

MAINE STATE LEGISLATURE

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SEVENTY-NINTH LEGISLATURE

SENATE

NO. 133

In Senate, Feb. 27, 1919.

Referred to Committee on Judiciary and 1000 copies ordered printed. Sent down for concurrence.

P. F. CRANE, Secretary.

Presented by Mr. Googin of Androscoggin.

STATE OF MAINE

IN THE YEAR OF OUR LORD ONE THOUSAND
NINE HUNDRED AND NINETEEN

AN ACT for the Regulation and Control of Fraternal Benefit
Societies.

Be it enacted by the People of the State of Maine, as follows:

Section I. (Fraternal Benefit Societies Defined.) Any
2 corporation, society, order or voluntary association, with-
3 out capital stock, organized and carried on solely for the
4 mutual benefit of its members and their beneficiaries, and
5 not for profit, and having a lodge system with ritualistic
6 form of work and representative form of government, and
7 which shall make provision for the payment of benefits
8 in accordance with section five hereof, is hereby declared
9 to be a Fraternal Benefit Society.

Sect. 2. (Lodge System Defined.) Any society having
2 a supreme governing or legislative body and subordinate
3 lodges or branches by whatever name known, into which
4 members shall be elected, initiated and admitted in accord-
5 ance with its constitution, laws, rules, regulations and pre-
6 scribed ritualistic ceremonies, which subordinate lodges or
7 branches shall be required by the laws of such society to
8 hold regular or stated meetings at least once in each month,
9 shall be deemed to be operating on the lodge system.

Sect. 3. (Representative Form of Government Defined.)
2 Any such society shall be deemed to have a representative
3 form of government when it shall provide in its consti-
4 tution and laws for a supreme legislative or governing body,
5 composed of representatives elected either by the members
6 or by delegates elected directly or indirectly by the mem-
7 bers, together with such other members as may be pre-
8 scribed by its constitution and laws; provided, that the
9 elective members shall constitute a majority in number and
10 have not less than two-thirds of the votes, nor less than
11 the votes required to amend its constitution and laws; and
12 provided further that the meetings of the supreme or gov-
13 erning body, and the election of officers, representatives or
14 delegates shall be held as often as once in four years. The
15 members, officers, representatives or delegates of a fraternal
16 benefit society shall not vote by proxy.

Sect. 4. (Exemptions.) Except as herein provided, such
2 societies shall be governed by this act, and shall be exempt

3 from all provisions of the insurance laws of this state, not
4 only in governmental relations with the state, but for every
5 other purpose and no law hereafter enacted shall apply to
6 them, unless they be expressly designated therein.

Sect. 5. (Benefits.) Subsection 1. Every society trans-
2 acting business under this act shall provide for the pay-
3 ment of death benefits and may provide for the payment of
4 benefits in case of temporary or permanent physical dis-
5 ability, either as the result of disease, accident or old age;
6 provided, the period of life at which the benefits for dis-
7 ability on account of old age shall commence, shall not be
8 under seventy years, and may provide for monuments or
9 tombstones to the memory of its deceased members, and
10 for the payment of funeral benefits. Such society shall
11 have the power to give a member, when permanently dis-
12 abled or on attaining the age of seventy, all, or such por-
13 tion of the face value of his certificate as the laws of the
14 society may provide; provided, that nothing in this act
15 contained shall be so construed as to prevent the issuing
16 of benefit certificates for a term of years less than the whole
17 of life which are payable upon the death or disability of
18 the member occurring within the term for which the benefit
19 certificate may be issued. Such society, shall, upon written
20 application of the member, have the power to accept a part
21 of the periodical contributions in cash, and charge the re-
22 mainder, not exceeding one-half of the periodical contri-
23 bution, against the certificate with interest payable or com-

24 pounded annually at a rate not lower than four per cent
25 per annum; provided, that this privilege shall not be granted
26 except to societies which have readjusted or may hereafter
27 readjust their rates of contributions, and to contracts affect-
28 ed by such readjustment.

Subsection 2. Any society which shall show by the annual
2 valuation hereinafter provided for that it is accumulating
3 and maintaining the reserve not lower than the usual re-
4 serve computed by the American Experience Table and four
5 per cent interest, may grant to its members extended and
6 paid-up protection, or such withdrawal equities as its con-
7 stitution and laws may provide; provided, that such grants
8 shall in no case exceed in value the portion of the reserve
9 to the credit of such members to whom they are made.

