

## CHAPTER 55

### FRATERNAL BENEFIT SOCIETIES

#### **§4101. Fraternal benefit societies defined**

1. Any incorporated society, order or supreme lodge, without capital stock, including one exempted under section 4142, whether incorporated or not, conducted solely for the benefit of its members and their beneficiaries and not for profit, operated on a lodge system with ritualistic form of work, having a representative form of government, and which makes provision for the payment of benefits in accordance with this chapter, is hereby declared to be a fraternal benefit society.

[PL 1969, c. 132, §1 (NEW).]

2. When used in this chapter the word "society," unless otherwise indicated, shall mean fraternal benefit society.

[PL 1969, c. 132, §1 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW).

#### **§4102. Lodge system defined**

A society having a supreme legislative or governing body and subordinate lodges or branches by whatever name known, into which members are elected, initiated or admitted in accordance with its constitution, laws, ritual and rules, which subordinate lodges or branches shall be required by the laws of the society to hold regular meetings at least once in each month, shall be deemed to be operating on the lodge system. [PL 1969, c. 132, §1 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW).

#### **§4103. Representative form of government defined**

A society shall be deemed to have a representative form of government when: [PL 1969, c. 132, §1 (NEW).]

1. It provides in its constitution or laws for a supreme legislative or governing body, composed of representatives elected either by the members or by delegates elected directly or indirectly by the members, together with such other members of such body as may be prescribed by the society's constitution and laws;

[PL 1969, c. 132, §1 (NEW).]

2. The representatives elected constitute a majority in number and have not less than 2/3 of the votes nor less than the votes required to amend its constitution and laws;

[PL 1969, c. 132, §1 (NEW).]

3. The meetings of the supreme legislative or governing body and the election of officers, representatives or delegates are held as often as once in 4 calendar years;

[PL 1969, c. 132, §1 (NEW).]

4. The society has a board of directors charged with the responsibility for managing its affairs in the interim between meetings of its supreme legislative or governing body, subject to control by such body and having powers and duties delegated to it in the constitution or laws of the society;

[PL 1969, c. 132, §1 (NEW).]

5. Such board of directors is elected by the supreme legislative or governing body, except in case of filling a vacancy in the interim between meetings of such body; [PL 1969, c. 132, §1 (NEW).]

6. The officers are elected either by the supreme legislative governing body or by the board of directors; and [PL 1969, c. 132, §1 (NEW).]

7. The members, officers, representatives or delegates shall not vote by proxy. [PL 1969, c. 132, §1 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW).

#### §4104. Organization

The organization of a society shall be governed as follows. [PL 1969, c. 132, §1 (NEW).]

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

A. The proposed corporate name of the society, which shall not so closely resemble the name of any society or insurance company as to be misleading or confusing; [PL 1969, c. 132, §1 (NEW).]

B. The purposes for which it is being formed and the mode in which its corporate powers are to be exercised. Such purposes shall not include more liberal powers than are granted by this chapter, provided that any lawful, social, intellectual, educational, charitable, benevolent, moral, fraternal or religious advantages may be set forth among the purposes of the society; and [PL 1969, c. 132, §1 (NEW).]

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 of the 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. [PL 1969, c. 132, §1 (NEW).]

[PL 1969, c. 132, §1 (NEW).]

2. Such articles of incorporation, duly certified copies of the constitution, laws and rules, copies of all proposed forms of certificates, applications therefor, and circulars to be issued by the society and a bond conditioned upon the return to applicants of the advanced payments if the organization is not completed within one year must be filed with the superintendent, who may require such further information as the superintendent considers necessary. The bond with sureties approved by the superintendent must be in such amount, not less than \$5,000 nor more than \$25,000, as required by the superintendent. All documents filed are to be in the English language. If the purposes of the society conform to the requirements of this chapter and all provisions of law have been complied with, the superintendent shall so certify, retain and file the articles of incorporation and furnish the incorporators a preliminary certificate authorizing the society to solicit members as hereinafter provided.

[RR 2021, c. 1, Pt. B, §323 (COR).]

3. No preliminary certificate granted under 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 superintendent upon cause shown, unless the 500 applicants hereinafter required have been secured and the organization has been completed as herein provided. The articles of incorporation and all other proceedings thereunder shall become null and void in one year from the date of the preliminary certificate, 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 hereinafter provided.

[PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]

4. Upon receipt of a preliminary certificate from the superintendent, the society may solicit members for the purpose of completing its organization, shall collect from each applicant the amount of not less than one regular monthly premium in accordance with its table of rates as provided by its constitution and laws, and shall issue to each such applicant a receipt for the amount so collected. No society shall incur any liability other than for the return of such advance premium, nor issue any certificate, nor pay, allow or offer or promise to pay or allow, any death or disability benefit to any person until:

A. Actual bona fide applications for death benefits have been secured aggregating at least \$500,000 on not less than 500 lives; [PL 1969, c. 132, §1 (NEW).]

B. All such applicants for death benefits shall have furnished evidence of insurability satisfactory to the society; [PL 1969, c. 132, §1 (NEW).]

C. Certificates of examinations or acceptable declarations of insurability have been duly filed and approved by the chief medical examiner of the society; [PL 1969, c. 132, §1 (NEW).]

D. Ten subordinate lodges or branches have been established into which the 500 applicants have been admitted; [PL 1969, c. 132, §1 (NEW).]

E. There has been submitted to the superintendent, under oath of the president or secretary, or corresponding officer of the society, a list of such applicants, giving their names, addresses, date each was admitted, name and number of the subordinate branch of which each applicant is a member, amount of benefits to be granted and premiums therefor; and [PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]

F. It shall have been shown to the superintendent by sworn statement of the treasurer, or corresponding officer of such society, that at least 500 applicants have each paid in cash at least one regular monthly premium as herein provided, which premiums in the aggregate shall amount to at least \$2,500, all of which shall be credited to the fund or funds from which benefits are to be paid and no part of which may be used for expenses. The advance premiums shall be held in trust during the period of organization and if the society has not qualified for a certificate of authority within one year, as herein provided, such premiums shall be returned to the applicants. [PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]

[PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]

5. The superintendent may make such examination and require such further information as the superintendent considers advisable. Upon presentation of satisfactory evidence that the society has complied with all the provisions of law, the superintendent shall issue to the society a certificate to that effect and that the society is authorized to transact business pursuant to the provisions of this chapter. The certificate is prima facie evidence of the existence of the society at the date of such certificate. The superintendent shall cause a record of such certificate to be made. A certified copy of such record may be given in evidence with like effect as the original certificate.

[RR 2021, c. 1, Pt. B, §324 (COR).]

6. Every society shall have the power to adopt a constitution and laws 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 its members from time to time. It shall have the power to change, alter, add to or amend such constitution and laws and shall have such powers as are necessary and incidental to carrying into effect the objects and purposes of the society.

[PL 1969, c. 132, §1 (NEW).]

## SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). RR 2021, c. 1, Pt. B, §§323, 324 (COR).

**§4105. Corporate powers retained**

Any incorporated society authorized to transact business in this State at the time this chapter becomes effective may thereafter exercise all the rights, powers and privileges prescribed in this chapter and in its charter or articles of incorporation as far as consistent with this chapter. A domestic society shall not be required to reincorporate. [PL 1969, c. 132, §1 (NEW).]

SECTION HISTORY

PL 1969, c. 132, §1 (NEW).

**§4106. Voluntary associations**

No unincorporated or voluntary association shall be permitted to transact business in this State as a fraternal benefit society. [PL 1969, c. 132, §1 (NEW).]

SECTION HISTORY

PL 1969, c. 132, §1 (NEW).

**§4107. Location of office -- place of meeting**

The principal office of any domestic society shall be located in this State. The meetings of its supreme legislative or governing body may be held in any state, district, province or territory wherein such society has at least 5 subordinate branches and all business transacted at such meetings shall be as valid in all respects as if such meetings were held in this State. [PL 1969, c. 132, §1 (NEW).]

SECTION HISTORY

PL 1969, c. 132, §1 (NEW).

**§4108. Consolidations and mergers**

A domestic society may consolidate or merge with any other society by complying with the provisions of this section. [PL 1969, c. 132, §1 (NEW).]

It shall file with the superintendent: [PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]

1. A certified copy of the written contract containing in full the terms and conditions of the consolidation or merger;  
[PL 1969, c. 132, §1 (NEW).]

2. 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 superintendent but not earlier than December 31, next preceding the date of the contract;  
[PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]

3. A certificate of such officers, duly verified by their respective oaths, that the consolidation or merger has been approved by a 2/3 vote of the supreme legislative or governing body of each society;  
and  
[PL 1969, c. 132, §1 (NEW).]

4. Evidence that at least 60 days prior to the action of the supreme legislative or 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 organ of each society.  
[PL 1969, c. 132, §1 (NEW).]

If the superintendent finds that the contract is in conformity with the provisions of this section, that the financial statements are correct and that the consolidation or merger is just and equitable to the

members of each society, the superintendent shall approve the contract and issue the superintendent's certificate to such effect. Upon such approval, the contract is in full force and effect unless any society that is a party to the contract is incorporated under the laws of any other state or territory. In such event the consolidation or merger does not become effective unless and until it has been approved as provided by the laws of such state or territory and a certificate of such approval filed with the superintendent or, if the laws of such state or territory contain no such provision, then the consolidation or merger does not become effective unless and until it has been approved by the superintendent of such state or territory and a certificate of such approval filed with the superintendent of this State. [RR 2021, c. 1, Pt. B, §325 (COR).]

Upon the consolidation or merger becoming effective as herein provided, all the rights, franchises and interests 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. [PL 1969, c. 132, §1 (NEW).]

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. [PL 1969, c. 132, §1 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). RR 2021, c. 1, Pt. B, §325 (COR).

#### **§4109. Conversion of fraternal benefit society into mutual life insurance company**

Any domestic fraternal benefit society may be converted and licensed as a mutual life insurance company by compliance with all the requirements of section 3352 if such plan of conversion has been approved by the superintendent. Such plan must be prepared in writing setting forth in full the terms and conditions thereof. 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 must be given as provided in the laws of the society for the convocation of a regular or special meeting of such body, as the case may be. The affirmative vote of 2/3 of all members of such body is necessary for the approval of such agreement. Any such conversion does not take effect unless and until approved by the superintendent who may give such approval if the superintendent finds that the proposed change is in conformity with the requirements of law and not prejudicial to the certificate holders of the society. [RR 2021, c. 1, Pt. B, §326 (COR).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). RR 2021, c. 1, Pt. B, §326 (COR).

#### **§4110. Qualifications for membership**

A society may admit to benefit membership any person not less than 15 years of age, nearest birthday, who has furnished evidence of insurability acceptable to the society. Any such member who shall apply for additional benefits more than 6 months after becoming a benefit member shall furnish additional evidence of insurability acceptable to the society unless such additional benefits are issued pursuant to an existing contract under the terms of which such member is entitled to purchase such additional benefits without furnishing evidence of insurability. [PL 1969, c. 132, §1 (NEW).]

Any person admitted prior to attaining the full age of 18 years shall be bound by the terms of the application and certificate and by all the laws 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. A society may also admit general or social members who shall have no voice or vote in the management of its insurance affairs. [PL 1971, c. 598, §51 (AMD).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1969, c. 433, §63 (AMD). PL 1971, c. 598, §51 (AMD).

#### **§4111. Articles of incorporation, constitution and laws -- amendments**

A domestic society may amend its articles of incorporation, constitution or laws in accordance with the provisions thereof by action of its supreme legislative or governing body at any regular or special meeting thereof or, if its articles of incorporation, constitution or laws so provide, by referendum. Such referendum may be held in accordance with the provisions of its articles of incorporation, constitution or laws 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 or branches. No amendment submitted for adoption by referendum shall be adopted unless, within 6 months from the date of submission thereof, a majority of all the voting members of the society shall have signified their consent to such amendment by one of the methods herein specified. [PL 1969, c. 132, §1 (NEW).]

An amendment to the articles of incorporation, constitution or laws of any domestic society does not take effect unless approved by the superintendent, who shall approve such amendment if the superintendent finds that it has been duly adopted and is not inconsistent with any requirement of the laws of this State or with the character, objects and purposes of the society. Unless the superintendent disapproves any such amendment within 60 days after the filing of same, such amendment must be considered approved. The approval or disapproval of the superintendent must be in writing and mailed to the secretary or corresponding officer of the society at its principal office. In case the superintendent disapproves such amendment, the reasons therefor must be stated in such written notice. [RR 2021, c. 1, Pt. B, §327 (COR).]

Within 90 days from the approval thereof by the superintendent, all such 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 organ 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 same have been duly addressed and mailed, shall be prima facie evidence that such amendments or synopsis thereof have been furnished the addressee. [PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]

Every foreign or alien society authorized to do business in this State shall file with the superintendent a duly certified copy of all amendments of, or additions to, its articles of incorporation, constitution or laws within 90 days after the enactment of same. [PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]

Printed copies of the constitution or laws as amended, certified by the secretary or corresponding officer of the society, shall be prima facie evidence of the legal adoption thereof. [PL 1969, c. 132, §1 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). RR 2021, c. 1, Pt. B, §327 (COR).

#### **§4112. 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. [PL 1969, c. 132, §1 (NEW).]

Maintenance, treatment and proper attendance in any such institution may be furnished free or a reasonable charge may be made therefor, but no such institution shall be operated for profit. The society shall maintain a separate accounting of any income and disbursements under this section and report them in its annual statement. No society shall own or operate funeral homes or undertaking establishments. [PL 1969, c. 132, §1 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW).

#### **§4113. No personal liability**

The officers and members of the supreme, grand or any subordinate body of a society shall not be personally liable for payment of any benefits provided by a society. [PL 1969, c. 132, §1 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW).

