

CHAPTER 167

INSURANCE

SENATE BILL 93-72

BY SENATOR Tebedo;
also REPRESENTATIVE Lawrence.

AN ACT

CONCERNING THE REGULATION OF FRATERNAL BENEFIT SOCIETIES.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Article 14 of title 10, Colorado Revised Statutes, 1987 Repl. Vol., as amended, is amended, WITH THE RELOCATION OF PROVISIONS, to read:

ARTICLE 14
Fraternal Benefit Societies

PART 1
DEFINITIONS - STRUCTURE AND PURPOSE

10-14-101. Definitions. AS USED IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "BENEFIT CONTRACT" MEANS THE AGREEMENT FOR THE PROVISION OF BENEFITS AUTHORIZED BY SECTION 10-14-401, AS THAT AGREEMENT IS DESCRIBED IN SECTION 10-14-404.

(2) "BENEFIT MEMBER" MEANS AN ADULT MEMBER WHO IS DESIGNATED BY THE GOVERNING DOCUMENTS OF THE SOCIETY TO BE A BENEFIT MEMBER UNDER A BENEFIT CONTRACT.

(3) "CERTIFICATE" MEANS THE DOCUMENT ISSUED AS WRITTEN EVIDENCE OF THE BENEFIT CONTRACT.

(4) "GOVERNING DOCUMENTS" MEAN THE SOCIETY'S ARTICLES OF INCORPORATION, CONSTITUTION, BYLAWS, AND RULES, HOWEVER DESIGNATED.

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

(5) "LODGE" MEANS ANY SUBORDINATE MEMBER UNIT OF THE SOCIETY, KNOWN AS CAMPS, COURTS, COUNCILS, BRANCHES, OR BY ANY OTHER DESIGNATION AS DESCRIBED IN SECTION 10-14-103.

(6) "PREMIUM" MEANS ANY PREMIUM, RATE, DUES, OR OTHER REQUIRED CONTRIBUTIONS BY WHATEVER NAME KNOWN, WHICH ARE PAYABLE UNDER THE CERTIFICATE.

(7) "RULE" MEANS ANY RULE, REGULATION, OR RESOLUTION ADOPTED BY THE SUPREME GOVERNING BODY OR BOARD OF DIRECTORS WHICH IS INTENDED TO HAVE GENERAL APPLICATION TO THE MEMBERS OF THE SOCIETY.

(8) "SOCIETY" MEANS A FRATERNAL BENEFIT SOCIETY AS SET FORTH IN SECTION 10-14-102, UNLESS OTHERWISE INDICATED.

10-14-102. [Formerly 10-14-101] Fraternal benefit societies - what constitutes. Any ~~corporation~~ INCORPORATED society, order, or ~~voluntary association~~ without capital stock which is organized and carried on SUPREME LODGE, WITHOUT CAPITAL STOCK, CONDUCTED solely for the mutual benefit of its members and their beneficiaries and not for profit, ~~and which has~~ OPERATED ON a lodge system with ritualistic form of work, ~~and~~ HAVING A representative form of government, and which ~~makes provision for the payment of benefits in accordance with section 10-14-105 is declared to be a fraternal benefit society~~ PROVIDES ANY OF THE BENEFITS ENUMERATED IN SECTION 10-14-401, IS HEREBY DECLARED TO BE A FRATERNAL BENEFIT SOCIETY.

10-14-103. [Formerly 10-14-102] Lodge system - defined. (1) ~~Any~~ A society ~~having~~ IS OPERATING ON THE LODGE SYSTEM IF IT HAS a supreme governing or legislative body and subordinate lodges ~~or branches, by whatever name known,~~ into which members are elected, initiated, ~~and~~ OR admitted in accordance with its constitution, bylaws, rules, regulations, ~~and prescribed ritualistic ceremonies and which~~ GOVERNING DOCUMENTS, AND RITUALS. Subordinate lodges ~~or branches are~~ SHALL BE required by the ~~bylaws of such~~ GOVERNING DOCUMENTS OF THE society to hold regular ~~or stated~~ meetings at least once in each month ~~shall be deemed to be operating on the lodge system~~ IN FURTHERANCE OF THE PURPOSES OF THE SOCIETY.

(2) A SOCIETY MAY, AT ITS OPTION, ORGANIZE AND OPERATE LODGES FOR CHILDREN UNDER THE MINIMUM AGE FOR ADULT MEMBERSHIP. MEMBERSHIP AND INITIATION IN LOCAL LODGES SHALL NOT BE REQUIRED OF SUCH CHILDREN, NOR SHALL THEY HAVE A VOICE OR VOTE IN THE MANAGEMENT OF THE SOCIETY.

10-14-104. [Formerly 10-14-103] Representative form of government - defined. (1) ~~Any such~~ A society ~~is deemed to have~~ HAS a representative form of government when:

(a) THE SUPREME GOVERNING BODY IS EITHER:

(1) ~~It provides in its constitution and bylaws for a supreme legislative or governing body, composed of representatives elected either by the members or by the delegates elected, directly or indirectly, by the members, together with such other members as~~

~~may be prescribed by its constitution and bylaws. The elective members shall constitute a majority in number and have not less than two-thirds of the votes nor less than the votes required to amend its constitution and bylaws. The meetings of the supreme or governing body and the election of officers, representatives, or delegates shall be held as often as once in four years. The members, officers, representatives, or delegates of a fraternal benefit society shall not vote by proxy. If, in the opinion of the commissioner, any such society, because the United States is at war, cannot hold a meeting of its supreme or governing body and elect its officers, representatives, or delegates once in four years, the commissioner may order such society not to hold a meeting of its supreme or governing body and elect its officers, representatives, or delegates until war conditions permit, and the failure to hold said meeting and to elect its officers, representatives, or delegates for such reason shall not affect the representative form of government of the society, as defined in this section. AN ASSEMBLY COMPOSED OF DELEGATES ELECTED DIRECTLY BY THE MEMBERS OR AT INTERMEDIATE ASSEMBLIES OR CONVENTIONS OF MEMBERS OR THEIR REPRESENTATIVES, TOGETHER WITH OTHER DELEGATES AS MAY BE PRESCRIBED IN THE SOCIETY'S GOVERNING DOCUMENTS. A SOCIETY MAY PROVIDE FOR THE ELECTION OF DELEGATES BY MAIL. THE ELECTED DELEGATES SHALL CONSTITUTE AT LEAST A MAJORITY OF THE DELEGATES AND NOT LESS THAN TWO-THIRDS OF THE VOTES OF THE ASSEMBLY AND NOT LESS THAN THE NUMBER OF VOTES REQUIRED TO AMEND THE SOCIETY'S GOVERNING DOCUMENTS. THE ASSEMBLY SHALL BE ELECTED, SHALL MEET AT LEAST ONCE EVERY FOUR YEARS, AND SHALL ELECT A BOARD OF DIRECTORS TO CONDUCT THE BUSINESS OF THE SOCIETY BETWEEN MEETINGS OF THE ASSEMBLY. VACANCIES ON THE BOARD OF DIRECTORS BETWEEN ELECTIONS MAY BE FILLED IN THE MANNER PRESCRIBED BY THE SOCIETY'S GOVERNING DOCUMENTS.~~

(II) A BOARD COMPOSED OF PERSONS ELECTED BY THE MEMBERS, EITHER DIRECTLY OR BY THEIR REPRESENTATIVES IN INTERMEDIATE ASSEMBLIES, AND ANY OTHER PERSONS PRESCRIBED IN THE SOCIETY'S GOVERNING DOCUMENTS. A SOCIETY MAY PROVIDE FOR ELECTION OF THE BOARD BY MAIL. EACH TERM OF A BOARD MEMBER SHALL NOT EXCEED FOUR YEARS. VACANCIES ON THE BOARD BETWEEN ELECTIONS SHALL BE FILLED IN THE MANNER PRESCRIBED BY THE SOCIETY'S GOVERNING DOCUMENTS. THOSE PERSONS ELECTED TO THE BOARD SHALL CONSTITUTE AT LEAST A MAJORITY OF THE BOARD AND NOT LESS THAN THE NUMBER OF VOTES REQUIRED TO AMEND THE SOCIETY'S GOVERNING DOCUMENTS. A PERSON FILLING THE UNEXPIRED TERM OF AN ELECTED BOARD MEMBER SHALL BE CONSIDERED TO BE AN ELECTED MEMBER. THE BOARD SHALL MEET AT LEAST SEMIANNUALLY TO CONDUCT THE BUSINESS OF THE SOCIETY.

(b) THE OFFICERS OF THE SOCIETY ARE ELECTED EITHER BY THE SUPREME GOVERNING BODY OR BY THE BOARD OF DIRECTORS, PURSUANT TO THE GOVERNING DOCUMENTS OF THE SOCIETY;

(c) ONLY BENEFIT MEMBERS ARE ELIGIBLE FOR ELECTION TO THE SUPREME GOVERNING BODY, THE BOARD OF DIRECTORS, OR ANY INTERMEDIATE ASSEMBLY; AND

(d) EACH VOTING MEMBER HAS ONE VOTE. NO VOTE MAY BE CAST BY PROXY.

10-14-105. Purposes and powers. (1) A SOCIETY SHALL OPERATE FOR THE BENEFIT OF MEMBERS AND THEIR BENEFICIARIES BY:

(a) PROVIDING BENEFITS AS SPECIFIED IN SECTION 10-14-401; AND

(b) OPERATING FOR ONE OR MORE LAWFUL SOCIAL, INTELLECTUAL, EDUCATIONAL, CHARITABLE, BENEVOLENT, MORAL, FRATERNAL, PATRIOTIC, OR RELIGIOUS PURPOSES FOR THE BENEFIT OF ITS MEMBERS, WHICH MAY ALSO BE EXTENDED TO OTHERS. SUCH PURPOSES MAY BE CARRIED OUT DIRECTLY BY THE SOCIETY, OR INDIRECTLY THROUGH SUBSIDIARY CORPORATIONS OR AFFILIATED ORGANIZATIONS.

(2) EVERY SOCIETY SHALL HAVE THE POWER TO ADOPT GOVERNING DOCUMENTS FOR THE GOVERNMENT OF THE SOCIETY, THE ADMISSION OF ITS MEMBERS, AND THE MANAGEMENT OF ITS AFFAIRS. EACH SOCIETY SHALL HAVE THE POWER TO CHANGE, ALTER, ADD TO, OR AMEND SUCH GOVERNING DOCUMENTS AND SHALL HAVE SUCH OTHER POWERS AS ARE NECESSARY AND INCIDENTAL TO CARRYING INTO EFFECT THE OBJECTS AND PURPOSES OF THE SOCIETY.

PART 2 MEMBERSHIP

10-14-201. [Formerly 10-14-108] Qualifications for membership. (1) ~~A society may admit to benefit membership any person not less than fifteen years of age who furnishes evidence of insurability acceptable to the society. Any such member who applies for additional benefits more than six months after becoming a benefit member shall furnish additional evidence of insurability acceptable to the society.~~ A SOCIETY SHALL SPECIFY IN ITS GOVERNING DOCUMENTS OR RULES:

(a) ELIGIBILITY STANDARDS FOR EACH AND EVERY CLASS OF MEMBERSHIP. IF BENEFITS ARE PROVIDED ON THE LIVES OF CHILDREN, THE MINIMUM AGE FOR ADULT MEMBERSHIP SHALL BE SET AT NOT LESS THAN FIFTEEN YEARS OF AGE AND NOT GREATER THAN TWENTY-ONE YEARS OF AGE.

