

UNIFORM FRATERNAL CODE

Section 4. Organization

The organization of a society shall be governed as follows:

A.

Uniform Fraternal Code

- D. Upon receipt of a preliminary certificate from the Commissioner of Insurance, the society may solicit members for the purpose of completing its organization,

Section 12. Institutions

It shall be lawful for a society to create, maintain and operate charitable, benevolent or educational institutions for the benefit of its members and their families and dependents and for the benefit of children insured by the society. For such purpose it may own, hold or lease personal property or real property located within or without this state, with necessary buildings thereon. Such property shall be reported in every annual statement but shall not be allowed as an admitted asset of such society.

A society shall have power to provide for the designation and changing of designation of beneficiaries in the certificates providing for such benefits and to provide in all other respects for the regulation, government and control of such certificates and all rights, obligations and liabilities incident thereto and connected therewith.

Section 16. Nonforfeiture Benefits, Cash Surrender Values, Certificate Loans and Other Options

A society may grant paid-up nonforfeiture benefits, cash surrender values, certificate loans and such other options as its laws may permit. As to certificates issued on and after the effective date of this Article, a society shall grant at least one paid-up nonforfeiture benefit, except in the case of pure endowment, annuity or reversionary annuity contracts, reducing term insurance contracts or contracts of term insurance of uniform amount of fifteen (15) years or less expiring before age sixty-six (66).

In the case of certificates other than those for which reserves are computed on the Commissioners 1941 Standard Ordinary Mortality Table, the Commissioners 1941 Standard Industrial Table or the Commissioners 1958 Standard Ordinary Mortality Table, the value of every paid-up nonforfeiture benefit and the amount of any cash surrender value, loan or other option granted shall not be less than the excess, if any, of (a) over (b) as follows:

- A. The reserve under the certificate determined on the basis specified in the certificate; and
- B. The sum of any indebtedness to the society on the certificate, including interest due and accrued, and a surrender charge equal to two and one-half per cent (2-1/2%) of the face amount of the certificate, which, in the case of insurance on the lives of children, shall be the ultimate face amount of the certificate, if death benefits provided therein are graded.

However, in the case of certificates iso50.6 (a)-2.9 (l7-1.6 (n)-6.1 5 (c)1.2 (h)-0..6 (s)-0.6 (a)-ub2.9 (l7-c)2.3 (aTw 36.279)0.7

Uniform Fraternal Code

Uniform Fraternal Code

- (1) Any provision limiting the time within which any action at law or in equity may be commenced to less than two (2) years after the cause of action shall accrue;
 - (2) Any provision by which the certificate shall purport to be issued or to take effect more than six (6) months before the original application for the certificate was made, except in case of transfer from one form of certificate to another in connection with which the member is to receive credit for any reserve accumulation under the form of certificate from which the transfer is made; or
 - (3) Any provision for forfeiture of the certificate for failure to repay any loan thereon or to pay interest on such loan while the total indebtedness, including interest, is less than the loan value of the certificate.
- C. The word “premiums” as used in this Article means premiums, rates or other required contributions by whatever name known.

Section 21. Accident and Health Insurance and Total and Permanent Disability Insurance Certificates

No domestic, foreign or alien society authorized to do business in this state shall issue or deliver in this state any certificate or other evidence of any contract of accident insurance or health insurance or of any total and permanent disability insurance contract unless and until the form thereof, together with the form of application and all riders or endorsements for use in connection therewith, shall have been filed with the Commissioner of Insurance. [If approval of certificate forms is desired, delete the period and insert “and approved by him as conforming to reasonable rules and regulations from time to time made by him and as not inconsistent with any other provisions of law applicable thereto.