#### **§4114. Benefits**

1. A society authorized to do business in this State may provide for the payment of:

A. Death benefits in any form; [PL 1969, c. 132, §1 (NEW).]

B. Endowment benefits; [PL 1969, c. 132, §1 (NEW).]

C. Annuity benefits; [PL 1969, c. 132, §1 (NEW).]

D. Temporary or permanent disability benefits as a result of disease or accident; [PL 1969, c. 132, §1 (NEW).]

E. Hospital, medical or nursing benefits due to sickness or bodily infirmity or accident; and [PL 1969, c. 132, §1 (NEW).]

F. Monument or tombstone benefits to the memory of deceased members not exceeding in any case the sum of \$300. [PL 1969, c. 132, §1 (NEW).]

[PL 1969, c. 132, §1 (NEW).]

2. Such benefits may be provided on the lives of members or, upon application of a member, on the lives of the member's family, including the member, the member's spouse and minor children, in the same or separate certificates.

[PL 1969, c. 132, §1 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW).

#### **§4115. Benefits on lives of children**

A society may provide for benefits on the lives of children under the minimum age for adult membership but not greater than 18 years of age at time of application therefor, upon the application of some adult person, as its laws or rules may provide, which benefits shall be in accordance with the provisions of section 4114, subsection 1. A society may, at its option, organize and operate branches for such children. Membership and initiation in local lodges shall not be required of such children, nor shall they have a voice in the management of the society. [PL 1971, c. 598, §52 (AMD).]

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. [PL 1969, c. 132, §1 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1969, c. 433, §64 (AMD). PL 1971, c. 598, §52 (AMD).

#### **§4116. 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 January 1, 1970 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 15 years or less expiring before age 66. [PL 1973, c. 625, §153 (AMD).]

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, the Commissioners 1958 Standard Ordinary Mortality Table, or such later tables as authorized for use by domestic life insurers, 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 1 over 2 as follows: [PL 1987, c. 606, §1 (AMD).]

1. The reserve under the certificate determined on the basis specified in the certificate; and [PL 1969, c. 132, §1 (NEW).]

2. The sum of any indebtedness to the society on the certificate, including interest due and accrued, and a surrender charge equal to 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. [PL 1969, c. 132, §1 (NEW).]

However, in the case of certificates issued on a substandard basis or in the case of certificates, the reserves for which are computed upon the American Men Ultimate Table of Mortality, the term of any extended insurance benefit granted including accompanying pure endowment, if any, may be computed upon the rates of mortality not greater than 130% of those shown by the mortality table specified in the certificate for the computation of the reserve. [PL 1969, c. 132, §1 (NEW).]

In the case of certificates for which reserves are computed on the Commissioners 1941 Standard Ordinary Mortality Table, the Commissioners 1941 Standard Industrial Table, the Commissioners 1958 Standard Ordinary Mortality Table, or such later tables as authorized for use by domestic life insurers, every paid-up nonforfeiture benefit and the amount of any cash surrender value, loan or other option granted shall not be less than the corresponding amount ascertained in accordance with the provisions of the laws of this State applicable to life insurers issuing policies containing like insurance benefits based upon such tables. [PL 1987, c. 606, §1 (AMD).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 625, §153 (AMD). PL 1987, c. 606, §1 (AMD).

#### **§4117. Beneficiaries**

The member shall have the right at all times to change the beneficiary or beneficiaries in accordance with the constitution, laws or rules of the society. Every society by its constitution, laws or rules may limit the scope of beneficiaries and shall provide that no 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 insurance contract. [PL 1969, c. 132, §1 (NEW).]

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, provided the portion so paid shall not exceed the sum of \$500. [PL 1969, c. 132, §1 (NEW).]

If, at the death of any member, there is no lawful beneficiary to whom the insurance benefits shall be payable, the amount of such benefits, except to the extent that funeral benefits may be paid as hereinbefore provided, shall be payable to the personal representative of the deceased member. [PL 1969, c. 132, §1 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW).

#### **§4118. Benefits not attachable**

No money or other benefit, charity, relief or aid to be paid, provided or rendered by any society, shall be liable to attachment, garnishment or other process, or 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. [PL 1969, c. 132, §1 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW).

#### **§4119. The contract**

Every society authorized to do business in this State shall issue to each benefit member a certificate specifying the amount of benefits provided thereby. The certificate, together with any riders or endorsements attached thereto, the charter or articles of incorporation, the constitution and laws of the society, the application for membership, and declaration of insurability, if any, signed by the applicant, and all amendments to each thereof, shall constitute the agreement, as of the date of issuance, between the society and the member, and the certificate shall so state. A copy of the application for membership and of the declaration of insurability, if any, shall be endorsed upon or attached to the certificate. [PL 1969, c. 132, §1 (NEW).]

All statements purporting to be made by the member shall be representations and not warranties. Any waiver of this provision shall be void. [PL 1969, c. 132, §1 (NEW).]

Any changes, additions or amendments to the charter or articles of incorporation, constitution or laws duly made or enacted subsequent to the issuance of the certificate, shall bind the member and the 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, except that no change, addition or amendment shall destroy or diminish benefits which the society contracted to give the member as of the date of issuance. [PL 1969, c. 132, §1 (NEW).]

Copies of any of the documents mentioned in this section, certified by the secretary or corresponding officer of the society, shall be received in evidence of the terms and conditions thereof. [PL 1969, c. 132, §1 (NEW).]

A society shall provide in its constitution or laws 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 member to the society the amount of the member's equitable proportion of such deficiency as ascertained by its board, and that if the payment be not made it shall stand as an indebtedness against the certificate and draw interest not to exceed 5% per annum compounded annually. [PL 1969, c. 132, §1 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW).

**§4120. Life benefit certificate provisions, standard and prohibited**

A life benefit certificate may not be delivered or issued for delivery in this State unless a copy of the form has been filed with the superintendent and approved by the superintendent as conforming to the requirements of this section and not inconsistent with any other provisions of law applicable thereto. For each such form filing, the society shall pay the superintendent a fee that must be the same as for an insurer, as provided in section 601. A certificate is deemed approved unless disapproved by the superintendent within 60 days from the date of that filing. [RR 2021, c. 1, Pt. B, §328 (COR).]

1. The certificate shall contain in substance the following standard provisions or, in lieu thereof, provisions which are more favorable to the member:

A. Title on the face and filing page of the certificate clearly and correctly describing its form; [PL 1969, c. 132, §1 (NEW).]

B. A provision stating the amount of rates, premiums or other required contributions, by whatever name known, which are payable by the insured under the certificate; [PL 1969, c. 132, §1 (NEW).]

C. A provision that the member is entitled to a grace period of not less than a full month, or 30 days at the option of the society, in which the payment of any premium after the first may be made. During such grace period the certificate shall continue in full force, but in case the certificate becomes a claim during the grace period before the overdue payment is made, the amount of such overdue payment or payments may be deducted in any settlement under the certificate; [PL 1969, c. 132, §1 (NEW).]