Sect. 6. (Beneficiaries.) The payment of death benefits
2 shall be confined to wife, husband, relative by blood to the
3 fourth degree, father-in-law, mother-in-law, son-in-law,
4 daughter-in-law, stepfather, stepmother, stepchildren, chil-
5 dren by legal adoption, or to a person or persons dependent
6 upon the member; provided, that if after the issuance of
7 the original certificate the member shall become dependent
8 upon an incorporated charitable institution, he shall have
9 the privilege with the consent of the society, to make such
10 institution his beneficiary. Within the above restrictions
11 each member shall have the right to designate his benefi-
12 ciary, and, from time to time, have the same changed in
13 accordance with the laws, rules or regulations of the soci-

14 ety, and no beneficiary shall have or obtain any vested in-
15 terest in the said benefit until the same has become due
16 and payable upon the death of the said member; provided,
17 that any society may, by its laws, limit the scope of bene-
18 ficiaries within the above classes.

Sect. 7. (Qualifications for Membership.) Any society
2 may admit to beneficial membership any person not less than
3 sixteen and not more than sixty years of age, who has been
4 examined by a legally qualified physician, and whose ex-
5 amination has been supervised and approved in accordance
6 with the laws of the society; provided that any beneficiary
7 member of such society who shall apply for a certificate
8 providing for disability benefits, need not be required to
9 pass an additional medical examination therefor. Noth-
10 ing herein contained shall prevent such society from ac-
11 cepting general or social members.

Sect. 8. (Certificate.) Every certificate issued by any
2 such society shall specify the amount of benefit provided
3 thereby, and shall provide that the certificate, the charter
4 or articles of incorporation, or, if a voluntary association,
5 the articles of association, the constitution and laws of the
6 society and the application for membership and medical
7 examination, signed by the applicant, and all amendments
8 to each thereof, shall constitute the agreement between the
9 society and the member, and copies of the same certified
10 by the secretary of the society, or corresponding officer,
11 shall be received in evidence of the terms and conditions

12 thereof, and any changes, additions or amendments to said
13 charter or articles of incorporation, or articles of associ-
14 ation, if a voluntary association, constitution or laws duly
15 made or enacted subsequent to the issuance of the benefit
16 certificate shall bind the member and his beneficiaries, and
17 shall govern and control the agreement in all respects the
18 same as though such changes, additions or amendments had
19 been made prior to and were in force at the time of the
20 application for membership.

Sect. 9. (Funds.) Subsection 1. Any society may cre-
2 ate, maintain, invest, disburse and apply an emergency, sur-
3 plus or other similar fund in accordance with its laws.
4 Unless otherwise provided in the contract, such funds shall
5 be held, invested, and disbursed for the use and benefit of
6 the society, and no member or beneficiary shall have or
7 acquire individual rights therein or become entitled to any
8 apportionment or the surrender of any part thereof, except
9 as provided in subsection two of section five of this act.
10 The funds from which benefits shall be paid and the funds
11 from which the expenses of the society shall be defrayed,
12 shall be derived from periodical or other payments by the
13 members of the society and accretions of said funds; pro-
14 vided, that no society shall hereafter be incorporated which
15 does not provide for stated periodical contributions suffi-
16 cient to provide for meeting the mortuary obligations con-
17 tracted, when valued upon the basis of the National Fra-
18 ternal Congress Table of Mortality as adopted by the Na-

19 tional Fraternal Congress, August 23, 1899, or any higher
20 standard with interest assumption not more than four per
21 cent per annum, nor shall any such society be admitted to
22 transact business in this state which does not provide for
23 stated periodical contributions sufficient to provide for meet-
24 ing the mortuary obligations contracted when valued upon
25 one of the bases named in section 23a of this bill and ap-
26 plicable thereunder to such society. No society, domestic
27 or foreign, shall hereafter be incorporated or admitted to
28 write or accept members for permanent disability benefits
29 except upon tables based upon reliable experience with an
30 interest assumption not higher than four per cent.

Subsection 2. Deferred payments or installments of
2 claims shall be considered as fixed liabilities on the hap-
3 penings of the contingency upon which such payments or
4 installments are thereafter to be paid. Such liability shall
5 be the present value of such future payments or install-
6 ments upon the rate of interest and mortality assumed by
7 the society for valuation, and every society shall maintain
8 a fund sufficient to meet such liability regardless of pro-
9 posed future collections to meet any such liabilities.

Sect. 10. (Investments.) Every society shall invest its
2 funds only in securities permitted by the laws of this state
3 for the investment of the assets of life insurance companies ;
4 provided, that any foreign society permitted or seeking to
5 do business in this state, which invests its funds in accord-
6 ance with the laws of the state in which it is incorporated,

7 shall be held to meet the requirements of this act for the
8 investment of funds.

Sect. 11. (Distribution of Funds.) Every provision of
2 the laws of the society for payment by members of such
3 society, in whatever form made, shall distinctly state the
4 purpose of the same and the proportion thereof which may
5 be used for expenses, and no part of the money collected
6 for mortuary or disability purposes or the net accretions
7 of either or any of said funds shall be used for expenses.