(b) THE PROCESS FOR ADMISSION TO MEMBERSHIP FOR EACH MEMBERSHIP CLASS; AND

(c) THE RIGHTS AND PRIVILEGES OF EACH MEMBERSHIP CLASS. ONLY BENEFIT MEMBERS SHALL HAVE THE RIGHT TO VOTE ON THE MANAGEMENT OF THE INSURANCE AFFAIRS OF THE SOCIETY.

~~(2) Any person admitted to membership prior to attaining the full age of twenty-one years shall be bound by the terms of the application and certificate and by all the bylaws and rules of the society and shall be entitled to all the rights and privileges of membership therein to the same extent as though the age of majority had been attained at the time of application.~~

~~(3)~~ (2) A society may also admit ~~general or~~ social members who shall have no voice or vote in the management of ~~its~~ THE insurance affairs OF THE SOCIETY.

(3) MEMBERSHIP RIGHTS IN THE SOCIETY ARE PERSONAL TO THE MEMBER AND ARE NOT ASSIGNABLE.

10-14-202. [Formerly 10-14-119] Principal office - meetings - communications to members - grievance procedures. (1) ~~Any domestic society~~

~~may provide that~~ THE PRINCIPAL OFFICE OF ANY DOMESTIC SOCIETY SHALL BE LOCATED IN THIS STATE AND COMPLY WITH THE PROVISIONS OF SECTION 10-3-128. The meetings of its ~~legislative or~~ SUPREME governing body may be held in any state, district, province, or territory wherein such society has AT LEAST ONE subordinate ~~branches~~ LODGE, OR IN SUCH OTHER LOCATION AS DETERMINED BY THE SUPREME GOVERNING BODY, and all business transacted at such meetings shall be as valid in all respects as if such meetings were held in this state. ~~but its principal office shall be located in this state.~~

(2) (a) A SOCIETY MAY PROVIDE IN ITS GOVERNING DOCUMENTS FOR AN OFFICIAL PUBLICATION IN WHICH ANY NOTICE, REPORT, OR STATEMENT REQUIRED BY STATUTE TO BE GIVEN TO MEMBERS, INCLUDING NOTICE OF ELECTION, MAY BE PUBLISHED. SUCH REQUIRED REPORTS, NOTICES, AND STATEMENTS SHALL BE PRINTED CONSPICUOUSLY IN THE PUBLICATION. IF THE RECORDS OF A SOCIETY SHOW THAT TWO OR MORE MEMBERS HAVE THE SAME MAILING ADDRESS, AN OFFICIAL PUBLICATION MAILED TO ONE MEMBER IS DEEMED TO BE MAILED TO ALL MEMBERS AT THE SAME ADDRESS UNLESS A MEMBER REQUESTS A SEPARATE COPY.

(b) NOT LATER THAN JUNE 1 OF EACH YEAR, A SYNOPSIS OF THE SOCIETY'S ANNUAL STATEMENT, AS OF THE IMMEDIATELY PRECEDING DECEMBER 31, PROVIDING AN EXPLANATION OF THE FACTS CONCERNING THE CONDITION OF THE SOCIETY THEREBY DISCLOSED SHALL BE PRINTED AND MAILED TO EACH BENEFIT MEMBER OF THE SOCIETY OR, IN LIEU THEREOF, SUCH SYNOPSIS MAY BE PUBLISHED IN THE SOCIETY'S OFFICIAL PUBLICATION.

(c) A SOCIETY MAY PROVIDE FOR PROCEDURES IN ITS GOVERNING DOCUMENTS FOR GRIEVANCES OR COMPLAINTS BY MEMBERS.

10-14-203. [Formerly 10-14-120] No personal liability. ~~Officers and members of the supreme, the grand, or any subordinate body of any such incorporated society shall not be individually liable for the payment of any disability or death benefit provided for in the bylaws and agreements of such society, but the benefits shall be payable only out of the funds of such society and in the manner provided by its bylaws.~~ (1) THE OFFICERS AND MEMBERS OF THE SUPREME GOVERNING BODY OR ANY SUBORDINATE BODY OF A SOCIETY SHALL NOT BE PERSONALLY LIABLE FOR ANY BENEFITS PROVIDED BY A SOCIETY.

(2) ANY PERSON MAY BE INDEMNIFIED AND REIMBURSED BY ANY SOCIETY FOR EXPENSES REASONABLY INCURRED BY, AND LIABILITIES IMPOSED UPON, SUCH PERSON IN CONNECTION WITH OR ARISING OUT OF ANY ACTION, SUIT, OR PROCEEDING, WHETHER CIVIL, CRIMINAL, ADMINISTRATIVE, OR INVESTIGATIVE, OR THREAT THEREOF, IN WHICH THE PERSON MAY BE INVOLVED BY REASON OF THE FACT THAT SUCH PERSON IS OR WAS A DIRECTOR, OFFICER, EMPLOYEE, OR AGENT OF THE SOCIETY OR OF ANY FIRM, CORPORATION, OR ORGANIZATION WHICH SUCH PERSON SERVED IN ANY CAPACITY AT THE REQUEST OF THE SOCIETY. A PERSON SHALL NOT BE SO INDEMNIFIED OR REIMBURSED IN RELATION TO ANY MATTER IN SUCH ACTION, SUIT, OR PROCEEDING AS TO WHICH SUCH PERSON IS FINALLY ADJUDGED TO BE OR HAVE BEEN GUILTY OF BREACH OF A DUTY AS A DIRECTOR, OFFICER, EMPLOYEE, OR AGENT OF THE SOCIETY OR IN RELATION TO ANY MATTER IN SUCH ACTION, SUIT, OR PROCEEDING, OR THREAT THEREOF, WHICH HAS BEEN MADE THE SUBJECT OF A COMPROMISE SETTLEMENT, UNLESS IN EITHER CASE THE PERSON ACTED IN GOOD FAITH FOR A

PURPOSE THE PERSON REASONABLY BELIEVED TO BE IN OR NOT OPPOSED TO THE BEST INTERESTS OF THE SOCIETY AND, IN A CRIMINAL ACTION OR PROCEEDING, IN ADDITION, HAD NO REASONABLE CAUSE TO BELIEVE THAT SUCH CONDUCT WAS UNLAWFUL. THE DETERMINATION WHETHER THE CONDUCT OF SUCH PERSON MET THE STANDARD REQUIRED TO JUSTIFY INDEMNIFICATION AND REIMBURSEMENT IN RELATION TO ANY MATTER DESCRIBED IN THIS SUBSECTION (2) MAY ONLY BE MADE BY THE SUPREME GOVERNING BODY OR BOARD OF DIRECTORS BY A MAJORITY VOTE OR A QUORUM CONSISTING OF PERSONS WHO WERE NOT PARTIES TO SUCH ACTION, SUIT, OR PROCEEDING OR BY A COURT OF COMPETENT JURISDICTION. THE TERMINATION OF ANY ACTION, SUIT, OR PROCEEDING BY JUDGMENT, ORDER, SETTLEMENT, CONVICTION, OR UPON A PLEA OF NO CONTEST AS TO SUCH PERSON SHALL NOT IN ITSELF CREATE A CONCLUSIVE PRESUMPTION THAT THE PERSON DID NOT MEET THE STANDARD OF CONDUCT REQUIRED TO JUSTIFY INDEMNIFICATION AND REIMBURSEMENT. THE RIGHT OF INDEMNIFICATION AND REIMBURSEMENT PURSUANT TO THIS SUBSECTION (2) SHALL NOT BE EXCLUSIVE OF OTHER RIGHTS TO WHICH SUCH PERSON MAY BE ENTITLED AS A MATTER OF LAW AND SHALL INURE TO THE BENEFIT OF SUCH PERSON'S HEIRS, EXECUTORS, AND ADMINISTRATORS.

(3) A SOCIETY SHALL HAVE POWER TO PURCHASE AND MAINTAIN INSURANCE ON BEHALF OF ANY PERSON WHO IS OR WAS A DIRECTOR, OFFICER, EMPLOYEE, OR AGENT OF THE SOCIETY, OR WHO IS OR WAS SERVING AT THE REQUEST OF THE SOCIETY AS A DIRECTOR, OFFICER, EMPLOYEE, OR AGENT OF ANY OTHER FIRM, CORPORATION, OR ORGANIZATION AGAINST ANY LIABILITY ASSERTED AGAINST SUCH PERSON AND INCURRED BY SUCH PERSON IN ANY SUCH CAPACITY OR ARISING OUT OF SUCH PERSON'S STATUS AS SUCH, WHETHER OR NOT THE SOCIETY WOULD HAVE THE POWER TO INDEMNIFY THE PERSON AGAINST SUCH LIABILITY UNDER THIS SECTION.

(4) NO DIRECTOR, OFFICER, EMPLOYEE, MEMBER, OR VOLUNTEER OF A SOCIETY SERVING WITHOUT COMPENSATION SHALL BE LIABLE, AND NO CAUSE OF ACTION MAY BE BROUGHT, FOR DAMAGES RESULTING FROM THE EXERCISE OF JUDGMENT OR DISCRETION IN CONNECTION WITH THE DUTIES OR RESPONSIBILITIES OF SUCH PERSON FOR THE SOCIETY UNLESS SUCH ACT OR OMISSION INVOLVED WILLFUL OR WANTON MISCONDUCT.

10-14-204. [Formerly 10-14-121] Waiver. The ~~constitution and bylaws~~ GOVERNING DOCUMENTS of the society may provide that no subordinate body nor any of its subordinate officers or members shall have the power or authority to waive any of the provisions of the ~~bylaws and constitution~~ GOVERNING DOCUMENTS of the society. ~~and the same~~ SUCH PROVISION shall be binding on the society and ~~each~~ EVERY member ~~thereof and on all beneficiaries of members~~ AND BENEFICIARY OF A MEMBER.

PART 3 GOVERNANCE

10-14-301. [Formerly 10-14-113] Organization. (1) A DOMESTIC SOCIETY ORGANIZED ON OR AFTER JULY 1, 1993, SHALL BE FORMED AS FOLLOWS: Seven or more ~~persons, who are~~ citizens of the United States, ~~and~~ a majority of whom are citizens of this state, who desire to form a fraternal benefit society ~~as defined by this article,~~ may make, ~~and~~ sign, AND ACKNOWLEDGE BEFORE SOME OFFICER COMPETENT TO TAKE ACKNOWLEDGMENTS OF DEEDS, articles of incorporation. ~~and acknowledge~~

~~the same before some officer competent to take acknowledgements of deeds, giving their addresses, in which shall be stated~~ SUCH ARTICLES OF INCORPORATION SHALL CONTAIN:

(a) The proposed corporate name of the society, which shall not so closely resemble the name of any society or insurance company ~~already transacting business in this state as to mislead the public or to lead to confusion~~ BE MISLEADING OR CONFUSING;

(b) The purpose for which it is BEING formed ~~which shall not include more liberal powers than are granted by this article; but any lawful social, intellectual, educational, charitable, benevolent, moral, or religious advantages may be set forth among the purposes of the society; and also the mode in which its corporate powers are to be exercised.~~ SUCH PURPOSES SHALL NOT INCLUDE MORE LIBERAL POWERS THAN ARE GRANTED BY THIS ARTICLE.