D. A provision that the member shall be entitled to have the certificate reinstated at any time within 3 years from the due date of the premium in default, unless the certificate has been completely terminated through the application of a nonforfeiture benefit, cash surrender value or certificate loan, upon the production of evidence of insurability satisfactory to the society and the payment of all overdue premiums with interest at a rate not exceeding 6% per annum compounded annually, and the payment or reinstatement of any other indebtedness to the society upon the certificate with interest at a rate determined under the terms of the certificate in accordance with sections 2552 to 2554; [PL 1981, c. 188, §5 (AMD).]

E. 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 15 years or less expiring before age 66, a provision that, in the event of default in payment of any premium after 3 full years' premiums have been paid or after premiums for a lesser period have been paid if the contract so provides, the society will grant, upon proper request not later than 60 days after the due date of the premium in default, a paid-up nonforfeiture benefit on the plan stipulated in the certificate, effective as of such due date, of such value as specified in this chapter. The certificate may provide, if the society's laws so specify or if the member shall so elect prior to the expiration of the grace period of any overdue premium, that default shall not occur so long as premiums can be paid under the provisions of an arrangement for automatic premium loan as may be set forth in the certificate; [PL 1969, c. 132, §1 (NEW).]

F. A provision that one paid-up nonforfeiture benefit as specified in the certificate shall become effective automatically unless the member elects another available paid-up nonforfeiture benefit, not later than 60 days after the due date of the premium in default; [PL 1969, c. 132, §1 (NEW).]

G. A statement of the mortality table and rate of interest used in determining all paid-up nonforfeiture benefits and cash surrender options available under the certificate, and a brief general statement of the method used in calculating such benefits; [PL 1969, c. 132, §1 (NEW).]

H. A table showing in figures the value of every paid-up nonforfeiture benefit and cash surrender option available under the certificate for each certificate anniversary either during the first 20

certificate years or during the term of the certificate whichever is shorter; [PL 1969, c. 132, §1 (NEW).]

I. A provision that the certificate shall be incontestable after it has been in force during the lifetime of the member for a period of 2 years from its date of issue except for nonpayment of premiums, violation of the provisions of the certificate relating to military, aviation or naval service and violation of the provisions relating to suspension or expulsion as substantially set forth in the certificate. At the option of the society, supplemental provisions relating to benefits in the event of temporary or permanent disability or hospitalization and provisions which grant additional insurance specifically against death by accident or accidental means may also be excepted. The certificate shall be incontestable on the ground of suicide after it has been in force during the lifetime of the member for a period of 2 years from date of issue. The certificate may provide, as to statements made to procure reinstatement, that the society shall have the right to contest a reinstated certificate within a period of 2 years from date of reinstatement with the same exceptions as herein provided; [PL 1969, c. 132, §1 (NEW).]

J. A provision that in case the age or sex of the member or of any other person is considered in determining the premium and it is found at any time before final settlement under the certificate that the age or sex has been misstated, and the discrepancy and premium involved have not been adjusted, the amount payable shall be such as the premium would have purchased at the correct age and sex; but if the correct age or sex was not an insurable age or sex under the society's charter or laws, only the premiums paid to the society, less any payments previously made to the member, shall be returned or, at the option of the society, the amount payable under the certificate shall be such as the premium would have purchased at the correct age and sex according to the society's promulgated rates and any extension thereof based on actuarial principles; [PL 1969, c. 132, §1 (NEW).]

K. A provision or provisions which recite fully, or which set forth the substance of, all sections of the charter, constitution, laws, rules or regulations of the society, in force at the time of issuance of the certificate, the violation of which will result in the termination of, or in the reduction of, the benefit or benefits payable under the certificate; and [PL 1969, c. 132, §1 (NEW).]

L. If the constitution or laws of the society provide for expulsion or suspension of a member, any member so expelled or suspended, except for nonpayment of a premium or within the contestable period for material misrepresentations in such member's application for membership, must have the privilege of maintaining the member's insurance in force by continuing payment of the required premium. [RR 2015, c. 1, §30 (COR).]

Any of the foregoing provisions or portions thereof not applicable by reason of the plan of insurance or because the certificate is an annuity certificate may to the extent inapplicable be omitted from the certificate.

[RR 2015, c. 1, §30 (COR).]

2. No life benefit certificate may be delivered or issued for delivery in this State containing in substance any of the following provisions:

A. Any provision limiting the time within which any action at law or in equity may be commenced to less than 2 years after the cause of action shall accrue; [PL 1969, c. 132, §1 (NEW).]

B. Any provision by which the certificate shall purport to be issued or to take effect more than 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; [PL 1989, c. 176, §7 (AMD).]

C. 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; or [PL 1989, c. 176, §7 (AMD).]

D. Any provision providing more restrictive coverage or excluding coverage for death resulting from Acquired Immune Deficiency Syndrome (AIDS), AIDS Related Complex (ARC) or HIV related diseases except this provision shall not apply to death by accident or accidental means. [PL 1989, c. 176, §7 (NEW).]  
[PL 1989, c. 176, §7 (AMD).]

3. The word "premiums" as used in this chapter means premiums, rates or other required contributions by whatever name known.  
[PL 1969, c. 132, §1 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). PL 1981, c. 188, §5 (AMD). PL 1983, c. 419, §11 (AMD). PL 1989, c. 176, §7 (AMD). RR 2015, c. 1, §30 (COR). RR 2021, c. 1, Pt. B, §328 (COR).

#### **§4121. Accident and health insurance and total and permanent disability insurance certificates**

A society may not issue or deliver in this State any certificate or other evidence of any contract or 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, has been filed with the superintendent and approved by the superintendent as conforming to reasonable rules from time to time made by the superintendent and as not inconsistent with any other provisions of law applicable thereto. For each such form filing, the society shall pay the superintendent a fee that must be the same as for an insurer, as provided in section 601. The superintendent shall, within a reasonable time after the filing of any such form, notify the society filing the form either of the superintendent's approval or of the superintendent's disapproval of that form. The superintendent may approve any such form that in the superintendent's opinion contains provisions on any one or more of the several requirements made by the superintendent that are more favorable to the members than the one or ones so required. The superintendent may make, alter and supersede reasonable regulations prescribing the required, optional and prohibited provisions in such contracts, and such regulations must conform, as far as practicable, to chapter 33. When the superintendent considers inapplicable, either in part or in their entirety, the provisions of the foregoing sections, the superintendent may prescribe the portions or summary thereof of the contract to be printed on the certificate issued to the member. Any filing made under this section is deemed approved unless disapproved within 60 days from the date of such filing. The procedures governing all rules promulgated under authority of this section must conform to Title 5, chapter 375, subchapter 2. [RR 2021, c. 1, Pt. B, §329 (COR).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). PL 1977, c. 694, §430 (AMD). PL 1983, c. 419, §12 (AMD). RR 2021, c. 1, Pt. B, §329 (COR).

#### **§4121-A. Acquired Immune Deficiency Syndrome**

No certificate providing health insurance benefits delivered or issued for delivery in this State, other than a certificate providing benefits for specific diseases or accidental injuries only, may provide more restrictive coverage for Acquired Immune Deficiency Syndrome (AIDS), AIDS Related Complex or HIV related diseases than for any other disease or sickness or exclude coverage for Acquired Immune Deficiency Syndrome (AIDS), AIDS Related Complex (ARC) or HIV related diseases except through an exclusion under which all sicknesses and diseases are treated the same. [PL 1989, c. 176, §8 (NEW).]