- (c) Been guilty of fraudulent or dishonest practices;
 - (d) Demonstrated his incompetency or untrustworthiness to act as an insurance agent; or
 - (e) Been guilty of rebating as defined by the laws of this state applicable to life insurance companies.
- (2) The revocation or suspension of any insurance agent's license shall terminate forthwith the license of such agent. No individual whose license has been revoked shall be entitled to obtain any insurance agent's license under the provisions of this section for a period of one year after such revocation or, if such revocation be judicially reviewed, for one year after the final determination thereof affirming the action of the Commissioner of

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

Every society, the admitted assets of which are less than the sum of its accrued liabilities and reserves under all of its certificates when valued according to standards required for certificates issued after one year from the effective date of this Article, shall, in every provision of the laws of the society for payments by members of such society, in whatever form made, distinctly state the purpose of the same and the proportion thereof which may be used for expenses, and no part of the money collected for mortuary or disability purposes or the net accretions thereto shall be used for expenses.

Section 33. Investments

A society shall invest its funds only in such investments as are authorized by the laws of this state for the investment of assets of life insurance companies and subject to the limitations thereon. Any foreign or alien society permitted or seeking to do business in this state which invests its funds in accordance with the laws of the state, district, territory, country or province in which it is incorporated, shall be held to meet the requirements of this section for the investment of funds.

Section 34. Reports and Valuations

Reports shall be filed and synopses of annual statements shall be published in accordance with the provisions of this section.

- A. Every society transacting business in this state shall annually, on or before the first day of March, unless for cause shown such time has been extended by the Commissioner of Insurance,

shall not be less than the reserves determined according to the Commissioners' Reserve Valuation method as hereinafter defined. If the premium charged is less than the tabular net premium according to the basis of valuation used, an additional reserve equal to the present value of the deficiency in such premiums shall be set up and maintained as a liability. The reserve liabilities shall be properly adjusted in the e (e)0.7 (lie (se)-4.7(be)-4..7 (r)-0.7 (v)- 0.7 (s)-2.4 (s)-2

Uniform Fraternal Code

- (1) For certificates of life insurance: American Men Ultimate Table of Mortality, with

Section 35. Examination of Domestic Societies

The Commissioner of Insurance, or any person he may appoint, shall have the power of visitation and examination into the affairs of any domestic society and he shall make such examination at least once in every three (3) years. He may employ assistants for the purpose of such examination, and he, or a person he may

Uniform Fraternal Code

Section 41. Exemptions

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

Section 42. Exemption of Certain Societies

Nothing contained in this Article shall be so construed as to affect or apply to:

- A. Grand or subordinate lodges of societies, orders or associations now doing business in this state which provide benefits exclusively through local or subordinate lodges;
- B. Orders, societies or associations which admit to membership only persons engaged in one or more crafts or hazardous occupations, in the same or similar lines of business, insuring only their own members and their families, and the ladies' societies or ladies' auxiliaries to such orders, societies or associations;
- C. Domestic societies which limit their membership to employees of a particular city or town, designated firm, business house or corporation which provide for a death benefit of not more than \$400 or disability benefits of not more than \$350 to any person in any one year, or both; or
- D. Domestic societies or associations of a purely religious, charitable or benevolent description, which provide for a death benefit of not more than \$400 or for disability benefits of not more than \$350 to any one person in any one year, or both.

Any such society or association described in Subsection C or D supra, which provides for death or disability benefits for which benefit certificates are issued, and any such society or association included in D which has more than one thousand members, shall not be exempted from the provisions of this Article but shall comply with all requirements thereof.

No society which, by the provisions of this section, is exempt from the requirements of this Article, except any society described in Subsection B, supra, shall give or allow, or promise to give or allow to any person any compensation for procuring new members.

Every society which provides for benefits in case of death or disability resulting solely from accident, and which does not obligate itself to pay natural death or sick benefits shall have all of the privileges and be subject to all the applicable provisions and regulations of this Article except that the provisions thereof relating to medical examination, valuations of benefit certificates, and incontestability, shall not apply to such society.

The Commissioner of Insurance may require from any society or association, by examination or otherwise, such information as will enable him to determine whether such society or association is exempt from the provisions of this Article.

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