(c) The names AND residences OF THE INCORPORATORS AND THE NAMES, RESIDENCES, and official titles of all the officers, trustees, directors, or other persons who are to have and exercise the general control and management of the affairs and funds of the society for the first year or until the ensuing election at which all such officers shall be elected by the supreme ~~legislative or~~ governing body, which election shall be held not later than one year from the date of ~~the issuance of the permanent certificate~~ ISSUE OF THE LETTER OF AUTHORIZATION.

(2) ~~Such~~ THE articles of incorporation, ~~and~~ duly certified copies of the ~~constitution and~~ SOCIETY'S bylaws and rules, ~~and regulations and~~ copies of all proposed forms of ~~benefit~~ certificates, applications therefor, and circulars to be issued by ~~such~~ THE society, AND A BOND CONDITIONED UPON THE RETURN TO APPLICANTS OF THE ADVANCED PAYMENTS IF THE ORGANIZATION IS NOT COMPLETED WITHIN ONE YEAR shall be filed with the commissioner, who may require such further information as ~~he~~ THE COMMISSIONER deems necessary. THE BOND WITH SURETIES APPROVED BY THE COMMISSIONER SHALL BE IN SUCH AMOUNT, NOT LESS THAN THREE HUNDRED THOUSAND DOLLARS NOR MORE THAN ONE MILLION FIVE HUNDRED THOUSAND DOLLARS, AS IS REQUIRED BY THE COMMISSIONER. ALL DOCUMENTS FILED ARE TO BE IN THE ENGLISH LANGUAGE. If the purposes of the society conform to the requirements of this article and all provisions of ~~law~~ THE STATUTES have been complied with, the commissioner shall ~~so certify, and retain and record or file the articles of incorporation, and~~ furnish the incorporators a ~~preliminary certificate authorizing said~~ A LETTER OF AUTHORIZATION AUTHORIZING THE society to solicit members as provided in this section.

(3) NO LETTER OF AUTHORIZATION GRANTED UNDER THE PROVISIONS OF THIS SECTION SHALL BE VALID AFTER ONE YEAR FROM ITS DATE OR AFTER SUCH FURTHER PERIOD, NOT EXCEEDING ONE YEAR, AS MAY BE AUTHORIZED BY THE COMMISSIONER UPON GOOD CAUSE SHOWN, UNLESS THE FIVE HUNDRED APPLICANTS REQUIRED IN SUBSECTION (4) OF THIS SECTION HAVE BEEN SECURED AND THE ORGANIZATION HAS BEEN COMPLETED AS PROVIDED IN THIS SECTION. THE ARTICLES OF INCORPORATION AND ALL OTHER PROCEEDINGS PURSUANT THERETO SHALL BECOME NULL AND VOID ONE YEAR FROM THE DATE OF THE LETTER OF AUTHORIZATION, OR AT THE EXPIRATION OF THE EXTENDED PERIOD, UNLESS THE SOCIETY SHALL HAVE COMPLETED ITS ORGANIZATION AND RECEIVED A CERTIFICATE OF AUTHORITY TO DO BUSINESS AS

PROVIDED IN THIS SECTION.

(4) Upon receipt of ~~said certificate~~ A LETTER OF AUTHORIZATION from the commissioner, the society may solicit members for the purpose of completing its organization, ~~and shall collect from each applicant the amount of not less than one regular monthly payment PREMIUM in accordance with its tables of rates, as provided by its constitution and bylaws;~~ and shall issue to each such applicant a receipt for the amount so collected.

~~(3)~~ No such society shall incur any liability other than for such ~~advanced payments~~ ADVANCE PREMIUM, nor issue any ~~benefit certificate, nor pay, or allow, or offer, or promise to pay or allow;~~ ANY BENEFIT to any person ~~any death or disability benefit~~ until:

~~(a)~~ Actual bona fide applications for death benefit certificates have been secured upon at least five hundred lives for at least one thousand dollars each, and all such applicants for death benefits have been regularly examined by legally qualified practicing physicians, and certificates of such examinations have been duly filed and approved by the chief medical examiner of such society;

~~(b)~~ (a) There are established AT LEAST ten subordinate lodges ~~or branches~~ HAVE BEEN ESTABLISHED into which ~~said~~ THE five hundred applicants have been initiated ADMITTED;

~~(c)~~ (b) There has been submitted to the commissioner, under oath of the president, and secretary, or corresponding ~~officers~~ OFFICER of such society, a list of such applicants, giving for each applicant his name and address and the date examined; date approved, date initiated, name and number of the subordinate branch of which each applicant is a member, amount of benefits to be granted, and rate of stated periodical contributions which are sufficient to provide for meeting the mortuary obligation contracted, when valued for death benefits upon the basis of the national fraternal congress table of mortality, as adopted by the national fraternal congress on August 23, 1899, or any higher standard at the option of the society, and for disability benefits by tables based upon reliable experience, and for combined death and permanent total disability benefits by tables based upon reliable experience, with an interest assumption not higher than four percent per annum THEIR NAMES, ADDRESSES, DATE EACH WAS ADMITTED, NAME AND NUMBER OF THE SUBORDINATE LODGE OF WHICH EACH APPLICANT IS A MEMBER, AND THE AMOUNT OF BENEFITS TO BE GRANTED AND PREMIUMS THEREFOR; AND

~~(d)~~ (c) It is shown to the commissioner, by ~~the~~ sworn statement of the treasurer or corresponding officer of such society, that at least five hundred applicants have each paid in cash at least one regular monthly payment PREMIUM as provided, ~~per one thousand dollars of indemnity to be effected;~~ which payments PREMIUMS in the aggregate shall amount to at least ~~twenty-five hundred~~ ONE HUNDRED FIFTY THOUSAND dollars. all of which shall be credited to the mortuary or disability fund on account of such applicants, and no part of which may be used for expenses. ~~Said advanced payments, during the period of organization;~~ THE ADVANCE PREMIUMS shall be held in trust and, ~~if the organization is not completed within one year as provided in this section;~~ DURING THE PERIOD OF ORGANIZATION, AND, IF THE SOCIETY HAS NOT QUALIFIED FOR A CERTIFICATE OF AUTHORITY WITHIN ONE YEAR, AS SPECIFIED IN THIS

SECTION, THE PREMIUMS SHALL BE returned to said applicants.

~~(4)~~ (5) The commissioner may make such examination and require such further information as ~~he~~ THE COMMISSIONER deems advisable. ~~and; THE SOCIETY SHALL SUBMIT ARTICLES OF INCORPORATION, WHICH SHALL BE ISSUED IN TRIPPLICATE, TO THE COMMISSIONER AND ATTORNEY GENERAL FOR EXAMINATION. AFTER BEING APPROVED, THE ARTICLES SHALL BE FILED AND RECORDED IN THE OFFICE OF THE SECRETARY OF STATE WHO SHALL ISSUE A CERTIFICATE OF INCORPORATION. A COPY OF THE ARTICLES, CERTIFIED BY THE SECRETARY OF STATE, SHALL BE FILED WITH THE COMMISSIONER. Upon presentation of satisfactory evidence that the society has complied with all the STATUTORY provisions, of law, he INCLUDING THE ESTABLISHMENT OF A DEPOSIT WITH THE COMMISSIONER OF THREE HUNDRED THOUSAND DOLLARS, UNLESS THE COMMISSIONER ACCEPTS A LESSER AMOUNT, THE COMMISSIONER shall issue to such THE society a certificate to that effect AND THAT THE SOCIETY IS AUTHORIZED TO TRANSACT BUSINESS PURSUANT TO THE PROVISIONS OF THIS ARTICLE. Such certificate shall be prima facie evidence of the existence of such society at the date of such certificate. The commissioner shall cause a record of such THE certificate OF AUTHORITY to be made. and A certified copy of such THE record may be given in evidence with like effect as the original certificate OF AUTHORITY. No preliminary certificate granted under the provisions of this section shall be valid after one year from its date or after such further period, not exceeding one year, as may be authorized by the commissioner upon cause shown, unless the five hundred applicants required have been secured and the organization has been completed.~~

~~(5) The articles of incorporation and all proceedings thereunder shall become null and void one year after the date of the preliminary certificate or at the expiration of said extended period, unless such society completes its organization and commences business as provided. When any domestic society has discontinued business for the period of one year or has less than four hundred members, its charter shall become null and void.~~

~~(6) Every such society has the power to make a constitution and bylaws for the government of the society, the admission of its members, the management of its affairs, and the fixing and readjusting of the rates of contribution of its members from time to time; and it has the power to change, alter, add to, or amend such constitution and bylaws and has such other powers as are necessary and incidental to effect the objects and purposes of the society.~~

10-14-302. [Formerly 10-14-123] Amendments to governing documents.

(1) A DOMESTIC SOCIETY MAY AMEND ITS GOVERNING DOCUMENTS IN ACCORDANCE WITH THE PROVISIONS THEREOF BY ACTION OF ITS SUPREME GOVERNING BODY AT ANY REGULAR OR SPECIAL MEETING THEREOF OR, IF ITS GOVERNING DOCUMENTS SO PROVIDE, BY REFERENDUM. SUCH REFERENDUM MAY BE HELD IN ACCORDANCE WITH THE PROVISIONS OF ITS GOVERNING DOCUMENTS BY THE VOTE OF THE VOTING MEMBERS OF THE SOCIETY, BY THE VOTE OF DELEGATES OR REPRESENTATIVES OF VOTING MEMBERS, OR BY THE VOTE OF LOCAL LODGES. A SOCIETY MAY PROVIDE FOR VOTING BY MAIL. NO AMENDMENT SUBMITTED FOR ADOPTION BY REFERENDUM SHALL BE ADOPTED UNLESS, WITHIN SIX MONTHS AFTER THE DATE OF SUBMISSION THEREOF, A MAJORITY OF THE MEMBERS VOTING SHALL HAVE SIGNIFIED THEIR CONSENT TO SUCH AMENDMENT BY ONE OF THE METHODS SPECIFIED IN THIS SECTION.

WHENEVER A DOMESTIC SOCIETY DESIRES TO AMEND ITS ARTICLES OF INCORPORATION, IT SHALL FILE ITS CERTIFICATE OF AMENDMENT WITH THE COMMISSIONER BEFORE FILING THE SAME WITH THE SECRETARY OF STATE, AND IF THE COMMISSIONER, WITH THE ADVICE OF THE ATTORNEY GENERAL, FINDS THE SAME TO BE LEGALLY ADOPTED AND IN DUE LEGAL FORM AND NOT IN CONFLICT WITH STATUTORY PROVISIONS GOVERNING SOCIETIES, THEN AND NOT OTHERWISE THE CERTIFICATE OF AMENDMENT SHALL BE FILED WITH THE SECRETARY OF STATE. ANY OTHER AMENDMENT OF THE GOVERNING DOCUMENTS OF THE SOCIETY SHALL BE FILED WITH THE COMMISSIONER. IF THE COMMISSIONER, WITH THE ADVICE OF THE ATTORNEY GENERAL, FINDS THE AMENDMENT TO BE LEGALLY ADOPTED AND IN DUE LEGAL FORM AND NOT IN CONFLICT WITH STATUTORY PROVISIONS GOVERNING SOCIETIES, THEN THE AMENDMENT SHALL BECOME OPERATIVE UPON FILING, UNLESS A LATER TIME IS PROVIDED IN THE AMENDMENT OR IN THE SOCIETY'S GOVERNING DOCUMENTS.