**SECTION HISTORY**

PL 1989, c. 176, §8 (NEW).

**§4122. Waiver**

The constitution and laws 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 laws and constitution of the society. Such provisions shall be binding on the society and every member and beneficiary of a member. [PL 1969, c. 132, §1 (NEW).]

**SECTION HISTORY**

PL 1969, c. 132, §1 (NEW).

**§4123. Reinsurance**

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, or if not so authorized, one which is approved by the superintendent, but no such society may reinsure substantially all of its insurance in force without the written permission of the superintendent. 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 January 1, 1970, unless the reinsurance is payable by the assuming insurer on the basis of the liability of the ceding society under the contract or contracts reinsured without diminution because of the insolvency of the ceding society. [PL 1973, c. 625, §154 (AMD).]

**SECTION HISTORY**

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). PL 1973, c. 625, §154 (AMD).

**§4124. Licenses**

A license must be issued to each fraternal benefit society that qualifies under this chapter. The license continues in full force and effect until suspended or revoked by the superintendent. Upon issuance of the license and annually thereafter the society shall pay the superintendent a fee that is the same as for an insurer as provided in section 601. A duly certified copy or duplicate of such license is prima facie evidence that the licensee is a fraternal benefit society within the meaning of this chapter. On or before July 1st of each year, the superintendent shall forward to each fraternal benefit society an itemized bill of the amount due for the filing of the annual statement and the amount due for the certificate of authority annual fee. [PL 1997, c. 592, §68 (AMD).]

**SECTION HISTORY**

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). PL 1973, c. 625, §155 (AMD). PL 1977, c. 682, §5 (RPR). PL 1997, c. 592, §68 (AMD).

**§4125. Foreign or alien society -- admission**

No foreign or alien society shall transact business in this State without a license issued by the superintendent. Any such society may be licensed to transact business in this State upon filing with the superintendent: [PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]

1. A duly certified copy of its charter or articles of incorporation; [PL 1969, c. 132, §1 (NEW).]
2. A copy of its constitution and laws, certified by its secretary or corresponding officer; [PL 1969, c. 132, §1 (NEW).]
3. A power of attorney to the superintendent as prescribed in section 4129; [PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]

4. A statement of its business under oath of its president and secretary or corresponding officers in a form prescribed by the superintendent, duly verified by an examination made by the supervising insurance official of its home state or other state, territory, province or country, satisfactory to the superintendent of this State;

[PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]

5. A certificate from the proper official of its home state, territory, province or country that the society is legally incorporated and licensed to transact business therein;

[PL 1969, c. 132, §1 (NEW).]

6. Copies of its certificate forms; and

[PL 1969, c. 132, §1 (NEW).]

7. Such other information as the superintendent considers necessary; and upon a showing that its assets are invested in accordance with the provisions of this chapter.

[RR 2021, c. 1, Pt. B, §330 (COR).]

Any foreign or alien society desiring admission to this State shall have the qualifications required of domestic societies organized under this chapter. [PL 1969, c. 132, §1 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). RR 2021, c. 1, Pt. B, §330 (COR).

#### §4126. Injunction -- liquidation -- receivership of domestic society

1. When the superintendent upon investigation finds that a domestic society:

A. Has exceeded its powers; [PL 1969, c. 132, §1 (NEW).]

B. Has failed to comply with any provision of this chapter; [PL 1969, c. 132, §1 (NEW).]

C. Is not fulfilling its contracts in good faith; [PL 1969, c. 132, §1 (NEW).]

D. Has a membership of less than 400 after an existence of 1 year or more; or [PL 1969, c. 132, §1 (NEW).]

E. Is conducting business fraudulently or in a manner hazardous to its members, creditors, the public or the business; [PL 1969, c. 132, §1 (NEW).]

the superintendent shall notify the society of such deficiency or deficiencies and state in writing the reasons for the superintendent's dissatisfaction. The superintendent shall at once issue a written notice to the society requiring that the deficiency or deficiencies that exist are corrected. After such notice the society has a 30-day period in which to comply with the superintendent's request for correction, and if the society fails to comply, the superintendent shall notify the society of the superintendent's findings of noncompliance and require the society to show cause on a date named why it should not be enjoined from carrying on any business until the violation complained of has been corrected, or why an action in quo warranto should not be commenced against the society.

If on such date the society does not present good and sufficient reasons why it should not be so enjoined or why such action should not be commenced, the superintendent may present the facts relating thereto to the Attorney General who shall, if the Attorney General considers the circumstances warrant, commence an action to enjoin the society from transacting business or in quo warranto.

The court shall thereupon notify the officers of the society of a hearing. If after a full hearing it appears that the society should be so enjoined or liquidated or a receiver appointed, the court shall enter the necessary order.

[RR 2021, c. 1, Pt. B, §331 (COR).]

2. No society so enjoined shall have the authority to do business until:

- A. The superintendent finds that the violation complained of has been corrected; [PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]
- B. The cost of such action shall have been paid by the society if the court finds that the society was in default as charged; [PL 1969, c. 132, §1 (NEW).]
- C. The court has dissolved its injunction; and [PL 1969, c. 132, §1 (NEW).]
- D. The society's certificate of authority has been reinstated. [PL 1977, c. 694, §431 (RPR).]  
[PL 1977, c. 694, §431 (AMD).]
3. If the court orders the society liquidated, it shall be enjoined from carrying on any further business, whereupon the receiver of the society shall proceed at once to take possession of the books, papers, money and other assets of the society and, under the direction of the court, proceed forthwith to close the affairs of the society and to distribute its funds to those entitled thereto.  
[PL 1969, c. 132, §1 (NEW).]
4. No action under this section shall be recognized in any court of this State unless brought by the Attorney General upon request of the superintendent. Whenever a receiver is to be appointed for a domestic society, the court shall appoint the superintendent as such receiver.  
[PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]
5. The provisions of this section relating to hearing by the superintendent, action by the Attorney General at the request of the superintendent, hearing by the court, injunction and receivership shall be applicable to a society which shall voluntarily determine to discontinue business.  
[PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]
6. Nothing in this section may be construed as limiting the superintendent's authority to take enforcement action under section 12-A in connection with violations of applicable provisions of this Title.  
[PL 2009, c. 13, §3 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). PL 1977, c. 694, §431 (AMD). PL 2009, c. 13, §3 (AMD). RR 2021, c. 1, Pt. B, §331 (COR).

#### **§4127. Petition for suspension, revocation or refusal of license of foreign or alien society (REPEALED)**

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). PL 1977, c. 694, §432 (AMD). PL 1999, c. 547, §B78 (AMD). PL 1999, c. 547, §B80 (AFF). PL 2009, c. 13, §4 (RP).

