

SENATE, No. 2005

STATE OF NEW JERSEY

INTRODUCED APRIL 17, 1997

By Senator INVERSO

1 AN ACT concerning fraternal benefit societies, amending P.L. 1987,  
2 c. 293, supplementing Title 17 of the Revised Statutes and  
3 repealing 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  
28 assembly or board of directors which are intended to have general  
29 application to the members of the society.

30 "Society" means fraternal benefit society, unless otherwise  
31 indicated.

32  
33 2. (New section) Any incorporated society, order or supreme  
34 lodge, without capital stock, including one exempted under 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.**

1 provisions of section 35 of this act, whether incorporated or not,  
2 conducted solely for the benefit of its members and their beneficiaries  
3 and not-for-profit, operated on a lodge system with ritualistic form of  
4 work, having a representative form of government, and which provides  
5 benefits in accordance with this act, is declared to be a fraternal benefit  
6 society.

7

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

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

18

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

21 a. it has a supreme governing body constituted in one of the  
22 following ways:

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

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

1 conduct the business of the society.

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

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

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

8

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

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

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

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

17 b. Every society shall have the power to adopt laws and rules for  
18 the government of the society, the admission of its members, and the  
19 management of its affairs. It shall have the power to change, alter, add  
20 to or amend those laws and rules and shall have those other powers as  
21 are necessary and incidental to carrying into effect the objects and  
22 purposes of the society.

23

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

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

29 (2) the process for admission to membership for each membership  
30 class; and

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

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

36 c. Membership rights in the society are personal to the member and  
37 are not assignable.

38

39 7. (New section) a. The principal office of any domestic society  
40 shall be located in this State. The meetings of its supreme governing  
41 body may be held in any state, district, province or territory wherein  
42 such society has at least one subordinate lodge, or in such other  
43 location as determined by the supreme governing body, and all  
44 business transacted at those meetings shall be as valid in all respects  
45 as if those meetings were held in this State. The minutes of the  
46 proceedings of the assembly or board of directors shall be in the

1 English language.

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

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

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

17

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

21 b. Any person may be indemnified and reimbursed by any society  
22 for expenses reasonably incurred by, and liabilities imposed upon, that  
23 person in connection with or arising out of any action, suit or  
24 proceeding, whether civil, criminal, administrative or investigative, or  
25 threat thereof, in which the person may be involved by reason of the  
26 fact that he is or was a commissioner, officer, employee or agent of the  
27 society or of any firm, corporation or organization which he served in  
28 any capacity at the request of the society. A person shall not be  
29 indemnified or reimbursed: (1) in relation to any matter in an action,  
30 suit or proceeding which he is finally adjudged to be or have been  
31 guilty of breach of a duty as a director, officer, employee or agent of  
32 the society or (2) in relation to any matter in an action, suit or  
33 proceeding, or threat thereof, which results in a compromise  
34 settlement; unless in either case the person acted in good faith for a  
35 purpose the person reasonably believed to be in or not opposed to the  
36 best interests of the society and, in a criminal action or proceeding, in  
37 addition, had no reasonable cause to believe that his conduct was  
38 unlawful. The determination whether the conduct of that person met  
39 the standard required in order to justify indemnification and  
40 reimbursement in relation to any matter described in paragraph (1) or  
41 (2) of this subsection may only be made by the assembly or board of  
42 directors by a majority vote of a quorum consisting of persons who  
43 were not parties to that action, suit or proceeding or by a court of  
44 competent jurisdiction. The termination of any action, suit or  
45 proceeding by judgment, order, settlement, conviction, or upon a plea  
46 of no contest, as to that person shall not in itself create a conclusive

1 presumption that the person did not meet the standard of conduct  
2 required in order to justify indemnification and reimbursement. The  
3 right of indemnification and reimbursement shall not be exclusive of  
4 other rights to which that person may be entitled as a matter of law  
5 and shall inure to the benefit of his heirs, executors and administrators.

6 c. A society shall have the power to purchase and maintain  
7 insurance on behalf of any person who is or was a director, officer,  
8 employee or agent of the society, or who is or was serving at the  
9 request of the society as a director, officer, employee or agent of any  
10 other firm, corporation or organization against any liability asserted  
11 against that person and incurred by him in that capacity or arising out  
12 of his status in that capacity whether or not the society would have the  
13 power to indemnify the person against that liability under this section.