(2) WITHIN NINETY DAYS AFTER ANY AMENDMENT BECOMES OPERATIVE, THE AMENDMENT OR AMENDMENTS, OR A SYNOPSIS THEREOF, SHALL BE FURNISHED TO ALL MEMBERS OF THE SOCIETY EITHER BY MAIL OR BY PUBLICATION IN FULL IN THE OFFICIAL PUBLICATION OF THE SOCIETY. THE AFFIDAVIT OF ANY OFFICER OF THE SOCIETY OR OF ANYONE AUTHORIZED BY IT TO MAIL ANY AMENDMENTS OR SYNOPSIS THEREOF, STATING FACTS WHICH SHOW THAT THE SAME HAVE BEEN DULY ADDRESSED AND MAILED, SHALL BE PRIMA FACIE EVIDENCE THAT SUCH AMENDMENTS OR SYNOPSIS THEREOF HAVE BEEN FURNISHED TO THE ADDRESSEE.

(3) Every FOREIGN OR ALIEN society ~~transacting business under this article~~ AUTHORIZED TO DO BUSINESS IN THIS STATE shall file with the commissioner AND THE SECRETARY OF STATE a duly certified copy of all amendments of, or additions to, its ~~constitution and bylaws~~ ARTICLES OF INCORPORATION within ninety days after the enactment of the same IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN SUBSECTION (1) OF THIS SECTION. ANY OTHER AMENDMENT OF THE GOVERNING DOCUMENTS OF THE SOCIETY SHALL BE FILED WITH THE COMMISSIONER WITHIN NINETY DAYS AFTER ENACTMENT.

(4) Printed copies of the ~~constitution and bylaws~~ GOVERNING DOCUMENTS, as amended, ~~changed, or added to~~, certified by the secretary or corresponding officer of the society, shall be prima facie evidence of the legal adoption thereof.

10-14-303. Institutions. A SOCIETY MAY CREATE, MAINTAIN, AND OPERATE, OR MAY ESTABLISH ORGANIZATIONS TO OPERATE, NOT-FOR-PROFIT INSTITUTIONS TO FURTHER THE PURPOSES PERMITTED BY SECTION 10-14-105 (1) (b). SUCH INSTITUTIONS MAY FURNISH SERVICES FREE OR AT A REASONABLE CHARGE. ANY REAL OR PERSONAL PROPERTY OWNED, HELD, OR LEASED BY THE SOCIETY FOR THIS PURPOSE SHALL BE REPORTED IN EVERY ANNUAL STATEMENT.

10-14-304. Reinsurance. (1) A DOMESTIC SOCIETY MAY, BY A REINSURANCE AGREEMENT, CEDE ANY INDIVIDUAL RISK OR RISKS IN WHOLE OR IN PART TO AN INSURER (OTHER THAN ANOTHER FRATERNAL BENEFIT SOCIETY) HAVING THE POWER TO MAKE SUCH REINSURANCE AND AUTHORIZED TO DO BUSINESS IN THIS STATE. IT MAY TAKE CREDIT FOR THE RESERVES ON SUCH CEDED RISKS TO THE EXTENT REINSURED, BUT NO CREDIT SHALL BE ALLOWED AS AN ADMITTED ASSET OR AS A DEDUCTION FROM LIABILITY TO A CEDING SOCIETY FOR REINSURANCE MADE, CEDED,

RENEWED, OR OTHERWISE BECOMING EFFECTIVE AFTER JULY 1, 1993, UNLESS THE REINSURANCE IS IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF SECTION 10-3-118 AND ALL PERTINENT INSURANCE REGULATIONS.

(2) NOTWITHSTANDING THE LIMITATION IN SUBSECTION (1) OF THIS SECTION, A SOCIETY MAY REINSURE THE RISKS OF ANOTHER SOCIETY IN A CONSOLIDATION OR MERGER APPROVED BY THE COMMISSIONER UNDER SECTION 10-14-305.

10-14-305. [Formerly 10-14-115 (1)] Consolidations and mergers. (1) ~~No domestic society shall merge with or accept the transfer of the membership or funds of any other society unless such merger or transfer is evidenced by a contract in writing, setting out in full the terms and conditions of such merger or transfer, and filed with the commissioner together with a sworn statement of the financial condition of each of said societies, by its president and secretary or corresponding officers, and a certificate of such officers, duly verified under oath of said officers of each of the contracting societies, that such merger or transfer has been approved by a vote of two-thirds of the members of the supreme legislative or governing body of each of said societies. Upon the submission of said contract, financial statements, and certificates, the commissioner shall examine the same; and, if he~~ A DOMESTIC SOCIETY MAY CONSOLIDATE OR MERGE WITH ANY OTHER SOCIETY BY COMPLYING WITH THE PROVISIONS OF THIS SECTION. IT SHALL FILE WITH THE COMMISSIONER:

(a) A CERTIFIED COPY OF THE WRITTEN CONTRACT CONTAINING IN FULL THE TERMS AND CONDITIONS OF THE CONSOLIDATION OR MERGER;

(b) A SWORN STATEMENT BY THE PRESIDENT AND SECRETARY OR CORRESPONDING OFFICERS OF EACH SOCIETY SHOWING THE FINANCIAL CONDITION THEREOF ON A DATE FIXED BY THE COMMISSIONER BUT NOT EARLIER THAN THE SOCIETY'S MOST RECENT FINANCIAL REPORT REQUIRED PURSUANT TO SECTION 10-14-612;

(c) A CERTIFICATE OF SUCH OFFICERS, DULY VERIFIED BY THEIR RESPECTIVE OATHS, THAT THE CONSOLIDATION OR MERGER HAS BEEN APPROVED BY A TWO-THIRDS VOTE OF THE SUPREME GOVERNING BODY OF EACH SOCIETY, SUCH VOTE BEING CONDUCTED AT A REGULAR OR SPECIAL MEETING OF EACH SUCH BODY, OR, IF THE SOCIETY'S GOVERNING DOCUMENTS SO PERMIT, BY MAIL;

(d) EVIDENCE THAT AT LEAST SIXTY DAYS PRIOR TO THE ACTION OF THE SUPREME GOVERNING BODY OF EACH SOCIETY, THE TEXT OF THE CONTRACT HAS BEEN FURNISHED TO ALL MEMBERS OF EACH SOCIETY EITHER BY MAIL OR BY PUBLICATION IN FULL IN THE OFFICIAL PUBLICATION OF EACH SOCIETY; AND

(e) ANY OTHER INFORMATION DEEMED NECESSARY BY THE COMMISSIONER.

(2) IF THE COMMISSIONER finds ~~such~~ THAT THE CONTRACT IS IN CONFORMITY WITH THE PROVISIONS OF THIS SECTION, THAT THE financial statements ~~to be~~ ARE correct, and ~~the said contract to be in conformity with the provisions of this section and that such~~ THE CONSOLIDATION OR merger or transfer is just and equitable to the members of each, ~~of said societies, he~~ THE COMMISSIONER shall approve ~~said merger or transfer~~ THE CONTRACT and issue ~~his~~ A certificate to ~~that~~ SUCH effect. ~~and thereupon the said contract of merger or transfer shall be in full force and effect.~~ UPON SUCH APPROVAL, THE CONTRACT SHALL BE IN FULL FORCE AND EFFECT UNLESS ANY SOCIETY WHICH IS

A PARTY TO THE CONTRACT IS INCORPORATED UNDER THE LAWS OF ANY OTHER STATE OR TERRITORY. IN SUCH EVENT THE CONSOLIDATION OR MERGER SHALL NOT BECOME EFFECTIVE UNLESS AND UNTIL IT HAS BEEN APPROVED AS PROVIDED BY THE STATUTES OF SUCH STATE OR TERRITORY AND A CERTIFICATE OF SUCH APPROVAL FILED WITH THE COMMISSIONER OF THIS STATE OR, IF THE STATUTES OF SUCH STATE OR TERRITORY CONTAIN NO SUCH PROVISION, THEN THE CONSOLIDATION OR MERGER SHALL NOT BECOME EFFECTIVE UNLESS AND UNTIL IT HAS BEEN APPROVED BY THE COMMISSIONER OR EQUIVALENT REGULATORY AGENCY OF SUCH STATE OR TERRITORY AND A CERTIFICATE OF SUCH APPROVAL FILED WITH THE COMMISSIONER OF THIS STATE. In case such contract is not approved, IT SHALL BE INOPERATIVE, AND the fact of its submission and its contents shall not be disclosed by the commissioner.

(3) UPON THE CONSOLIDATION OR MERGER BECOMING EFFECTIVE AS PROVIDED IN THIS SECTION, ALL THE RIGHTS, FRANCHISES, INTERESTS, DUTIES, AND LIABILITIES OF THE CONSOLIDATED OR MERGED SOCIETIES IN AND TO EVERY SPECIES OF PROPERTY, REAL, PERSONAL, OR MIXED, AND THINGS IN ACTION THEREUNTO BELONGING SHALL BE VESTED IN THE SOCIETY RESULTING FROM OR REMAINING AFTER THE CONSOLIDATION OR MERGER WITHOUT ANY OTHER INSTRUMENT; EXCEPT THAT CONVEYANCES OF REAL PROPERTY MAY BE EVIDENCED BY PROPER DEEDS, AND THE TITLE TO ANY REAL ESTATE OR INTEREST THEREIN VESTED UNDER THE LAWS OF THIS STATE IN ANY OF THE SOCIETIES CONSOLIDATED OR MERGED SHALL NOT REVERT OR BE IN ANY WAY IMPAIRED BY REASON OF THE CONSOLIDATION OR MERGER BUT SHALL VEST ABSOLUTELY IN THE SOCIETY RESULTING FROM OR REMAINING AFTER SUCH CONSOLIDATION OR MERGER.

(4) THE AFFIDAVIT OF ANY OFFICER OF THE SOCIETY OR OF ANYONE AUTHORIZED BY IT TO MAIL ANY NOTICE OR DOCUMENT STATING THAT SUCH NOTICE OR DOCUMENT HAS BEEN DULY ADDRESSED AND MAILED SHALL BE PRIMA FACIE EVIDENCE THAT SUCH NOTICE OR DOCUMENT HAS BEEN FURNISHED THE ADDRESSEES.

10-14-306. [Formerly 10-14-115 (2)] Conversion of fraternal benefit society into a mutual or stock life insurance company. ~~(2)~~ Any domestic fraternal benefit society may be converted and licensed as a mutual life insurance company or stock life insurance company by compliance with all the requirements of ~~the laws of this state pertaining to such life insurance, if such plan of conversion has been approved by the commissioner.~~ THIS TITLE PERTAINING TO A LIFE INSURANCE COMPANY. ~~Such~~ A plan OF CONVERSION shall be prepared in writing BY THE BOARD OF DIRECTORS setting forth in full the terms and conditions ~~thereof~~ OF CONVERSION. ~~The board of directors shall submit such plan to the supreme legislative or governing body of such society at any regular or special meeting thereof, by giving a full, true, and complete copy of such plan with the notice of such meeting. Such notice shall be given as provided in the bylaws of the society for the convocation of a regular or special meeting of such body, as the case may be.~~ The affirmative vote of two-thirds of all members of ~~such~~ THE SUPREME GOVERNING body AT A REGULAR OR SPECIAL MEETING shall be necessary for the approval of such ~~agreement~~ PLAN. No such conversion shall take effect UNLESS AND until approved by the commissioner, who may give such approval if ~~he~~ THE COMMISSIONER finds that the proposed change is in conformity with the STATUTORY requirements ~~of law~~ and not prejudicial to the certificate holders of the society.