#### **§4127-A. Suspension, revocation or refusal of license of foreign or alien society**

The superintendent may suspend, revoke or refuse the license of a foreign or alien society transacting or applying to transact business in this State as set out in this section. [PL 2009, c. 13, §5 (NEW).]

**1. Investigation.** If, upon investigation, the superintendent finds that a foreign or alien society transacting or applying to transact business in this State has exceeded its powers, has failed to comply with any of the provisions of this chapter, is not fulfilling its contracts in good faith or is conducting its business fraudulently or in a manner hazardous to its members or creditors or the public, the superintendent shall notify the society of the deficiency or deficiencies and state in writing the reasons that warrant suspension, revocation or refusal of the society's license. The notice must require that the deficiency or deficiencies be corrected.

After receipt of the notice, the society has 30 days to comply with the superintendent's request for correction, and if the society fails to comply, the superintendent shall notify the society of the findings of noncompliance and require the society to show cause, on a date set by the superintendent, why its license should not be suspended, revoked or refused. If on that 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 refused, the superintendent may suspend or refuse the license of the society to do business in this State until satisfactory evidence is furnished to the superintendent that the suspension or refusal should be withdrawn or the superintendent may revoke the authority of the society to do business in this State. [PL 2009, c. 13, §5 (NEW).]

**2. Continue contracts.** Nothing in this section may be construed as preventing any foreign or alien society from continuing in good faith all contracts made in this State during the time the society was legally authorized to transact business in this State. [PL 2009, c. 13, §5 (NEW).]

**3. Enforcement action.** Nothing in this section may be construed as limiting the superintendent's authority to take enforcement action under section 12-A in connection with violations of applicable provisions of this Title. [PL 2009, c. 13, §5 (NEW).]

#### SECTION HISTORY

PL 2009, c. 13, §5 (NEW).

#### §4128. Licensing of agents

Insurance producers of societies must be licensed in accordance with chapter 16 except that no insurance producer's license is required if: [PL 2023, c. 405, Pt. A, §93 (AMD).]

**1. Officer devoting substantial time to activities other than solicitation or negotiation of insurance contracts.** An officer, employee or secretary of a society or of any subordinate lodge or branch of that society devotes substantially all of the officer's, employee's or secretary's time to activities other than the solicitation or negotiation of insurance contracts and receives no commission or other compensation directly dependent upon the number or amount of contracts solicited or negotiated; [PL 2023, c. 405, Pt. A, §93 (AMD).]

**2. Agent devoting less than 50% of time to solicitation and procurement of insurance contracts.** An agent or representative of a society devotes less than 50% of the agent's or representative's time to the solicitation and procurement of insurance contracts for the society. A person who in the preceding calendar year has solicited and procured life insurance in excess of \$200,000, face amount, or, in the case of any other kind or kinds of insurance that the society may write, on the persons of more than 25 individuals and who has received or will receive a commission or other compensation for the solicitation and procurement is presumed to be devoting 50% of the person's time to the solicitation or procurement of insurance contracts for the society; or [PL 2023, c. 405, Pt. A, §93 (AMD).]

**3. Persons who do not effect insurance.** A member of a society does not effect insurance and that member's solicitation or negotiation is incidental to securing new members for the member's society and that member's only remuneration consists of prizes in the form of merchandise or payments of a nominal amount. [PL 2023, c. 405, Pt. A, §93 (AMD).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). PL 1977, c. 446, §1 (RPR). PL 1997, c. 457, §48 (AMD). PL 1997, c. 457, §55 (AFF). RR 2021, c. 1, Pt. B, §§332-334 (COR). PL 2023, c. 405, Pt. A, §93 (AMD).

#### **§4129. Service of process**

Every society authorized to do business in this State shall appoint in writing an agent located in the State upon whom all lawful process in any action or proceeding against it is served and shall agree in writing that any lawful process against it that is served on the agent is of the same legal force and validity as if served upon the society and that the authority continues in force so long as any liability remains outstanding in this State. Copies of such appointment certified by the appointed agent are deemed sufficient evidence of the appointment and may be admitted in evidence with the same force and effect as the original. [PL 1997, c. 592, §69 (AMD).]

Service may only be made upon the appointed agent or, if absent, upon the person in charge. It must be made in duplicate and constitutes sufficient service upon the society. When legal process against a society is served upon the appointed agent, the appointed agent shall forthwith forward one of the duplicate copies by registered mail, prepaid, directed to the secretary or corresponding officer. Legal process may not be served upon a society except as provided in this section. [PL 1997, c. 592, §69 (AMD).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1969, c. 590, §40 (AMD). PL 1973, c. 585, §12 (AMD). PL 1997, c. 457, §49 (AMD). PL 1997, c. 592, §69 (AMD).

#### **§4130. Injunction**

No application or petition for injunction against any domestic, foreign or alien society, or branch thereof, shall be recognized in any court of this State unless made by the Attorney General upon request of the superintendent. [PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD).

#### **§4131. Review**

All decisions and findings of the superintendent made under the provisions of this chapter shall be subject to review by proper proceedings in any court of competent jurisdiction in this State. [PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD).

#### **§4132. Funds**

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 or the surrender of any part thereof, except as provided in the contract. [PL 1969, c. 132, §1 (NEW).]

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. [PL 1969, c. 132, §1 (NEW).]

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 chapter, 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. [PL 1969, c. 132, §1 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW).

#### **§4133. 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 insurers 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. [PL 1969, c. 132, §1 (NEW).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW).

#### **§4134. Reports and valuations**

Reports shall be filed and synopses of annual statements shall be published in accordance with the provisions of this section. [PL 1969, c. 132, §1 (NEW).]

1. 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 superintendent, file with the superintendent a true statement of its financial condition, transactions and affairs for the preceding calendar year. The statement must be in general form and context as approved by the National Association of Insurance Commissioners for fraternal benefit societies and as supplemented by additional information required by the superintendent. The society shall also file quarterly statements in accordance with the National Association of Insurance Commissioners quarterly statement instructions for fraternal benefit societies, if applicable, and shall report material investment and reinsurance transactions consistent with section 423-C. If the society provides health care benefits, it shall file a health insurance supplement consistent with section 423-D. The fee for filing the annual statement is the same as for an insurer as provided in section 601.

[PL 2017, c. 169, Pt. A, §8 (AMD).]

2. A synopsis of its annual statement 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 not later than June 1 of each year, or, in lieu thereof, such synopsis may be published in the society's official publication.

[PL 1969, c. 132, §1 (NEW).]

3. As a part of the annual statement herein required, each society shall, on or before the 1st day of March, file with the superintendent a valuation of its certificates in force on December 31 last preceding, except that the superintendent may, in the superintendent's discretion for cause shown, extend the time for filing such valuation for not more than 2 calendar months. Such report of valuation must show, as reserve liabilities, the difference between the present midyear value of the promised benefits provided in the certificates of such society in force and the present midyear value of the future net premiums as the same are in practice actually collected, not including therein any value for the right to make extra assessments and not including any amount by which the present midyear value of future net premiums exceeds the present midyear value of promised benefits on individual certificates. At the option of any society, in lieu of the above, the valuation may show the net tabular value. Such net tabular value as to certificates issued prior to one year after January 1, 1970 must be determined in accordance with the provisions of law applicable prior to January 1, 1970 and as to certificates issued on or after one year from January 1, 1970 may not be less than the reserves determined according to the superintendent's 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 must be set up and maintained as a liability. The reserve liabilities must be properly adjusted in the event that the midyear or tabular values are not appropriate.