14 d. No director, officer, employee, member or volunteer of a society  
15 serving without compensation, shall be liable, and no cause of action  
16 may be brought, for damages resulting from the exercise of judgment  
17 or discretion in connection with the duties or responsibilities of that  
18 person for the society unless the act or omission involved willful or  
19 wanton misconduct.

20

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

26

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

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

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

37 (2) the purposes for which it is being formed and the mode in which  
38 its corporate powers are to be exercised. Those purposes shall not  
39 include more liberal powers than are granted by this act;

40 (3) the names and residences of the incorporators and the names,  
41 residences and official titles of all the officers, trustees, directors and  
42 other persons who are to have and exercise the general control of the  
43 management of the affairs and funds of the society for the first year or  
44 until the ensuing election at which all the officers are elected by the  
45 supreme governing body, which election shall be held not later than  
46 one year from the date of issuance of the permanent certificate of

1 authority.

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

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

28 d. Upon receipt of a preliminary certificate of authority from the  
29 commissioner, the society may solicit members for the purpose of  
30 completing its organization, shall collect from each applicant the  
31 amount of not less than one regular monthly premium in accordance  
32 with its table of rates, and shall issue to each applicant a receipt for the  
33 amount of premium collected. No society shall incur any liability other  
34 than for the return of an advance premium, nor issue any certificate,  
35 nor pay, allow, or offer or promise to pay or allow, any benefit to any  
36 person until:

37 (1) actual bona fide applications for benefits have been secured on  
38 500 applicants and any necessary evidence of insurability has been  
39 furnished to and approved by the society;

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

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

1 and

2 (4) it shall have been shown to the commissioner, by sworn  
3 statement of the treasurer, or corresponding officer of the society, that  
4 500 applicants have each paid in cash at least one regular monthly  
5 premium, which premiums in the aggregate shall amount to at least  
6 \$150,000. The advance premiums shall be held in trust during the  
7 period of organization and if the society does not qualify for a  
8 certificate of authority within one year, the premiums shall be returned  
9 to the applicants.

10 e. The commissioner may examine, and require further information  
11 of, a society as the commissioner deems advisable. Upon presentation  
12 of satisfactory evidence that the society has complied with all the  
13 provisions of law, the commissioner shall issue to the society a  
14 certificate of authority to that effect and the society is authorized to  
15 transact business pursuant to the provisions of this act. The certificate  
16 of authority shall be prima facie evidence of the existence of the  
17 society at the date of the certificate. The commissioner shall cause a  
18 record of the certificate of authority to be made. A certified copy of  
19 that record may be given in evidence with like effect as the original  
20 certificate of authority.

21 f. Any incorporated society authorized to transact business in this  
22 State at the time this act becomes effective shall not be required to  
23 reincorporate.

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

26

27 11. (New section) a. A domestic society may amend its laws in  
28 accordance with the provisions of those laws by action of its supreme  
29 governing body at any regular or special meeting thereof or, if its laws  
30 so provide, by referendum. The referendum may be held in accordance  
31 with the provisions of its laws by the vote of the voting members of  
32 the society, by the vote of delegates or representatives of voting  
33 members or by the vote of local lodges. A society may provide for  
34 voting by mail. No amendment submitted for adoption by referendum  
35 shall be adopted unless, within six months from the date of its  
36 submission, 2/3 of the members voting shall have signified their  
37 consent to an amendment by one of the methods specified in this  
38 section.

39 b. No amendment to the laws of any domestic society shall take  
40 effect unless approved by the commissioner who shall approve the  
41 amendment if the commissioner finds that it has been duly adopted and  
42 is not inconsistent with any requirement of the laws of this State or  
43 with the character, objects and purposes of the society. If the  
44 commissioner does not disapprove an amendment within 60 days after  
45 filing it, the amendment shall be considered approved. The approval  
46 or disapproval of the commissioner shall be in writing and mailed to

1 the secretary or corresponding officer of the society at its principal  
2 office. If the commissioner disapproves an amendment, the reasons  
3 for the disapproval shall be stated in the written notice.

4 c. Within 90 days after the approval of an amendment by the  
5 commissioner, the amendment, or a synopsis thereof, shall be furnished  
6 to all members of the society either by mail or publication in full in the  
7 official publication of the society. The affidavit of any officer of the  
8 society or of anyone authorized by it to mail any amendment or  
9 synopsis of the amendment, stating facts which show that the  
10 amendment has been duly addressed and mailed, shall be prima facie  
11 evidence that the amendment or synopsis thereof, has been furnished  
12 the addressee.

