seq.).

1 33. (New section) Every society and agent authorized to do
2 business in this State shall be subject to the provisions of N.J.S.
3 ¹[17B:3B-1] 17B:30-1¹ et seq., relating to trade practices; provided,
4 however, that nothing in those provisions shall be construed as
5 applying to or affecting the right of any society to determine its
6 eligibility requirements for membership, or be construed as applying
7 to or affecting the offering of benefits exclusively to members or
8 persons eligible for membership in the society by a subsidiary
9 corporation or affiliated organization of the society.

10
11 34. (New section) a. Every ¹foreign and alien¹ society authorized
12 to do business in this State shall appoint in writing the commissioner
13 and each successor in office to be its true and lawful attorney upon
14 whom all lawful process in any action or proceeding against it shall be
15 served, and shall agree in writing that any lawful process against it
16 which is served shall be of the same legal force and validity as if served
17 upon the society, and that the authority shall continue in force as long
18 as any liability remains outstanding in this State. Copies of the
19 appointment, certified by the commissioner, shall be deemed sufficient
20 evidence of its existence and shall be admitted in evidence with the
21 same force and effect as the original written appointment would be
22 admitted.

23 b. Service shall only be made upon the commissioner, or if absent,
24 upon the person in charge of the commissioner's office. It shall be
25 made in duplicate and shall constitute sufficient service upon the
26 society. When legal process against a society is served upon the
27 commissioner, the commissioner shall forward one of the duplicate
28 copies by registered mail, prepaid, directed to the secretary or
29 corresponding officer. No service shall require a society to file its
30 answer, pleading or defense in less than 30 days from the date of
31 mailing the copy of the service to a society. ¹[Legal process shall not
32 be served upon a society except in the manner provided in this
33 section.]¹

34
35 35. (New section) a. Nothing contained in this act shall be
36 construed to affect or apply to:

37 (1) societies which do not provide benefits by contract;

38 (2) orders, societies or associations which admit to membership
39 only persons engaged in one or more crafts or hazardous occupations,
40 in the same or similar lines of business, insuring only their own
41 members and their families, and the ladies' societies or ladies'
42 auxiliaries to those orders, societies or associations;

43 (3) domestic societies which limit their membership to employees
44 of a particular city or town, designated firm, business or corporation
45 which provide for a death benefit of not more than \$400 or disability
46 benefits of not more than \$350 to any person in any one year, or both;

1 or

2 (4) domestic societies or associations of a purely religious,
3 charitable or benevolent description, which provide for a death benefit
4 of not more than \$400 or a disability benefits of not more than \$350
5 to any one person in any one year, or both.

6 b. Any society or association described in paragraph (3) or (4) of
7 subsection a. of this section which provides for death or disability
8 benefits for which benefit certificates are issued, and a society or
9 association included in paragraph (4) of subsection a. of this section
10 which has more than 1,000 members, shall not be exempted from the
11 provisions of this act but shall comply with all requirements of this act.

12 c. No society which, by the provisions of this section, is exempt
13 from the requirements of this act, except any society described
14 paragraph (2) of subsection a. of this section, shall give or allow, or
15 promise to give or allow to any person any compensation for
16 procuring new members.

17 d. Every society which provides for benefits in case of death or
18 disability resulting solely from accident, and which does not obligate
19 itself to pay natural death or sick benefits shall have all of the
20 privileges and be subject to all the applicable provisions and
21 regulations of this act, except that the provisions of this act relating to
22 medical examinations, valuations of benefit certificates, and
23 incontestability, shall not apply to that society;

24 e. The commissioner may require from any society or association,
25 by examination or otherwise, information that will enable the
26 commissioner to determine whether the society or association is
27 exempt from the provisions of this act;

28 f. Societies, exempted under the provisions of this section, shall
29 also be exempt from all other provisions of the insurance laws of this
30 State.