[RR 2021, c. 1, Pt. B, §335 (COR).]

4. Reserves according to the superintendent's reserve valuation method for the life insurance and endowment benefits of certificates providing for a uniform amount of insurance and requiring the payment of uniform premiums must be the excess, if any, of the present value, at the date of valuation, of such future guaranteed benefits provided for by such certificates, over the then present value of any future modified net premiums therefor. The modified net premiums for any such certificate must be such uniform percentage of the respective contract premiums for such benefits that the present value, at the date of issue of the certificate, of all such modified net premiums is equal to the sum of the then present value of such benefits provided for by the certificate and the excess of A over B, as follows:

A. A net level premium equal to the present value, at the date of issue, of such benefits provided for after the first certificate year, divided by the present value, at the date of issue, of an annuity of one per annum payable on the first and each subsequent anniversary of such certificate on which a premium falls due; provided however that such net level annual premium may not exceed the net level annual premium on the 19-year premium whole life plan for insurance of the same amount at an age 1 year higher than the age at issue of such certificate; and [PL 2013, c. 588, Pt. A, §28 (AMD).]

B. A net one-year term premium for such benefits provided for in the first certificate year. [PL 2013, c. 588, Pt. A, §28 (AMD).]

Reserves according to the superintendent's reserve valuation method must be calculated by a method consistent with the principles of this subsection for life insurance benefits for varying amounts of benefits or requiring the payment of varying premiums; annuity and pure endowment benefits; disability and accidental death benefits in all certificates and contracts; and all other benefits except life insurance and endowment benefits.

[PL 2013, c. 588, Pt. A, §28 (AMD).]

5. The present value of deferred payments due under incurred claims or matured certificates shall be deemed a liability of the society and shall be computed upon mortality and interest standards prescribed in the following subsection.

[PL 1969, c. 132, §1 (NEW).]

6. Such valuation and underlying data must be certified by a competent actuary or, at the expense of the society, verified by the actuary of the department of insurance of the state of domicile of the society.

A. The minimum standards of valuation for certificates issued prior to January 1, 1970 must be those provided by the law applicable immediately prior to January 1, 1970 but not lower than the standards used in the calculating of rates for such certificates. [RR 2021, c. 1, Pt. B, §336 (COR).]

B. The minimum standard of valuation for certificates issued after January 1, 1970 must be such interest assumptions and tables as authorized for use by domestic life insurers or 3 1/2% interest and the following tables:

(1) For certificates of life insurance: American Men Ultimate Table of Mortality, with Bowerman's or Davis' extension thereof or with the consent of the superintendent, the Commissioners 1941 Standard Ordinary Mortality Table, the Commissioners 1941 Standard Industrial Mortality Table or the Commissioners 1958 Standard Ordinary Mortality Table,

using actual age of the insured for male risks and an age more than 3 years younger than the actual age of the insured for female risks;

(2) For annuity and pure endowment certificates, excluding any disability and accidental death benefits in such certificates: The 1937 Standard Annuity Mortality Table or the Annuity Mortality Table for 1949, ultimate, or any modification of either of these tables approved by the superintendent;

(3) For total and permanent disability benefits in or supplementary to life insurance certificates: Hunter's Disability Table, or the class III disability table (1926) modified to conform to the contractual waiting period, or the tables of period 2 disablement rates and the 1930 to 1950 termination rates of the 1952 disability study of the Society of Actuaries with due regard to the type of benefit. Any such table must, for active lives, be combined with a mortality table permitted for calculating the reserves for life insurance certificates;

(4) For accidental death benefits in or supplementary to life insurance certificates: The Intercompany Double Indemnity Mortality Table or the 1959 Accidental Death Benefits Table. Either table must be combined with a mortality table permitted for calculating the reserves for life insurance certificates; and

(5) For noncancellable accident and health benefits: The class III disability table (1926) with conference modifications or, with the consent of the superintendent, tables based upon the society's own experience. [RR 2021, c. 1, Pt. B, §336 (COR).]

The superintendent may, in the superintendent's discretion, accept other standards for valuation if the superintendent finds that the reserves produced thereby will not be less in the aggregate than reserves computed in accordance with the minimum valuation standard herein prescribed. The superintendent may, in the superintendent's discretion, vary the standards of mortality applicable to all certificates of insurance on substandard lives or other extra hazardous lives by any society authorized to do business in this State. Whenever the mortality experience under all certificates valued on the same mortality table is in excess of the expected mortality according to such table for a period of 3 consecutive years, the superintendent may require additional reserves when considered necessary in the superintendent's judgment on account of such certificates.

Any society, with the consent of the insurance supervisory officer of the state of domicile of the society and under such conditions, if any, that the insurance supervisory officer may impose, may establish and maintain reserves on its certificates in excess of the reserves required thereunder, but the contractual rights of any insured member are not affected thereby.

[RR 2021, c. 1, Pt. B, §336 (COR).]

7. A society neglecting to file the annual or quarterly statement in the form and within the time provided by this section shall forfeit \$100 for each day during which such neglect continues, and, upon notice by the superintendent to that effect, its authority to do business in this State ceases while such default continues.

[PL 2017, c. 169, Pt. A, §9 (AMD).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). PL 1973, c. 625, §§156-158 (AMD). PL 1987, c. 606, §2 (AMD). PL 1997, c. 592, §70 (AMD). PL 2013, c. 588, Pt. A, §28 (AMD). PL 2017, c. 169, Pt. A, §§8, 9 (AMD). RR 2021, c. 1, Pt. B, §§335, 336 (COR).

#### §4135. Examination of domestic societies

The superintendent, or any person the superintendent may appoint, has the power of visitation and examination into the affairs of any domestic society and the superintendent shall make such examination at least once in every 3 years. The superintendent may employ assistants for the purpose

of such examination, and the superintendent, or any person the superintendent may appoint, has free access to all books, papers and documents that relate to the business of the society. The minutes of the proceedings of the supreme legislative or governing body and of the board of directors or corresponding body of a society must be in the English language. In making any such examination the superintendent may summon and qualify as witnesses under oath and examine its officers, agents and employees or other persons in relation to the affairs, transactions and condition of the society. A summary of the report of the superintendent and such recommendations or statements of the superintendent as may accompany such report must be read at the first meeting of the board of directors or corresponding body of the society following the receipt thereof, and if directed so to do by the superintendent, must also be read at the first meeting of the supreme legislative or governing body of the society following the receipt thereof. A copy of the report, recommendations and statements of the superintendent must be furnished by the society to each member of such board of directors or other governing body. The expense of each examination and of each valuation, including compensation and actual expense of examiners, must be paid by the society examined or whose certificates are valued, upon statements furnished by the superintendent. [RR 2021, c. 1, Pt. B, §337 (COR).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). RR 2021, c. 1, Pt. B, §337 (COR).