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

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

20  
21 12. (New section) a. A society may create, maintain and operate,  
22 or may establish organizations to operate, not-for-profit institutions to  
23 further the purposes permitted by paragraph (2) of subsection a. of  
24 section 5 of this act. These institutions may furnish services free or at  
25 a reasonable charge. Any real or personal property owned, held or  
26 leased by the society for this purpose shall be reported in every annual  
27 statement but may not be allowed as an admitted asset of the society.

28 b. No society shall own or operate funeral homes or undertaking  
29 establishments.

30  
31 13. a. A domestic society may, by a reinsurance agreement, cede  
32 any individual risk or risks in whole or in part to an insurer, other than  
33 another fraternal benefit society, having the power to reinsure and  
34 authorized to do business in this State, or if not so authorized, an  
35 insurer which is approved by the commissioner, but no domestic  
36 society may reinsure substantially all of its insurance in force without  
37 the written permission of the commissioner. A domestic society may  
38 take credit for the reserves on ceded risks to the extent reinsured, but  
39 no credit shall be allowed as an admitted asset or as a deduction from  
40 liability, to a ceding society for reinsurance made, ceded, renewed or  
41 otherwise becoming effective after the effective date of this act, unless  
42 the reinsurance is payable by the assuming insurer on the basis of the  
43 liability of the ceding society under the contract or contracts reinsured  
44 without diminution because of the insolvency of the ceding society.

45 b. Notwithstanding the limitation of subsection a. of this section,  
46 a society may reinsure the risks of another society in a consolidation

1 or merger approved by the commissioner under section 14 of this act.

2

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

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

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

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

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

21 b. If the commissioner finds that the contract is in conformity with  
22 the provisions of this section, that the financial statements are correct  
23 and that the consolidation or merger is just and equitable to the  
24 members of each society, the commissioner shall approve the contract  
25 and issue a certificate to that effect. Upon approval, the contract shall  
26 be in full force and effect unless any society which is a party to the  
27 contract is incorporated under the laws of any other state or territory.  
28 In that event the consolidation or merger shall not become effective  
29 unless and until it has been approved as provided by the laws of that  
30 other state or territory and a certificate of approval from that other  
31 state is filed with the commissioner of this State or, if the laws of that  
32 other state or territory contain no like provision, then the  
33 consolidation or merger shall not become effective unless and until it  
34 has been approved by the commissioner of that other state or territory  
35 and a certificate of approval from the commissioner of that other state  
36 is filed with the commissioner of this State.

37 c. Upon the consolidation or merger becoming effective, all the  
38 rights, franchises and interests of the consolidated or merged societies  
39 in and to every species of property, real, personal or mixed, and things  
40 in action thereunto belonging shall be vested in the society resulting  
41 from or remaining after the consolidation or merger without any other  
42 instrument, except that conveyances of real property may be evidenced  
43 by proper deeds, and the title to any real estate or interest therein,  
44 vested under the laws of this State in any of the societies consolidated  
45 or merged, shall not revert or be in any way impaired by reason of the  
46 consolidation or merger, but shall vest absolutely in the society

1 resulting from or remaining after the consolidation or merger.

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

7

8 15. (New section) a. A domestic fraternal benefit society which  
9 is organized pursuant to the provisions of this act may convert to a  
10 domestic mutual insurer by complying with the provisions of this  
11 section.

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

15 (1) the purpose of the conversion;

16 (2) the effect of conversion on existing benefit contracts issued by  
17 the society;

18 (3) a business plan;

19 (4) a provision that each holder of a benefit contract of the society  
20 shall receive any rights with respect to the domestic mutual insurer as  
21 may be prescribed by the commissioner, provided that those rights  
22 shall not exceed the rights provided to policyholders of other domestic  
23 mutual insurers authorized to transact either kind or both kinds of  
24 business specified in N.J.S. 17B:17-3 and N.J.S. 17B:17-5; and

25 (5) a provision that each member of the society shall be notified of  
26 the conversion, which notification process shall be approved by the  
27 commissioner.

28 c. The written plan of conversion provided for in subsection b. of  
29 this section shall be approved by an affirmative vote of 2/3 of all  
30 members of the supreme governing body at a regular or special  
31 meeting and then filed with the commissioner.