CONTRACTUAL BENEFITS

10-14-401. [Formerly 10-14-105] Benefits. (1) ~~Every society transacting business under this article shall provide for the payment of death benefits and may issue to its members term, life endowment, and annuity certificates and combinations thereof and may provide for the payment of benefits in case of temporary or permanent partial disability resulting from sickness or accident and also for permanent total disability as the result of either disease, accident, or old age. The period of life at which the payment of benefits for disability on account of old age commences shall not be under seventy years. The society may also provide for monuments or tombstones to the memory of its deceased members and for the payment of funeral benefits. Such society has the power to give a member, when permanently disabled or on attaining the age of sixty-five, all or such portion of the face value of his certificate as the bylaws of the society may provide. Such society, upon written application of the member, has the power to accept a part of the periodical contributions in cash and charge the remainder, not exceeding one-half of the periodical contribution, against the certificate, with interest payable or compounded annually at a rate not lower than four percent per annum; but this privilege shall not be granted except to societies which have readjusted their rates of contributions and to contracts affected by such readjustment. A SOCIETY MAY PROVIDE THE FOLLOWING CONTRACTUAL BENEFITS AS AUTHORIZED BY THE CERTIFICATE OF AUTHORITY ISSUED:~~

- (a) DEATH BENEFITS;
- (b) ENDOWMENT BENEFITS;
- (c) ANNUITY BENEFITS;
- (d) TEMPORARY OR PERMANENT DISABILITY BENEFITS;
- (e) HOSPITAL, MEDICAL, OR NURSING BENEFITS;
- (f) MONUMENT OR TOMBSTONE BENEFITS TO THE MEMORY OF DECEASED MEMBERS; AND
- (g) SUCH OTHER BENEFITS AS AUTHORIZED FOR LIFE INSURERS AND WHICH ARE NOT INCONSISTENT WITH THIS ARTICLE.

(2) ~~Any society which shows by the annual valuation as provided in section 10-14-124 that it is accumulating and maintaining the reserve necessary to enable it to do so may grant to its members loans, extended and paid-up protection, or such withdrawal equities as its constitution and bylaws may provide. Such grants shall in no case exceed in value the portion of the reserve to the credit of such members to whom they are made. A SOCIETY SHALL SPECIFY IN ITS RULES THOSE PERSONS WHO MAY BE ISSUED, OR COVERED BY, THE CONTRACTUAL BENEFITS IN SUBSECTION (1) OF THIS SECTION, CONSISTENT WITH PROVIDING BENEFITS TO MEMBERS AND THEIR DEPENDENTS. A SOCIETY MAY PROVIDE BENEFITS ON THE LIVES OF CHILDREN UNDER THE MINIMUM AGE FOR ADULT MEMBERSHIP UPON APPLICATION OF AN ADULT PERSON.~~

(3) ~~Power and authority is given in this section to a society to divide its~~

~~membership into separate classes, each class having a separate form of contract of similar or general plan and character in its purpose. The assets or mortuary collections made from the members of each class respectively shall be carried and maintained separately for such class, and the required reserve accumulation of such class, if the contract therefor provided for such fund, shall be set apart and held specifically and separately for the use and benefit of such particular class, and they shall not thereafter be mingled with the assets or mortuary collections of any other class of the society.~~

10-14-402. [Formerly 10-14-107] Beneficiaries. (1) ~~No beneficiary shall have or obtain any vested interest in the proceeds of any certificate until such certificate has become due and payable in conformity with the provisions of the insurance contract. The insured member has~~ OWNER OF A BENEFIT CONTRACT SHALL HAVE the right at all times to change the beneficiary in accordance with the ~~constitution, bylaws, rules, or regulations~~ GOVERNING DOCUMENTS of the society ~~however, nothing in this article shall prohibit a member from making an absolute assignment of his certificate. Every society, by its constitution, bylaws, rules, or regulations, UNLESS THE OWNER WAIVES THIS RIGHT BY SPECIFICALLY REQUESTING IN WRITING THAT THE BENEFICIARY DESIGNATION BE IRREVOCABLE. A SOCIETY may, THROUGH ITS GOVERNING DOCUMENTS, limit the scope of beneficiaries, but~~ BENEFICIARY DESIGNATIONS AND SHALL PROVIDE THAT NO REVOCABLE BENEFICIARY SHALL HAVE OR OBTAIN ANY VESTED INTEREST IN THE PROCEEDS OF ANY CERTIFICATE UNTIL THE CERTIFICATE HAS BECOME DUE AND PAYABLE IN CONFORMITY WITH THE PROVISIONS OF THE BENEFIT CONTRACT.

(2) A SOCIETY MAY MAKE PROVISION FOR THE PAYMENT OF FUNERAL BENEFITS TO THE EXTENT OF SUCH PORTION OF ANY PAYMENT UNDER A CERTIFICATE AS MIGHT REASONABLY APPEAR TO BE DUE TO ANY PERSON EQUITABLY ENTITLED THERETO BY REASON OF HAVING INCURRED EXPENSE OCCASIONED BY THE BURIAL OF THE MEMBER. THE PORTION SO PAID SHALL NOT EXCEED THE SUM OF ONE THOUSAND DOLLARS.

(3) If at the death of any ~~insured member~~ PERSON INSURED UNDER A BENEFIT CONTRACT there is no lawful beneficiary to whom the ~~life insurance or death benefits are~~ PROCEEDS SHALL BE payable, the amount of such ~~benefits shall be payable to the personal representative of the deceased member~~ BENEFIT, EXCEPT TO THE EXTENT THAT FUNERAL BENEFITS MAY BE PAID AS PROVIDED IN SUBSECTION (2) OF THIS SECTION, SHALL BE PAYABLE TO THE ESTATE OF THE DECEASED INSURED THE SAME AS OTHER PROPERTY NOT EXEMPT; EXCEPT THAT, IF THE OWNER OF THE CERTIFICATE IS OTHER THAN THE INSURED, SUCH PROCEEDS SHALL BE PAYABLE TO SUCH OWNER.

10-14-403. [Formerly 10-14-122] Benefits not attachable. No money or other benefit, charity, ~~or~~ relief, or aid to be paid, provided, or rendered by any ~~such~~ society shall be liable to attachment, garnishment, or other process or ~~shall~~ TO be seized, taken, appropriated, or applied by any legal or equitable process or operation of law to pay any debt or liability of a member, ~~or~~ beneficiary, or any other person who may have a right thereunder either before or after payment BY THE SOCIETY.

10-14-404. [Formerly 10-14-109] Benefit contract. Every certificate issued by ~~any such society shall specify the amount of benefit provided thereby and provide that the certificate, the charter or articles of incorporation (or, if a voluntary association, the articles of association), the constitution, and the bylaws of the society, and the~~

~~application for membership and medical examination or declaration of insurability, if used in lieu of a medical examination, signed by the applicant, and all amendments to each thereof shall constitute the agreement between the society and the members. Copies of the same, certified by the secretary of the society or corresponding officer, shall be received in evidence of the terms and conditions thereof, and any changes, additions, or amendments to the charter or articles of incorporation (or articles of association if a voluntary association), constitution, or bylaws duly made or enacted subsequent to the issuance of the benefit certificate shall bind the member and his beneficiaries and shall govern and control the agreement in all respects, the same as though such changes, additions, or amendments had been made prior to and were in force at the time of the application for membership.~~ (1) EVERY SOCIETY AUTHORIZED TO DO BUSINESS IN THIS STATE SHALL ISSUE TO EACH OWNER OF A BENEFIT CONTRACT A CERTIFICATE SPECIFYING THE AMOUNT OF BENEFITS PROVIDED PURSUANT THERETO. THE CERTIFICATE, TOGETHER WITH ANY RIDERS OR ENDORSEMENTS ATTACHED THERETO, THE GOVERNING DOCUMENTS OF THE SOCIETY, THE APPLICATION FOR MEMBERSHIP, THE APPLICATION FOR INSURANCE AND DECLARATION OF INSURABILITY, IF ANY, SIGNED BY THE APPLICANT, AND ALL AMENDMENTS TO EACH THEREOF SHALL CONSTITUTE THE BENEFIT CONTRACT, AS OF THE DATE OF ISSUANCE, BETWEEN THE SOCIETY AND THE OWNER, AND THE CERTIFICATE SHALL SO STATE. A COPY OF THE APPLICATION FOR INSURANCE AND DECLARATION OF INSURABILITY, IF ANY, SHALL BE ENDORSED UPON OR ATTACHED TO THE CERTIFICATE. ALL STATEMENTS ON THE APPLICATION SHALL BE REPRESENTATIONS AND NOT WARRANTIES. ANY WAIVER OF THIS PROVISION SHALL BE VOID.

(2) ANY CHANGES, ADDITIONS, OR AMENDMENTS TO THE GOVERNING DOCUMENTS OF THE SOCIETY DULY MADE OR ENACTED SUBSEQUENT TO THE ISSUANCE OF THE CERTIFICATE SHALL BIND THE OWNER AND THE BENEFICIARIES AND SHALL GOVERN AND CONTROL THE BENEFIT CONTRACT IN ALL RESPECTS AS THOUGH SUCH CHANGES, ADDITIONS, OR AMENDMENTS HAD BEEN MADE PRIOR TO AND WERE IN FORCE AT THE TIME OF THE APPLICATION FOR INSURANCE; EXCEPT THAT NO CHANGE, ADDITION, OR AMENDMENT SHALL DESTROY OR DIMINISH BENEFITS WHICH THE SOCIETY CONTRACTED TO GIVE THE OWNER AS OF THE DATE OF ISSUANCE.

(3) ANY PERSON UPON WHOSE LIFE A BENEFIT CONTRACT IS ISSUED PRIOR TO ATTAINING THE AGE OF MAJORITY SHALL BE BOUND BY THE TERMS OF THE APPLICATION AND CERTIFICATE AND BY ALL THE GOVERNING DOCUMENTS OF THE SOCIETY TO THE SAME EXTENT AS THOUGH THE AGE OF MAJORITY HAD BEEN ATTAINED AT THE TIME OF APPLICATION.

(4) A SOCIETY SHALL PROVIDE IN ITS GOVERNING DOCUMENTS THAT IF ITS RESERVES AS TO ALL OR ANY CLASS OF CERTIFICATES BECOME IMPAIRED ITS BOARD OF DIRECTORS OR CORRESPONDING BODY MAY REQUIRE THAT THERE SHALL BE PAID BY THE OWNER TO THE SOCIETY THE AMOUNT OF THE OWNER'S EQUITABLE PROPORTION OF SUCH DEFICIENCY AS ASCERTAINED BY ITS BOARD, AND THAT IF THE PAYMENT IS NOT MADE IT SHALL STAND AS AN INDEBTEDNESS AGAINST THE CERTIFICATE AND DRAW INTEREST NOT TO EXCEED THE RATE SPECIFIED FOR CERTIFICATE LOANS UNDER THE CERTIFICATES OR IN LIEU OF OR IN COMBINATION THEREWITH; HOWEVER, THE OWNER MAY ACCEPT A PROPORTIONATE REDUCTION IN BENEFITS UNDER THE CERTIFICATE. THE SOCIETY MAY SPECIFY THE MANNER OF THE ELECTION AND WHICH ALTERNATIVE IS TO BE PRESUMED IF NO ELECTION IS MADE.