#### **§4136. Examination of foreign and alien societies**

The superintendent, or any person whom the superintendent may appoint, may examine any foreign or alien society transacting or applying for admission to transact business in this State. The superintendent may employ assistants and the superintendent, or any person the superintendent may appoint, has free access to all books, papers and documents that relate to the business of the society. The superintendent may in the superintendent's discretion accept, in lieu of such examination, the examination of the insurance department of the state, territory, district, province or country where such society is organized. The compensation and actual expenses of the examiners making any examination or general or special valuation must be paid by the society examined or by the society whose certificate obligations have been valued, upon statements furnished by the superintendent. [RR 2021, c. 1, Pt. B, §338 (COR).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). RR 2021, c. 1, Pt. B, §338 (COR).

#### **§4137. No adverse publications**

Pending, during or after an examination or investigation of a society, either domestic, foreign or alien, the superintendent may not make public any financial statement, report or finding, nor may the superintendent permit to become public any financial statement, report or finding affecting the status, standing or rights of any society, until a copy thereof has been served upon the society at its principal office and the 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. [RR 2021, c. 1, Pt. B, §339 (COR).]

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). RR 2021, c. 1, Pt. B, §339 (COR).

#### **§4138. Misrepresentation**

**(REPEALED)**

#### SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1991, c. 797, §10 (AMD). PL 2001, c. 421, §§B91,92 (AMD). PL 2001, c. 421, §C1 (AFF). PL 2009, c. 13, §6 (RP).

**§4138-A. Enforcement; unfair methods of competition and unfair and deceptive acts and practices**

A society authorized to do business in this State is subject to the provisions of section 12-A and chapter 23. Nothing in such provisions may be construed as applying to or affecting the right of any society to determine its eligibility requirements for membership or 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 or the offering of benefits only to its members. [PL 2009, c. 13, §7 (NEW).]

**SECTION HISTORY**

PL 2009, c. 13, §7 (NEW).

**§4139. Discrimination and rebates****(REPEALED)****SECTION HISTORY**

PL 1969, c. 132, §1 (NEW). PL 2009, c. 13, §8 (RP).

**§4139-A. Funeral service contracts**

Every society is subject to the provisions of section 2176. [PL 1989, c. 206, §3 (NEW).]

**SECTION HISTORY**

PL 1989, c. 206, §3 (NEW).

**§4140. Taxation**

Every society organized or licensed under this chapter 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 tax other than taxes on real estate and office equipment. [PL 1969, c. 132, §1 (NEW).]

**SECTION HISTORY**

PL 1969, c. 132, §1 (NEW).

**§4141. Exemptions**

Except as herein provided, societies shall be governed by this chapter 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. [PL 1969, c. 132, §1 (NEW).]

**SECTION HISTORY**

PL 1969, c. 132, §1 (NEW).

**§4142. Exemption of certain societies**

Nothing contained in this chapter shall be so construed as to affect or apply to: [PL 1969, c. 132, §1 (NEW).]

1. Grand or subordinate lodges of societies, orders or associations now doing business in this State which provide benefits exclusively through local or subordinate lodges; [PL 1969, c. 132, §1 (NEW).]

2. 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;

[PL 1969, c. 132, §1 (NEW).]

3. 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  
[PL 1969, c. 132, §1 (NEW).]

4. 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.  
[PL 1969, c. 132, §1 (NEW).]

Any such society or association described in subsections 3 or 4 supra which provides for death or disability benefits for which benefit certificates are issued, and any such society or association included in subsection 4 which has more than 1,000 members, shall not be exempted from the provisions of this chapter but shall comply with all requirements thereof. [PL 1969, c. 132, §1 (NEW).]

No society which, by the provisions of this section, is exempt from the requirements of this chapter, except any society described in subsection 2, shall give or allow, or promise to give or allow to any person any compensation for procuring new members. [PL 1969, c. 132, §1 (NEW).]

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 chapter except that the provisions thereof relating to medical examination, valuations of benefit certificates, and incontestability shall not apply to such society. [PL 1969, c. 132, §1 (NEW).]

The superintendent may require from any society or association, by examination or otherwise, such information as will enable the superintendent to determine whether such society or association is exempt from this chapter. [RR 2021, c. 1, Pt. B, §340 (COR).]

Societies, exempted under this section, shall also be exempt from all other provisions of the insurance laws of this State. [PL 1969, c. 132, §1 (NEW).]

## SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). RR 2021, c. 1, Pt. B, §340 (COR).

### §4143. Penalties

**1. False or fraudulent statement in application.** A person who intentionally or knowingly makes a false or fraudulent statement in or relating to an application for membership or for the purpose of obtaining money from or a benefit in any society commits a Class E crime.  
[PL 2003, c. 452, Pt. M, §1 (NEW); PL 2003, c. 452, Pt. X, §2 (AFF).]

**2. Perjury.** A person who intentionally or knowingly makes a false or fraudulent statement in any verified report or declaration under oath required or authorized by this chapter or of any material fact contained in a sworn statement concerning the death or disability of a member for the purpose of procuring payment of a benefit named in the certificate commits the crime of perjury and is subject to the penalties prescribed by law.  
[PL 2003, c. 452, Pt. M, §1 (NEW); PL 2003, c. 452, Pt. X, §2 (AFF).]

**3. Soliciting membership in society not licensed to do business.** A person who solicits membership for or in any manner assists in procuring membership in a society not licensed to do business in this State commits a civil violation for which a fine of not less than \$50 and not more than \$200 may be adjudged.  
[PL 2003, c. 452, Pt. M, §1 (NEW); PL 2003, c. 452, Pt. X, §2 (AFF).]

**4. General penalty.** A person who intentionally or knowingly violates or neglects or refuses to comply with the provisions of this chapter for which a penalty is not otherwise prescribed is subject to the penalties under section 12-A.

[PL 2003, c. 452, Pt. M, §1 (NEW); PL 2003, c. 452, Pt. X, §2 (AFF).]

SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1991, c. 797, §11 (AMD). PL 2003, c. 452, §M1 (RPR). PL 2003, c. 452, §X2 (AFF).

The State of Maine claims a copyright in its codified statutes. If you intend to republish this material, we require that you include the following disclaimer in your publication:

*All copyrights and other rights to statutory text are reserved by the State of Maine. The text included in this publication reflects changes made through the First Special Session of the 132nd Maine Legislature and is current through October 1, 2025. The text is subject to change without notice. It is a version that has not been officially certified by the Secretary of State. Refer to the Maine Revised Statutes Annotated and supplements for certified text.*

The Office of the Revisor of Statutes also requests that you send us one copy of any statutory publication you may produce. Our goal is not to restrict publishing activity, but to keep track of who is publishing what, to identify any needless duplication and to preserve the State's copyright rights.

PLEASE NOTE: The Revisor's Office cannot perform research for or provide legal advice or interpretation of Maine law to the public. If you need legal assistance, please contact a qualified attorney.