32 d. The commissioner shall approve or disapprove the plan. The  
33 commissioner shall approve the plan unless he finds the plan:

34 (1) is contrary to law;

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

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

39 The commissioner shall set forth his decision in writing and shall  
40 state the reasons therefor. A disapproval shall be subject to judicial  
41 review.

42 e. Upon approval of the plan by the commissioner and the issuance  
43 of a certificate of authority to transact the business of insurance as a  
44 domestic mutual insurer, the society shall be deemed to be a domestic  
45 mutual insurer subject to the provisions of Title 17B of the New Jersey  
46 Statutes.

1 f. On and after the date of issuance of the certificate of authority,  
2 the society shall be a domestic mutual insurer, vested with all the  
3 powers and privileges of a domestic mutual insurer, and subject to all  
4 provisions of law applicable to those insurers, in the same manner and  
5 with the same effect as if the converted society had originally been  
6 incorporated as a domestic mutual insurer on the date of issuance of  
7 the certificate of authority, and the members of the society shall  
8 become and be members of the domestic mutual insurer.

9 g. The conversion of a society into a domestic mutual insurer shall  
10 not affect the right of any creditor or member of the society, but all  
11 rights of all persons against the society before its conversion shall  
12 continue unaffected and shall be enforced against the domestic mutual  
13 insurer in the same manner they could have been enforced against the  
14 society had its conversion not taken place; except that all rights of  
15 assessment or reduction in benefits in lieu of assessment, prescribed in  
16 the certificate of incorporation or bylaws of the society, or provided  
17 in any certificate, policy or contract of the society, shall be canceled.  
18 As used in this section, "assessment" means the right to require the  
19 payment of a sum in addition to the weekly or other periodical dues,  
20 contributions, premiums and fees required under the terms of any  
21 certificate, policy or contract; and "domestic mutual insurer" shall only  
22 include a domestic mutual insurer authorized to transact either kind or  
23 both kinds of business specified in N.J.S. 17B:17-3 and N.J.S. 17B:17-  
24 5.

25  
26 16. (New section) a. A society may provide the following  
27 contractual benefits in any form:

- 28 (1) death benefits;
- 29 (2) endowment benefits;
- 30 (3) annuity benefits;
- 31 (4) temporary or permanent disability benefits;
- 32 (5) hospital, medical or nursing benefits;
- 33 (6) monument or tombstone benefits to the memory of  
34 deceased members; and
- 35 (7) other benefits as authorized for life and health insurers and  
36 which are not inconsistent with this act.

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

43  
44 17. (New section) a. The owner of a benefit contract shall have  
45 the right at all times to change the beneficiary or beneficiaries in  
46 accordance with the laws or rules of the society unless the owner

1 waives this right by specifically requesting in writing that the  
2 beneficiary designation be irrevocable. A society may, through its  
3 laws or rules, limit the scope of beneficiary designations and shall  
4 provide that no revocable beneficiary shall have or obtain any vested  
5 interest in the proceeds of any certificate until the certificate has  
6 become due and payable in conformity with the provisions of the  
7 benefit contract.

8 b. A society may make provision for the payment of funeral  
9 benefits to the extent of that portion of any payment under a certificate  
10 as reasonably appears to be due to any person equitably entitled  
11 thereto by reason of having incurred expense occasioned by the burial  
12 of the member, provided the amount paid shall not exceed the sum of  
13 \$5,000.

14 c. If, at the death of any person insured under a benefit contract,  
15 there is no lawful beneficiary to whom the proceeds shall be payable,  
16 the amount of the benefit, except to the extent that funeral benefits  
17 may be paid as provided in subsection b. of this section, shall be  
18 payable to the estate of the deceased insured, provided that if the  
19 owner of the certificate is other than the insured, the proceeds shall be  
20 payable to the owner.

21

22 18. (New section) a. Every society authorized to do business in  
23 this State shall issue to each owner of a benefit contract a certificate  
24 specifying the amount of benefits provided by the contract. The  
25 certificate, together with any riders or endorsements attached thereto,  
26 the laws of the society, the application for membership, the application  
27 for insurance and declaration of insurability, if any, signed by the  
28 applicant, and all amendments to each document shall constitute the  
29 benefit contract, as of the date of issuance, between the society and  
30 the owner, and the certificate shall state this requirement. A copy of  
31 the application for insurance and declaration of insurability, if any,  
32 shall be endorsed upon or attached to the certificate. All statements  
33 on the application shall be representations and not warranties. Any  
34 waiver of the provisions of the subsection shall be void.