(5) COPIES OF ANY OF THE DOCUMENTS SPECIFIED IN THIS SECTION, CERTIFIED BY THE SECRETARY OR CORRESPONDING OFFICER OF THE SOCIETY, SHALL BE RECEIVED AS EVIDENCE OF THE TERMS AND CONDITIONS THEREOF.

(6) NO CERTIFICATE SHALL BE DELIVERED OR ISSUED FOR DELIVERY IN THIS STATE UNLESS A COPY OF THE FORM HAS BEEN FILED WITH THE COMMISSIONER IN THE MANNER PROVIDED FOR LIKE POLICIES ISSUED BY LIFE INSURERS IN THIS STATE. EVERY LIFE, ACCIDENT, HEALTH, OR DISABILITY INSURANCE CERTIFICATE AND EVERY ANNUITY CERTIFICATE ISSUED ON OR AFTER JULY 1, 1994, SHALL MEET THE STANDARD CONTRACT PROVISION REQUIREMENTS NOT INCONSISTENT WITH THIS ARTICLE FOR LIKE POLICIES ISSUED BY LIFE, SICKNESS, AND ACCIDENT INSURERS IN THIS STATE; EXCEPT THAT A SOCIETY MAY PROVIDE IN ITS CERTIFICATES FOR A GRACE PERIOD FOR PAYMENT OF PREMIUMS OF ONE FULL MONTH. THE CERTIFICATE SHALL ALSO CONTAIN A PROVISION STATING THE AMOUNT OF PREMIUMS WHICH ARE PAYABLE UNDER THE CERTIFICATE AND A PROVISION RECITING OR SETTING FORTH THE SUBSTANCE OF ANY SECTIONS OF THE SOCIETY'S GOVERNING DOCUMENTS IN FORCE AT THE TIME OF ISSUANCE OF THE CERTIFICATE WHICH, IF VIOLATED, WILL RESULT IN THE TERMINATION OR REDUCTION OF BENEFITS PAYABLE UNDER THE CERTIFICATE. IF THE GOVERNING DOCUMENTS OF THE SOCIETY PROVIDE FOR EXPULSION OR SUSPENSION OF A MEMBER, THE CERTIFICATE SHALL ALSO CONTAIN A PROVISION THAT ANY MEMBER SO EXPELLED OR SUSPENDED, EXCEPT FOR NONPAYMENT OF A PREMIUM OR WITHIN THE CONTESTABLE PERIOD FOR MATERIAL MISREPRESENTATION IN THE APPLICATION FOR MEMBERSHIP OR INSURANCE, SHALL HAVE THE PRIVILEGE OF MAINTAINING THE CERTIFICATE IN FORCE BY CONTINUING PAYMENT OF THE REQUIRED PREMIUM.

(7) BENEFIT CONTRACTS ISSUED ON THE LIVES OF PERSONS BELOW THE SOCIETY'S MINIMUM AGE FOR ADULT MEMBERSHIP MAY PROVIDE FOR TRANSFER OF CONTROL OF OWNERSHIP TO THE INSURED AT AN AGE SPECIFIED IN THE CERTIFICATE, BUT NO LESS THAN THE LEGAL AGE OF MAJORITY. A SOCIETY MAY REQUIRE APPROVAL OF AN APPLICATION FOR MEMBERSHIP TO EFFECT THIS TRANSFER AND MAY PROVIDE IN ALL OTHER RESPECTS FOR THE REGULATION, GOVERNMENT, AND CONTROL OF SUCH CERTIFICATES AND ALL RIGHTS, OBLIGATIONS, AND LIABILITIES INCIDENT THERETO AND CONNECTED THERewith. OWNERSHIP RIGHTS PRIOR TO SUCH TRANSFER SHALL BE SPECIFIED IN THE CERTIFICATE.

(8) A SOCIETY MAY SPECIFY THE TERMS AND CONDITIONS ON WHICH BENEFIT CONTRACTS MAY BE ASSIGNED.

10-14-405. Nonforfeiture benefits, cash surrender values, certificate loans, and other options. (1) FOR CERTIFICATES ISSUED PRIOR TO JULY 1, 1994, THE VALUE OF EVERY PAID-UP NONFORFEITURE BENEFIT AND THE AMOUNT OF ANY CASH SURRENDER VALUE, LOAN, OR OTHER OPTION GRANTED SHALL COMPLY WITH THE STATUTORY PROVISIONS APPLICABLE IMMEDIATELY PRIOR TO JULY 1, 1993.

(2) FOR CERTIFICATES ISSUED ON OR AFTER JULY 1, 1994, EACH CERTIFICATE SHALL PROVIDE FOR PAID-UP NONFORFEITURE BENEFITS, CASH SURRENDER VALUES, LOANS, OR OTHER OPTIONS IN AN AMOUNT AND TYPE NOT LESS THAN THE CORRESPONDING AMOUNT ASCERTAINED IN ACCORDANCE WITH THE STATUTES OF THIS STATE APPLICABLE TO LIFE INSURERS ISSUING POLICIES CONTAINING LIKE BENEFITS BASED UPON APPLICABLE MORTALITY TABLES.

PART 5
FINANCIAL

10-14-501. [Formerly 10-14-111] Investments. ~~Every~~ A society shall invest its funds only in securities permitted by the laws of this state SUCH INVESTMENTS AS ARE AUTHORIZED BY THE STATUTES OF THIS STATE INCLUDING BUT NOT LIMITED TO SECTIONS 10-3-210 TO 10-3-242 AND PART 8 OF ARTICLE 3 OF THIS TITLE for the investment of the assets of life insurance companies; ~~but any foreign society permitted or seeking to do business in this state, which invests its funds in accordance with the laws of the state in which it is incorporated, shall be held to meet the requirements of this article for the investment of funds~~ INSURERS.

10-14-502. [Formerly 10-14-110] Funds. (1) ~~Any society may create, maintain, invest, disburse, and apply an emergency, surplus, or other similar fund in accordance with its bylaws. Unless otherwise provided in the contract, such funds shall be held, invested, and disbursed for the use and benefit of the society, and no member or beneficiary shall have or acquire individual rights therein or become entitled to any apportionment or the surrender of any part thereof, except as provided in section 10-14-105 (2). The funds from which benefits shall be paid and the funds from which the expenses of the society shall be defrayed shall be derived from periodical or other payments by the members of the society and accretions of said funds. No society, domestic or foreign, shall be incorporated or admitted to transact business in this state, which does not provide for stated periodical contributions sufficient to provide for meeting the mortuary obligations contracted, when valued upon the basis of the national fraternal congress table of mortality as adopted by the national fraternal congress, August 23, 1899, or any higher standard with interest assumption not more than four percent per annum, nor write or accept members for temporary or permanent disability benefits except upon tables based upon reliable experience, with an interest assumption not higher than four percent per annum. ALL ASSETS SHALL BE HELD, INVESTED, AND DISBURSED FOR THE USE AND BENEFIT OF THE SOCIETY, AND NO MEMBER OR BENEFICIARY SHALL HAVE OR ACQUIRE INDIVIDUAL RIGHTS THEREIN OR BECOME ENTITLED TO ANY APPORTIONMENT ON THE SURRENDER OF ANY PART THEREOF, EXCEPT AS PROVIDED IN THE BENEFIT CONTRACT.~~

(2) ~~Deferred payments or installments of claims shall be considered as fixed liabilities on the happening of the contingency upon which such payments or installments are thereafter to be paid. Such liability shall be the present value of such future payments or installments upon the rate of interest and mortality assumed by the society for valuation, and every society shall maintain a fund sufficient to meet such liability regardless of proposed future collections to meet any such liabilities. A SOCIETY MAY CREATE, MAINTAIN, INVEST, DISBURSE, AND APPLY ANY SPECIAL FUND OR FUNDS NECESSARY TO CARRY OUT ANY PURPOSE PERMITTED BY THE GOVERNING DOCUMENTS OF SUCH SOCIETY.~~

(3) A SOCIETY MAY, PURSUANT TO RESOLUTION OF ITS SUPREME GOVERNING BODY AND WITH PRIOR WRITTEN APPROVAL OF THE COMMISSIONER, ESTABLISH AND OPERATE ONE OR MORE SEPARATE ACCOUNTS AND ISSUE CONTRACTS ON A VARIABLE BASIS, SUBJECT TO THE STATUTORY PROVISIONS AND REGULATIONS REGARDING LIFE INSURERS ESTABLISHING SUCH ACCOUNTS AND ISSUING SUCH CONTRACTS. TO THE EXTENT THE SOCIETY DEEMS IT NECESSARY TO COMPLY WITH ANY APPLICABLE FEDERAL OR STATE STATUTES, OR ANY RULES ISSUED PURSUANT THERETO, THE

SOCIETY MAY:

(a) ADOPT SPECIAL PROCEDURES FOR THE CONDUCT OF THE BUSINESS AND AFFAIRS OF A SEPARATE ACCOUNT;

(b) PROVIDE, FOR PERSONS HAVING BENEFICIAL INTERESTS THEREIN, SPECIAL VOTING AND OTHER RIGHTS, INCLUDING WITHOUT LIMITATION SPECIAL RIGHTS AND PROCEDURES RELATING TO INVESTMENT POLICY, INVESTMENT ADVISORY SERVICES, SELECTION OF CERTIFIED PUBLIC ACCOUNTANTS, AND SELECTION OF A COMMITTEE TO MANAGE THE BUSINESS AND AFFAIRS OF THE ACCOUNT; AND

(c) ISSUE CONTRACTS ON A VARIABLE BASIS TO WHICH SECTION 10-14-404 (2) AND (4) SHALL NOT APPLY.

10-14-503. [Formerly 10-14-104] Exemptions. ~~Except for those provisions as provided in sections 10-1-111, 10-3-118, 10-3-119, and 10-3-208 and in part 2 of article 1 and parts 7 and 11 of article 3 of this title, and as otherwise provided in this article, such societies shall be governed by this article and shall be exempt from all provisions of the insurance laws of this state, not only in governmental relations with the state, but also for every other purpose, and no law enacted after June 2, 1911, shall apply to them, unless they are expressly designated therein.~~ EXCEPT AS PROVIDED IN THIS SECTION, SOCIETIES SHALL BE GOVERNED BY THE PROVISIONS OF THIS ARTICLE AND SHALL BE EXEMPT FROM ALL OTHER PROVISIONS OF THE INSURANCE STATUTES OF THIS STATE UNLESS THE TERMS OF SUCH STATUTES EXPRESSLY APPLY TO SOCIETIES, OR UNLESS ANY SUCH INSURANCE STATUTE IS SPECIFICALLY MADE APPLICABLE TO SOCIETIES BY THIS ARTICLE. SOCIETIES SHALL COMPLY WITH THE APPLICABLE PROVISIONS OF SECTION 10-3-208, PART 7 OF ARTICLE 3 OF THIS TITLE, AND ARTICLE 16 OF THIS TITLE.

10-14-504. [Formerly 10-14-133] Taxation. Every fraternal benefit society organized or licensed under this article is hereby declared to be a charitable and benevolent institution, and all of its funds shall be exempt from all AND EVERY state, county, district, municipal, and school taxes TAX other than taxes on real estate and office equipment.