31

32 36. (New section) a. Any person who:

33 (1) makes a false or fraudulent statement to the commissioner, or
34 the department, in any report or declaration required or authorized by
35 this act, or

36 (2) solicits membership for, or in any manner, assists in procuring
37 membership in any fraternal benefit society which by the terms of this
38 act is required to be but is not licensed, or

39 (3) violates any of the provisions of this act, shall be liable to a
40 penalty not exceeding \$1,000 for the first offense and not exceeding
41 \$2,000 for each succeeding offense.

42 b. The penalties provided in this section shall be enforced and
43 collected in a summary manner pursuant to "the penalty enforcement
44 law," N.J.S.2A:58-1 et seq.

45

46 37. (New section) All decisions and findings of the commissioner

1 made under the provisions of this act shall be subject to review by
2 proper proceedings in any court of competent jurisdiction in this State.

3
4 38. Section 3 of P.L.1987, c.293 (C.17:22A-3) is amended to read
5 as follows:

6 3. a. No person shall act as an insurance producer or maintain or
7 operate any office in this State for the transaction of the business of an
8 insurance producer, or receive any commission, brokerage fee,
9 compensation or other consideration for services rendered as an
10 insurance producer without first obtaining a license from the
11 commissioner granting authority for the kind of insurance transacted.
12 No insurance company or licensee shall pay any commission,
13 brokerage fee, compensation or other consideration to any unlicensed
14 person for services rendered in this State as an insurance producer
15 except for services rendered while licensed. Engaging in a single act
16 or transaction of the business of an insurance producer, or holding
17 oneself out to the public or a licensee as being so engaged, shall be
18 sufficient proof of engaging in the business of an insurance producer.

19 b. The provisions of subsection a. of this section shall not apply to:

20 (1) the clerical duties of office employees nor the managerial or
21 supervisory duties of general agents or managers who do not
22 negotiate, solicit or effect insurance contracts;

23 (2) any regular salaried officer, employee or member of a fraternal
24 benefit society licensed and authorized to transact business in this
25 State pursuant to the provisions of P.L.1959, c.167 (C.17:44A-1 et
26 seq.) or P.L. , c. (C.) (now before the Legislature as this bill)
27 who devotes substantially all of his services to activities other than the
28 solicitation of fraternal insurance contracts from the public, and who
29 receives for the solicitation of those contracts no commission or other
30 compensation directly dependent upon the amount of business
31 obtained; or

32 (3) any agent, representative or member of a fraternal benefit
33 society who devotes, or intends to devote, less than 50 percent of his
34 time to the solicitation and procurement of insurance contracts for that
35 fraternal benefit society [. Any] and who receives or intends to
36 receive any commission or other compensation directly dependent on
37 the amount of insurance; provided that any person who in the
38 preceding calendar year has solicited [and] or procured [life insurance]
39 any of the following contracts of insurance on behalf of [any] a
40 fraternal benefit society [in an amount of insurance in excess of a total
41 of \$50,000, or, in the case of any other kind or kinds of insurance
42 which the society writes, on the persons of more than 25 individuals
43 and who has received or will receive a commission or other
44 compensation therefrom, shall be] is presumed to [be devoting] have
45 devoted, or [intending] intended to devote, 50 percent of his time to
46 the solicitation or procurement of insurance contracts [for that

1 society] :

2 (a) Life insurance contracts that, in the aggregate, exceed
3 \$200,000 of coverage for all lives insured for the preceding calendar
4 year;

5 (b) A permanent life insurance contract offering more than \$10,000
6 of coverage on an individual life;

7 (c) A term life insurance contract offering more than \$50,000 of
8 coverage on an individual life;

9 (d) An insurance contract, other than a life insurance contract, that
10 the fraternal benefit society may write that insures the individual lives
11 of more than 25 persons; ¹[and] or¹

12 (e) Any variable life insurance or variable annuity contract.
13 (cf: P.L.1994, c.157, s.1)

14

15 39. P.L.1959, c.167 (C.17:44A-1 et seq.) is repealed.

16

17 40. This act shall take effect on January 1, 1998.

18

19

20

21

22 Provides for the regulation and licensure of fraternal benefit societies
23 for the sale of life and health insurance to members and repeals current
24 laws therefor.