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

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

1 the time of application.

2 d. A society shall provide in its laws that if its reserves as to all or  
3 any class of certificates become impaired its board of directors or  
4 assembly may require that there shall be paid by the owner to the  
5 society the amount of the owner's equitable proportion of the  
6 deficiency ascertained by its board or assembly, and that if the payment  
7 is not made either: (1) it shall stand as an indebtedness against the  
8 certificate and draw interest not to exceed the rate specified for  
9 certificate loans under the certificates; or (2) in lieu of or in  
10 combination with paragraph (1), the owner may accept a proportionate  
11 reduction in benefits under benefits under the certificate. The society  
12 may specify the manner of the election and which alternative is to be  
13 presumed if no election is made.

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

17 f. No certificate shall be delivered or issued for delivery in this  
18 State unless a copy of the form has been filed with the commissioner  
19 in the manner provided for like policies issued by life and health  
20 insurers in this State. A filing shall be considered approved unless  
21 disapproved within 60 days from the date of filing. Every life,  
22 accident, health, or disability insurance certificate and every annuity  
23 certificate issued on or after one year from the effective date of this  
24 act shall meet the standard contract provision requirements, not  
25 inconsistent with this act, for like policies issued by life and health  
26 insurers in this State, except that a society may provide for a grace  
27 period for payment of premiums of one full month in its certificates.  
28 The certificate shall also contain a provision stating the amount of  
29 premiums which are payable under the certificate and a provision  
30 reciting or setting forth the substance of any section of the society's  
31 laws or rules in force at the time of issuance of the certificate which,  
32 if violated, will result in the termination or reduction of benefits  
33 payable under the certificate. If the laws of the society provide for  
34 expulsion or suspension of a member, the certificate shall also contain  
35 a provision that any member expelled or suspended, except for  
36 nonpayment of a premium or within the contestable period for material  
37 misrepresentation in the application for membership or insurance, shall  
38 have the privilege of maintaining the certificate in force by continuing  
39 payment of the required premium.

40 g. Benefit contracts issued on the lives of persons below the  
41 society's minimum age for adult membership may provide for transfer  
42 of control of ownership to the insured at an age specified in the  
43 certificate. A society may require approval of an application for  
44 membership in order to effect this transfer, and may provide in all  
45 other respects for the regulation, government and control of those  
46 certificates and all rights, obligations and liabilities incident thereto

1 and connected therewith. Ownership rights prior to the transfer shall  
2 be specified in the certificate.

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

5

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

11 b. For certificates issued on or after one year after the effective  
12 date of this act for which reserves are computed on the  
13 Commissioner's 1941 Standard Ordinary Mortality Table, the  
14 Commissioner's 1941 Standard Industrial Table or the Commissioner's  
15 1958 Standard Ordinary Mortality Table, or the Commissioner's 1980  
16 Standard Ordinary Mortality Table, or any more recent table made  
17 applicable to life insurers, every paid-up nonforfeiture benefits and the  
18 amount of any cash surrender value, loan or other option granted shall  
19 not be less than the corresponding amount based on the interest rate  
20 and mortality tables authorized by the laws of this State for the  
21 calculation of those benefits by life and health insurers issuing policies  
22 containing like benefits based upon those tables.

23

24 20. (New section) A society shall invest its funds only in  
25 investments that are authorized by the laws of this State for the  
26 investment of assets of domestic life insurers and subject to the  
27 limitations thereon. Any foreign or alien society permitted or seeking  
28 to do business in this State which invests its funds in accordance with  
29 the laws of the State, district, territory, country or province in which  
30 it is incorporated, shall be held to meet the requirements of this section  
31 for the investment of funds.