10-14-505. Rules and regulations of the commissioner. THE COMMISSIONER MAY ESTABLISH AND FROM TIME TO TIME AMEND SUCH REASONABLE RULES AND REGULATIONS AS ARE NECESSARY TO ENABLE THE COMMISSIONER TO CARRY OUT THE COMMISSIONER'S DUTIES UNDER THE LAWS OF THIS STATE AND THE PROVISIONS OF THIS ARTICLE.

PART 6 REGULATION

10-14-601. Valuation. (1) STANDARDS OF VALUATION FOR CERTIFICATES ISSUED PRIOR TO JULY 1, 1994, SHALL BE THOSE PROVIDED BY THE STATUTES APPLICABLE IMMEDIATELY PRIOR TO JULY 1, 1993.

(2) THE MINIMUM STANDARDS OF VALUATION FOR CERTIFICATES ISSUED ON OR AFTER JULY 1, 1994, SHALL BE BASED ON THE VALUATION METHODS, STANDARDS, AND PRACTICES (INCLUDING INTEREST ASSUMPTIONS) SET FORTH IN THE STATUTES OF

THIS STATE APPLICABLE TO LIFE INSURERS ISSUING POLICIES CONTAINING LIKE BENEFITS.

10-14-602. Reports. REPORTS SHALL BE FILED IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION. EVERY SOCIETY TRANSACTING BUSINESS IN THIS STATE SHALL ANNUALLY, ON OR BEFORE THE FIRST DAY OF MARCH, FILE WITH THE COMMISSIONER A TRUE STATEMENT OF ITS FINANCIAL CONDITION, TRANSACTIONS, AND AFFAIRS FOR THE PRECEDING CALENDAR YEAR, UNLESS FOR CAUSE SHOWN SUCH TIME HAS BEEN EXTENDED BY THE COMMISSIONER. THE STATEMENT SHALL AT LEAST INCLUDE THE SUBSTANCE OF THAT WHICH IS REQUIRED BY WHAT IS KNOWN AS THE CONVENTION BLANK FORM ADOPTED FROM YEAR TO YEAR BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS FOR FRATERNAL BENEFIT SOCIETIES, INCLUDING ANY INSTRUCTIONS, PROCEDURES, AND GUIDELINES NOT IN CONFLICT WITH THE PROVISIONS OF THIS ARTICLE, ACTUARIAL STATEMENTS AND REQUIREMENTS OF RESERVES IN ACCORDANCE WITH THE STATUTES OF THIS STATE APPLICABLE TO LIFE INSURERS, AND ANY ADDITIONAL INFORMATION REQUIRED BY THE COMMISSIONER.

10-14-603. [Formerly 10-14-116 (1)] Annual certificate of authority. ~~(1) The authority of societies shall expire on June 30 of each year and shall be renewed annually if the company has continued to comply with the laws of this state.~~ SOCIETIES WHICH ARE AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE AS OF JULY 1, 1993, AND ALL SOCIETIES AUTHORIZED THEREAFTER, MAY CONTINUE SUCH BUSINESS UNTIL JUNE 30, 1994. THE AUTHORITY OF ALL SUCH SOCIETIES MAY THEREAFTER BE RENEWED ANNUALLY BUT SHALL TERMINATE ON THE LAST DAY OF THE SUCCEEDING JUNE. HOWEVER, A CERTIFICATE OF AUTHORITY SO ISSUED SHALL CONTINUE IN FULL FORCE AND EFFECT UNLESS SPECIFICALLY TERMINATED. For each such ~~license~~ CERTIFICATE OF AUTHORITY or renewal the society shall pay to the division of insurance a fee as prescribed pursuant to section 10-3-207. A duly certified copy or duplicate of such ~~license~~ CERTIFICATE OF AUTHORITY shall be prima facie evidence that the ~~licensee~~ SOCIETY is a fraternal benefit society within the meaning of this article.

10-14-604. Cash capital. TO AVOID SITUATIONS WHERE A SOCIETY'S TRANSACTIONS WOULD CREATE UNDUE FINANCIAL RISKS TO ITS ENROLLEES, SUBSCRIBERS, CERTIFICATE HOLDERS, OR THE PEOPLE OF THIS STATE, THE REGULATIONS SPECIFIED IN THIS SECTION ARE AUTHORIZED. THE COMMISSIONER MAY BY REGULATION ESTABLISH STANDARDS CONSISTENT WITH THOSE OF THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS WHICH REQUIRE ANY SOCIETY TO MAINTAIN A MINIMUM SURPLUS LEVEL. THE MINIMUM SURPLUS LEVEL SHALL REFLECT THE TYPE, VOLUME, AND NATURE OF THE INSURANCE BUSINESS BEING TRANSACTED AND THE TYPE OF ENTITY FOR WHICH THE SURPLUS LEVELS ARE BEING ESTABLISHED IN ACCORDANCE WITH THE ASSESSMENT FEATURES OF SOCIETIES. THE REGULATION MAY ADDITIONALLY REQUIRE THE SUBMISSION OF AN OPINION BY A QUALIFIED ACTUARY WHICH STATES WHETHER THE SURPLUS LEVEL OF THE ENTITY IS SUFFICIENT FOR THE AUTHORITY REQUESTED.

10-14-605. Examination of societies. THE EXAMINATION OF SOCIETIES, BOTH AT THE INITIAL FORMATION AND AT ANY TIME DURING WHICH ANY SUCH SOCIETY IS AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE, SHALL FOLLOW THE SAME STANDARDS AND PROCEDURES THAT APPLY TO LIFE INSURERS. THE COST OF ANY SUCH EXAMINATION MAY BE ASSESSED BY THE COMMISSIONER TO BE PAID BY THE

SOCIETY.

10-14-606. [Formerly 10-14-130] Publications. Pending, during, or after an examination or investigation of any ~~such society, either domestic, or foreign, OR ALIEN SOCIETY,~~ the commissioner shall make public no financial statement, report, or finding, nor shall he THE COMMISSIONER permit to become public any financial statement, report, or finding affecting the status, standing, or rights of any such society, until a copy thereof has been served upon such society at its home office or until such society has been afforded a reasonable opportunity to answer any such financial statement, report, or finding and to make such showing in connection therewith as it may desire.

10-14-607. Grounds for injunction, liquidation, and receivership of domestic society. (1) THE COMMISSIONER SHALL NOTIFY A DOMESTIC SOCIETY WHEN THE COMMISSIONER UPON INVESTIGATION FINDS THAT A DOMESTIC SOCIETY:

- (a) HAS EXCEEDED ITS POWERS;
- (b) HAS FAILED TO COMPLY WITH ANY PROVISION OF THIS ARTICLE;
- (c) IS NOT FULFILLING ITS CONTRACTS IN GOOD FAITH;
- (d) HAS A MEMBERSHIP OF LESS THAN FOUR HUNDRED AFTER AN EXISTENCE OF ONE YEAR OR MORE;
- (e) IS CONDUCTING BUSINESS FRAUDULENTLY OR IN A MANNER HAZARDOUS TO ITS MEMBERS, CREDITORS, OR THE PUBLIC; OR
- (f) IS USING METHODS WHICH, ALTHOUGH NOT OTHERWISE SPECIFICALLY PROSCRIBED BY STATUTE, NEVERTHELESS RENDERS ITS OPERATION HAZARDOUS, OR ITS CONDITION UNSOUND, TO ITS MEMBERS OR THE PUBLIC.

(2) IF THE COMMISSIONER NOTIFIES A SOCIETY PURSUANT TO SUBSECTION (1) OF THIS SECTION, THE COMMISSIONER MAY UTILIZE THE PROCEDURES, PRACTICES, STANDARDS, AND PROVISIONS OF PARTS 4 AND 5 OF ARTICLE 3 OF THIS TITLE. IN APPLYING SAID PROVISIONS, THE APPLICATION OF THE ASSESSMENT FEATURE OF THE CERTIFICATE SHALL BE FIRST CONSIDERED.

10-14-608. Foreign or alien society - admission. NO FOREIGN OR ALIEN SOCIETY SHALL TRANSACT BUSINESS IN THIS STATE WITHOUT A CERTIFICATE OF AUTHORITY ISSUED BY THE COMMISSIONER. ANY SUCH SOCIETY DESIRING ADMISSION TO THIS STATE SHALL COMPLY SUBSTANTIALLY WITH THE REQUIREMENTS AND LIMITATIONS OF THIS ARTICLE APPLICABLE TO DOMESTIC SOCIETIES, EXCLUDING ANY DEPOSIT REQUIREMENTS IN SECTION 10-14-301 (5). ANY SUCH SOCIETY MAY BE AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE UPON FILING WITH THE COMMISSIONER SUCH INFORMATION AS MAY BE REQUESTED.

10-14-609. Suspension, revocation, or denial of license of foreign or alien society. (1) THE COMMISSIONER SHALL NOTIFY A FOREIGN OR ALIEN SOCIETY OF ANY OF THE DEFICIENCIES SPECIFIED IN THIS SUBSECTION (1) AND STATE IN WRITING THE REASONS FOR THE COMMISSIONER'S DISSATISFACTION WHEN THE COMMISSIONER,

UPON INVESTIGATION, FINDS THAT A FOREIGN OR ALIEN SOCIETY TRANSACTING OR APPLYING TO TRANACT BUSINESS IN THIS STATE:

- (a) HAS EXCEEDED ITS POWERS;
- (b) HAS FAILED TO COMPLY WITH ANY PROVISION OF THIS ARTICLE;
- (c) IS NOT FULFILLING ITS CONTRACTS IN GOOD FAITH;
- (d) IS CONDUCTING ITS BUSINESS FRAUDULENTLY OR IN A MANNER HAZARDOUS TO ITS MEMBERS, CREDITORS, OR THE PUBLIC; OR
- (e) IS USING METHODS WHICH, ALTHOUGH NOT OTHERWISE SPECIFICALLY PROSCRIBED BY STATUTE, NEVERTHELESS RENDERS ITS OPERATION HAZARDOUS, OR ITS CONDITION UNSOUND, TO ITS MEMBERS OR THE PUBLIC.

(2) AS PART OF THE NOTIFICATION REQUIRED BY SUBSECTION (1) OF THIS SECTION, THE COMMISSIONER SHALL AT ONCE ISSUE A WRITTEN NOTICE TO THE SOCIETY REQUIRING THAT THE DEFICIENCY OR DEFICIENCIES WHICH EXIST BE CORRECTED. AFTER SUCH NOTICE, THE SOCIETY SHALL HAVE A THIRTY-DAY PERIOD IN WHICH TO COMPLY WITH THE COMMISSIONER'S REQUEST FOR CORRECTION, AND, IF THE SOCIETY FAILS TO COMPLY, THE COMMISSIONER SHALL NOTIFY THE SOCIETY OF SUCH FINDINGS OF NONCOMPLIANCE AND REQUIRE THE SOCIETY TO SHOW CAUSE ON A DATE NAMED WHY ITS CERTIFICATE OF AUTHORITY SHOULD NOT BE SUSPENDED, REVOKED, OR DENIED. IF ON SUCH DATE THE SOCIETY DOES NOT PRESENT GOOD AND SUFFICIENT REASON WHY ITS AUTHORITY TO DO BUSINESS IN THIS STATE SHOULD NOT BE SUSPENDED, REVOKED, OR DENIED, THE COMMISSIONER MAY SUSPEND OR DENY THE CERTIFICATE OF AUTHORITY OF THE SOCIETY TO DO BUSINESS IN THIS STATE UNTIL SATISFACTORY EVIDENCE IS FURNISHED TO THE COMMISSIONER THAT SUCH SUSPENSION OR DENIAL SHOULD BE WITHDRAWN, OR THE COMMISSIONER MAY REVOKE THE AUTHORITY OF THE SOCIETY TO DO BUSINESS IN THIS STATE.

(3) NOTHING CONTAINED IN THIS SECTION SHALL BE TAKEN OR CONSTRUED AS PREVENTING ANY FOREIGN OR ALIEN SOCIETY FROM CONTINUING IN GOOD FAITH ALL CONTRACTS MADE IN THIS STATE DURING THE TIME SUCH SOCIETY WAS LEGALLY AUTHORIZED TO TRANACT BUSINESS IN THIS STATE.

(4) IN ADDITION TO THE PROVISIONS OF SUBSECTIONS (1) TO (3) OF THIS SECTION, THE PROVISIONS OF SECTION 10-1-111, EXCEPT FOR THE PROVISIONS OF PARAGRAPHS (a) TO (c) OF SUBSECTION (1) OF SAID SECTION, SHALL APPLY TO SOCIETIES DOING BUSINESS IN THIS STATE.

10-14-610. [Formerly 10-14-128] Injunction. No application OR PETITION FOR injunction ~~against or~~ IN proceedings for the dissolution of, or the appointment of a receiver for any ~~such~~ domestic, FOREIGN, OR ALIEN society ~~branch entertained by~~ OR LODGE THEREOF SHALL BE RECOGNIZED IN any court ~~in~~ OF this state ~~the same is~~ UNLESS made by the attorney general UPON REQUEST OF THE COMMISSIONER.

10-14-611. [Formerly 10-14-116 (2)] Licensing of agents. ~~(2) Any person who is authorized by a fraternal benefit society to act in the solicitation, negotiation, or procurement of insurance shall be governed by the applicable provisions of part 2 of~~

~~article 2 of this title:~~ AGENTS OF SOCIETIES SHALL BE LICENSED IN ACCORDANCE WITH THE STATUTORY PROVISIONS REGULATING THE LICENSING, REVOCATION, SUSPENSION, OR TERMINATION OF A LICENSE OF RESIDENT AND NONRESIDENT AGENTS AS PROVIDED IN PART 2 OF ARTICLE 2 OF THIS TITLE, AND SUBJECT TO THE EXCEPTIONS PROVIDED IN SECTION 10-2-217.

10-14-612. Unfair methods of competition and unfair and deceptive acts and practices. EVERY SOCIETY AUTHORIZED TO DO BUSINESS IN THIS STATE SHALL BE SUBJECT TO THE PROVISIONS OF PART 11 OF ARTICLE 3 OF THIS TITLE RELATING TO UNFAIR INSURANCE TRADE PRACTICES; EXCEPT THAT NOTHING IN SUCH PROVISIONS SHALL BE CONSTRUED AS APPLYING TO OR AFFECTING THE RIGHT OF ANY SOCIETY TO DETERMINE ITS ELIGIBILITY REQUIREMENTS FOR MEMBERSHIP, OR BE CONSTRUED AS APPLYING TO OR AFFECTING THE OFFERING OF BENEFITS EXCLUSIVELY TO MEMBERS OR PERSONS ELIGIBLE FOR MEMBERSHIP IN THE SOCIETY BY A SUBSIDIARY CORPORATION OR AFFILIATED ORGANIZATION OF THE SOCIETY.

PART 7 MISCELLANEOUS

10-14-701. [Formerly 10-14-118] Service of process. ~~(1) Every society, whether domestic or foreign, transacting business in this state on June 2, 1911, and every such society applying for admission, before being licensed, shall appoint in writing the commissioner and his successors in office to be its true and lawful attorney upon whom all legal process in any action or proceeding against it shall be served and in such writing shall agree that any lawful process against it which is served upon such attorney shall be of the same legal force and validity as if served upon the society and that the authority shall continue in force so long as any liability remains outstanding in this state. Copies of such appointment, certified by the commissioner, shall be deemed sufficient evidence thereof and shall be admitted in evidence with the same force and effect as the original thereof might be admitted.~~

~~(2) Service shall only be made upon such attorney, shall be made in duplicate upon the commissioner or in his absence upon the person in charge of his office, and shall be deemed sufficient service upon such society; but no such service shall be valid or binding against any such society when it is required thereunder to file its answer, pleading, or defense in less than thirty days from the date of mailing the copy of such service to such society. In those actions or proceedings wherein the legal process requires immediate affirmative action or enjoins action as of the effective date of service of process, such effective date shall be deemed to be the date on which the society actually receives a copy of such service from the commissioner.~~

~~(3) When legal process against any such society is served upon the commissioner, the commissioner shall forthwith forward by certified mail one of the duplicate copies prepaid and directed to its secretary or corresponding officer. Legal process shall not be served upon any such society except in the manner provided in this section.~~ SOCIETIES AUTHORIZED TO DO BUSINESS IN THIS STATE SHALL BE SUBJECT TO THE SAME PROVISIONS AND REQUIREMENTS REGARDING SERVICE OF PROCESS AS LIFE INSURERS IN ACCORDANCE WITH SECTION 10-3-107.

10-14-702. Fees. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS ARTICLE, SOCIETIES SHALL PAY THE APPLICABLE FEES SPECIFIED IN SECTION 10-3-207 AND BE

SUBJECT TO THE ASSESSMENT OF LATE FEES PURSUANT TO SECTION 10-3-109 (2) AND (3).

10-14-703. Review. ALL FINAL DECISIONS AND FINDINGS OF THE COMMISSIONER MADE UNDER THE PROVISIONS OF THIS ARTICLE SHALL BE SUBJECT TO JUDICIAL REVIEW BY THE COURT OF APPEALS PURSUANT TO SECTION 24-4-106 (11), C.R.S.

10-14-704. [Formerly 10-14-134] Penalties. (1) Any person, officer, member, or examining physician of any society authorized to do business under this article who knowingly or willfully makes any false or fraudulent statement or representation in or with reference to any application for membership, or for the purpose of obtaining money from or benefit in any society transacting business under this article, is guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not less than ~~one~~ FIVE hundred dollars, nor more than TWO THOUSAND five hundred dollars, or by imprisonment in the county jail for not less than thirty days nor more than one year, or by both such fine and imprisonment.

(2) Any person who willfully makes a false statement of any material fact or thing in a sworn statement as to the death or disability of a certificate holder in any such society for the purpose of procuring payment of a benefit named in the certificate of such holder and any person who willfully makes any false statement in any verified report or declaration under oath required or authorized by this article is guilty of perjury in the second degree.

(3) Any person who solicits membership for, or in any manner assists in procuring membership in, any fraternal benefit society not licensed to do business in this state, or who solicits membership for, or in any manner assists in procuring membership in, any such society not authorized as provided in this article to do business in this state as defined in this article is guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not less than ~~two~~ ~~fifty~~ ONE HUNDRED DOLLARS nor more than ~~two~~ FIVE hundred dollars.

(4) Any society, or any officer, agent, or employee thereof neglecting or refusing to comply with, or violating any of the provisions of this article, the penalty for which neglect, refusal, or violation is not specified in this section, IS GUILTY OF A MISDEMEANOR, AND upon conviction thereof, shall be punished by a fine of not more than two ~~hundred~~ THOUSAND dollars.

10-14-705. [Formerly 10-14-132] Exemption of certain societies. (1) Nothing in this article shall be construed to affect or apply to:

(a) Grand or subordinate lodges of masons, odd fellows, or knights of Pythias (exclusive of the insurance department of the supreme lodge knights of Pythias) or the junior order of united American mechanics (exclusive of the beneficiary degree or insurance branch of the national council junior order united American mechanics); ~~or societies which limit their membership to any one hazardous occupation; nor to similar societies which do not issue insurance certificates; nor to an association of local lodges of a society now doing business in this state which provides death benefits not exceeding three hundred dollars to any one person, or disability benefits not exceeding three hundred dollars in any one year to any one person, or both; nor to any contracts of reinsurance business on such plan in this state; nor to domestic~~

~~societies which limit their membership to the employees of a particular city or town, designated firm, business house, or corporation; nor to domestic lodges, orders, or associations of a purely religious, charitable, and benevolent description which do not provide for a death benefit of more than one hundred dollars or for disability benefits of more than one hundred fifty dollars to any one person in any one year; but any such domestic order or society which has more than five hundred members and provides for death or disability benefits and any such domestic lodge, order, or society which issues to any person a certificate providing for the payment of benefits shall not be exempt by the provisions of this section, but shall comply with all the requirements of this article~~ NOR TO GRAND OR SUBORDINATE LODGES OF SOCIETIES, ORDERS, OR ASSOCIATIONS NOW DOING BUSINESS IN THIS STATE WHICH PROVIDE BENEFITS EXCLUSIVELY THROUGH LOCAL OR SUBORDINATE LODGES; NOR TO SIMILAR SOCIETIES WHICH DO NOT ISSUE INSURANCE CERTIFICATES. MEMBERS OF LODGES OF THE INDEPENDENT ORDER OF ODD FELLOWS, KNIGHTS OF PYTHIAS, AND OTHER ORGANIZATIONS PAYING PERIODICAL OR FUNERAL BENEFITS SHALL NOT BE INDIVIDUALLY LIABLE FOR THE PAYMENT OF PERIODICAL OR FUNERAL BENEFITS OR OTHER LIABILITIES OF THE LODGE OR OTHER ORGANIZATIONS, BUT THE SAME SHALL BE PAYABLE ONLY OUT OF THE TREASURY OF SUCH LODGES OR ORGANIZATIONS.

(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.

(2) The commissioner may require from any society OR ASSOCIATION, BY EXAMINATION OR OTHERWISE, such information as will enable ~~him~~ THE COMMISSIONER to determine whether such society OR ASSOCIATION is exempt from the provisions of this article. ~~No society which is exempt by the provisions of this section from the requirements of this article shall give or allow or promise to give or allow to any person any compensation for procuring new members.~~

(3) Any fraternal benefit society, organized and incorporated before June 2, 1911, and operating within the definition set forth in sections 10-14-101 to ~~10-14-103~~ 10-14-104, providing for benefits in case of death or disability resulting solely from accidents, but which does not obligate itself to pay death or sick benefits, may be licensed under the provisions of this article and shall have all the privileges and be subject to all the provisions and regulations of this article; except that the provisions of this article requiring medical examinations, valuations of benefit certificates, and that the certificate shall specify the amount of benefits shall not apply to such society.

SECTION 2. 13-54.5-106 (2) (j) (VI), Colorado Revised Statutes, 1987 Repl. Vol., is amended to read:

13-54.5-106. Notice to judgment debtor in other garnishment. (2) The notice of exemption and pending levy in such garnishment proceeding against the personal property of a judgment debtor who is a natural person shall contain the following:

(j) A statement of the judgment debtor's right to claim any property levied upon as exempt, including, but not limited to:

(VI) Fraternal society benefits under section ~~10-14-122~~ 10-14-403, C.R.S.;

SECTION 3. Repeal of sections not relocated. 10-14-106, 10-14-112, 10-14-114, 10-14-117, 10-14-124, 10-14-125, 10-14-126, 10-14-127, 10-14-128, 10-14-129, 10-14-135, and 10-14-136, Colorado Revised Statutes, 1987 Repl. Vol., as amended, which were not relocated in section 1 of this act are repealed.

SECTION 4. Effective date. This act shall take effect July 1, 1993.

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: April 30, 1993