32

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

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

41 c. A society may, pursuant to resolution of its supreme governing  
42 body, establish and operate one or more separate accounts and issue  
43 contracts on a variable basis, subject to the provisions of law  
44 regulating life and health insurers establishing those accounts and  
45 issuing those contracts. To the extent the society deems it necessary  
46 in order to comply with any applicable federal or State laws, or any

1 rules or regulations issued thereunder, the society may adopt special  
2 procedures for the conduct of the business and affairs of a separate  
3 account; may, for persons having beneficial interests in an account,  
4 provide special voting and other rights, including special rights and  
5 procedures relating to investment policy, investment advisory services,  
6 selection of certified public accountants, and selection of a committee  
7 to manage the business and affairs of the account, and may issue  
8 contracts on a variable basis to which subsections b. and d. of section  
9 18 of this act shall not apply.

10

11 22. (New section) Except as otherwise provided in this act,  
12 societies shall be governed by this act and shall be exempt from all  
13 other provisions of the insurance laws of this State, not only in  
14 governmental relations with the State, but for every other purpose.  
15 No law enacted on or after the effective date of this act shall apply to  
16 societies unless they be expressly designed. No corporation or  
17 association which purports to be a fraternal organization but which  
18 does not meet the requirements in this act with respect to a fraternal  
19 benefit society shall be exempt from the other provisions of the  
20 insurance laws of this State.

21

22 23. (New section) Every society organized or licensed under this  
23 act is declared to be a charitable and benevolent institution, and all of  
24 its funds shall be exempt from all and every State, county, district,  
25 municipal and school tax, other than taxes on real estate and office  
26 equipment.

27

28 24. (New section) a. Standards of valuation for certificates issued  
29 prior to one year after the effective date of this act shall be those  
30 provided by the laws applicable immediately prior to the effective date  
31 of this act.

32 b. The minimum standards of valuation for certificates issued on or  
33 after one year after the effective date of this act shall be based on the  
34 following tables:

35 (1) for certificates of life insurance - the Commissioner's 1941  
36 Standard Ordinary Mortality Table, the Commissioner's 1941 Standard  
37 Industrial Mortality Table, the Commissioner's 1958 Standard  
38 Ordinary Mortality Table, the Commissioner's 1980 Standard Ordinary  
39 Mortality Table or any more recent table made applicable to life  
40 insurers;

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

45 These standards of valuation for certificates shall be under valuation  
46 methods and standards, including interest assumptions, in accordance

1 with the laws of this State applicable to life and health insurers issuing  
2 policies containing like benefits.

3 c. The commissioner may, in his discretion, accept other standards  
4 for valuation if the commissioner finds that the reserves produced  
5 thereby will not be less in the aggregate than reserves computed in  
6 accordance with the minimum valuation standard prescribed in this  
7 section. The commissioner may, in his discretion, vary the standards  
8 of mortality applicable to all benefit contracts on substandard lives or  
9 other extra hazardous lives by any society authorized to do business  
10 in this State.

11 d. Any society, with the consent of the insurance supervisory  
12 official of the State of domicile of the society and under conditions, if  
13 any, which the commissioner may impose, may establish and maintain  
14 reserves on its certificates in excess of the reserves required in this  
15 section, but the contractual rights of any benefit member shall not be  
16 affected by this requirement.

17

18 25. (New section) a. Every society transacting business in this  
19 State shall annually, on or before March 1, unless for cause shown the  
20 time has been extended by the commissioner, file with the  
21 commissioner a true statement of its financial condition, transactions  
22 and affairs for the preceding calendar year and pay a filing fee  
23 established by the commissioner by regulation. The statement shall be  
24 in general form and content as approved by the National Association  
25 of Insurance Commissioners for fraternal benefit societies and as  
26 supplemented by additional information required by the commissioner.

27 b. As a part of the annual statement required by subsection a. of  
28 this section, each society shall, on or before March 1, file with the  
29 commissioner a valuation of its certificates in force on December 31  
30 last preceding, provided the commissioner may, in his discretion for  
31 cause shown, extend the time for filing the valuation for not more than  
32 two-calendar months. The valuation shall be done in accordance with  
33 the standards specified in section 24 of this act. The valuation and  
34 underlying data shall be certified by a qualified actuary or, at the  
35 expense of the society, verified by the actuary of the insurance  
36 regulatory agency of the state of domicile of the society;

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

42

43 26. (New section) Societies which are now authorized to transact  
44 business in this State, and all societies licensed on or after the effective  
45 date of this act, may continue in business until June 1 next succeeding  
46 the effective date of this act. The authority of these societies and all

1 societies licensed on or after the effective date of this act, may  
2 thereafter be renewed annually, but in all cases to terminate on the first  
3 day of the succeeding June. However, a license that has been issued  
4 shall continue in full force and effect until the new license is issued or  
5 specifically refused. A duly certified copy or duplicate of the license  
6 shall be prima facie evidence that the licensee is a fraternal benefit  
7 society within the meaning of this act.

8  
9 27. (New section) a. The commissioner, or any person appointed  
10 by the commissioner, may examine any domestic, foreign or alien  
11 society transacting or applying for admission to transact business in  
12 this State in the same manner as authorized for examination of  
13 domestic, foreign or alien life or health insurers. Requirements of  
14 notice and an opportunity to respond before findings are made public  
15 as provided in the laws regulating life or health insurers shall also be  
16 applicable to the examination of societies.

17 b. The expense of each examination and of each valuation,  
18 including compensation and actual expense of examiners, shall be paid  
19 by the society examined or whose certificates are valued, upon  
20 statements furnished by the commissioner.

21 c. A summary of the report of the commissioner and the  
22 recommendations or statements of the commissioner as may  
23 accompany the report, shall be read at the first meeting of the board  
24 of directors or corresponding body of the society following their  
25 receipt, and if directed by the commissioner, shall also be read at the  
26 first meeting of the supreme governing body of the society following  
27 their receipt. A copy of the report, recommendations and statements  
28 of the commissioner shall be furnished by the society to each member  
29 of the board of directors or assembly.

30  
31 28. (New section) No foreign or alien society shall transact  
32 business in this State without a license issued by the commissioner.  
33 Any foreign or alien society desiring admission to this State shall  
34 comply substantially with the requirements and limitations of this act  
35 applicable to domestic societies. Any foreign or alien society may be  
36 licensed to transact business in this State upon filing with the  
37 commissioner:

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

39 b. A copy of its bylaws, certified by its secretary or corresponding  
40 officer;

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

43 d. A statement of its business under oath of its president and  
44 secretary or corresponding officers in a form prescribed by the  
45 commissioner, duly verified by an examination made by the supervising  
46 insurance official of its home state, territory, province or country,

- 1 satisfactory to the commissioner;
- 2 e. Certification from the proper official of its home state, territory,  
3 province or country that the society is legally incorporated and  
4 licensed to transact business therein;
- 5 f. Copies of its certificate forms;
- 6 g. A showing that its assets are invested in accordance with the  
7 provisions of this act;
- 8 h. Any other information the commissioner may deem necessary;  
9 and
- 10 i. Upon payment of a filing fee established by the commissioner by  
11 regulation.

12  
13 29. (New section) Domestic societies shall be subject to the  
14 provision of P.L.1992, c.65 (C.17B:32-31 et seq.).

15  
16 30. (New section) a. When the commissioner upon investigation  
17 finds that a foreign or alien society transacting or applying to transact  
18 business in this State:

- 19 (1) has exceeded its powers;
- 20 (2) has failed to comply with any of the provisions of this act;
- 21 (3) is not fulfilling its contract in good faith; or
- 22 (4) is conducting its business fraudulently or in a manner

23 hazardous to its members or creditors or the public:  
24 the commissioner shall notify the society in writing of the deficiency  
25 or deficiencies and state in writing the reasons for his dissatisfaction.  
26 The commissioner shall at once issue a written order to the society  
27 requiring that the deficiency or deficiencies which exist be corrected.  
28 After that order the society shall have 30 days in which to comply with  
29 the commissioner's order for correction, and if the society fails to  
30 comply, the commission shall notify the society of his findings of  
31 noncompliance and require the society to show cause on a date to be  
32 named why its license should not be suspended, revoked or refused.  
33 If on that date the society does not present good and sufficient reason  
34 why its authority to do business in this State should not be suspended,  
35 revoked or refused, the commissioner may suspend or refuse the  
36 license of the society to do business in this State until satisfactory  
37 evidence is furnished to the commissioner that the suspension or  
38 refusal should be withdrawn, or the commissioner may revoke the  
39 authority of the society to do business in this State.

40 b. Nothing contained in this section shall be taken or construed as  
41 preventing any foreign or alien society from continuing in good faith  
42 all contracts made in this State during the time the society was legally  
43 authorized to transact business.

44  
45 31. (New section) No application or petition for injunction against  
46 any domestic, foreign or alien society, or lodge thereof, shall be

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

3  
4 32. (New section) Agents of societies shall be licensed in  
5 accordance with the provisions of P.L.1987, c.293 (C.17:22A-1 et  
6 seq.).

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

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

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

39  
40 35. (New section) a. Nothing contained in this act shall be  
41 construed to affect or apply to:

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

43 (2) orders, societies or associations which admit to membership  
44 only persons engaged in one or more crafts or hazardous occupations,  
45 in the same or similar lines of business, insuring only their own  
46 members and their families, and the ladies' societies or ladies'

1 auxiliaries to those orders, societies or associations;

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

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

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

17 c. No society which, by the provisions of this section, is exempt  
18 from the requirements of this act, except any society described  
19 paragraph (2) of subsection a. of this section, shall give or allow, or  
20 promise to give or allow to any person any compensation for  
21 procuring new members.

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

29 e. The commissioner may require from any society or association,  
30 by examination or otherwise, information that will enable the  
31 commissioner to determine whether the society or association is  
32 exempt from the provisions of this act;

33 f. Societies, exempted under the provisions of this section, shall  
34 also be exempt from all other provisions of the insurance laws of this  
35 State.

36

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

38 (1) makes a false or fraudulent statement to the commissioner, or  
39 the department, in any report or declaration required or authorized by  
40 this act, or

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

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

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

4  
5       37. (New section) All decisions and findings of the commissioner  
6 made under the provisions of this act shall be subject to review by  
7 proper proceedings in any court of competent jurisdiction in this State.

8  
9       38. Section 3 of P.L.1987, c.293 (C.17:22A-3) is amended to read  
10 as follows:

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

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

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

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

37       (3) any agent, representative or member of a fraternal benefit  
38 society who devotes, or intends to devote, less than 50 percent of his  
39 time to the solicitation and procurement of insurance contracts for that  
40 fraternal benefit society [. Any] and who receives or intends to  
41 receive any commission or other compensation directly dependent on  
42 the amount of insurance; provided that any person who in the  
43 preceding calendar year has solicited [and] or procured [life insurance]  
44 any of the following contracts of insurance on behalf of [any] a  
45 fraternal benefit society [in an amount of insurance in excess of a total  
46 of \$50,000, or, in the case of any other kind or kinds of insurance

1 which the society writes, on the persons of more than 25 individuals  
2 and who has received or will receive a commission or other  
3 compensation therefrom, shall be] is presumed to [be devoting] have  
4 devoted, or [intending] intended to devote, 50 percent of his time to  
5 the solicitation or procurement of insurance contracts [for that  
6 society] :

7 (a) Life insurance contracts that, in the aggregate, exceed  
8 \$200,000 of coverage for all lives insured for the preceding calendar  
9 year;

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

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

14 (d) An insurance contract, other than a life insurance contract, that  
15 the fraternal benefit society may write that insures the individual lives  
16 of more than 25 persons; and

17 (e) Any variable life insurance or variable annuity contract.

18 (cf: P.L.1994, c.157, s.1)

19

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

21

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

23

24

25

#### STATEMENT

26

27 This bill provides for the regulation and licensure of fraternal  
28 benefit societies for the sale of life and health insurance to their  
29 members. The bill repeals the current law in this regard. Much of the  
30 current law in regard to fraternal benefit societies is maintained in the  
31 bill. The most important additions to current law give societies clear  
32 authority to own subsidiary corporations and to establish accounts  
33 necessary for offering variable life insurance and variable annuities.  
34 Other additions include authority to provide new products and services  
35 to their members to keep pace with any new authority granted to  
36 commercial life insurers in the future; improved provisions for juvenile  
37 contracts; allowing designation of irrevocable beneficiaries; providing  
38 for assignment of contracts; allowing use of benefit contracts for third-  
39 party insurance situations; increased bond protection during the  
40 organization period of domestic societies; raising the initial amount of  
41 premium required to start an insurance program to \$150,000; removes  
42 the \$300 limitation on tombstone benefits; increases funeral benefits  
43 from \$500 to \$5,000; provides that only the Commissioner of Banking  
44 and Insurance may bring an injunction proceeding against a society,  
45 not private litigants; and applies certain commercial insurance  
46 standards to benefit contracts, such as standards for insurance

1 contracts, unfair trade practices and privacy.

2

3

4

5

6 Provides for the regulation and licensure of fraternal benefit societies

7 for the sale of life and health insurance to members and repeals current

8 laws therefor.