Sect. 12. (Organization.) Seven or more persons, citi-
2 zens of the United States and a majority of whom are citi-
3 zens of this state, who desire to form a fraternal benefit
4 society, as defined by this act, may make and sign (giving
5 their addresses) and acknowledge before some officer com-
6 petent to take acknowledgment of deeds, articles of incor-
7 poration, in which shall be stated:

1st. The proposed corporate name of the society, which
2 shall not so closely resemble the name of any society or
3 insurance company already transacting business in this state
4 as to mislead the public or to lead to confusion;

2nd. The purpose for which it is formed—which shall
2 not include more liberal powers than are granted by this
3 act, provided that any lawful social, intellectual, educa-
4 tional, charitable, benevolent, moral or religious advantages
5 may be set forth among the purposes of the society, and
6 the mode in which its corporate powers are to be exercised;

3rd. The names, residences and official titles of all the

2 officers, trustees, directors or other persons who are to have
3 and exercise the general control and management of the
4 affairs and funds of the society for the first year or until
5 the ensuing election at which all such officers shall be elect-
6 ed by the supreme legislative or governing body, which elec-
7 tion shall be held not later than one year from the date of
8 the issuance of the permanent certificate.

Such articles of incorporation and duly certified copies of
2 the constitution and laws, rules and regulations, and copies
3 of all proposed forms of benefit certificates, applications
4 therefor and circulars to be issued by such society, and a
5 bond in the sum of five thousand dollars, with sureties ap-
6 proved by the superintendent of insurance, conditioned upon
7 the return of the advance payments, as provided in this
8 section, to applicants, if the organization is not completed
9 within one year, shall be filed with the superintendent of
10 insurance, who may require such further information as
11 he deems necessary, and if the purposes of the society con-
12 form to the requirements of this act, and all provisions of
13 law have been complied with, the superintendent of insur-
14 ance shall so certify and retain and record, (or file), the
15 articles of incorporation, and furnish the incorporators a
16 preliminary certificate authorizing said society to solicit
17 members as hereinafter provided.

Upon receipt of said certificate from the superintendent
2 of insurance, said society may solicit members for the pur-
3 pose of completing its organization and shall collect from

4 each applicant the amount of not less than one regular
5 monthly payment in accordance with its table of rates as
6 provided by its constitution and laws, and shall issue to
7 each such applicant a receipt for the amount so collected.
8 But no such society shall incur any liability other than for
9 such advanced payments, nor issue any benefit certificate
10 nor pay or allow, or offer or promise to pay or allow, to
11 any person any death or disability benefit until actual bona
12 fide applications for death benefit certificates have been se-
13 cured upon at least five hundred lives for at least one thou-
14 sand dollars each, and all such applicants for death benefits
15 shall have been regularly examined by legally qualified prac-
16 ticing physicians, and certificates of such examinations have
17 been duly filed and approved by the chief medical examiner
18 of such society; nor until there shall be established ten
19 subordinate lodges or branches into which said five hundred
20 applicants have been initiated; nor until there has been sub-
21 mitted to the superintendent of insurance, under oath of
22 the president and secretary, or corresponding officers of
23 such society, a list of such applicants, giving their names,
24 addresses, date examined, date approved, date initiated,
25 name and number of the subordinate branch of which each
26 applicant is a member, amount of benefits to be granted,
27 rate of stated periodical contributions, which shall be suffi-
28 cient to provide for meeting the mortuary obligation, con-
29 tracted, when valued for death benefits upon the basis of
30 the National Fraternal Congress Table of Mortality, as

31 adopted by the National Fraternal Congress August 23,
32 1899, or any higher standard at the option of the society,
33 and for disability benefits by tables based upon reliable
34 experience and for combined death and permanent total
35 disability benefits by tables based upon reliable experience,
36 with an interest assumption not higher than four per cent
37 per annum; nor until it shall be shown to the superintendent
38 of insurance by the sworn statement of the treasurer or
39 corresponding officer of such society, that at least five hun-
40 dred applicants have each paid in cash at least one regular
41 monthly payment as herein provided per one thousand dol-
42 lars of indemnity to be affected, which payments in the
43 aggregate shall amount to at least twenty-five hundred dol-
44 lars; all of which shall be credited to the mortuary or dis-
45 ability fund on account of such applicants, and no part of
46 which may be used for expenses.

Said advanced payments shall, during the period of or-
2 ganization, be held in trust, and if the organization is not
3 completed within one year as hereinafter provided, returned
4 to said applicants.

The superintendent of insurance may make such exam-
2 ination and require such further information as he deems
3 advisable, and upon presentation of satisfactory evidence
4 that the society has complied with all the provisions of law,
5 he shall issue to such society a certificate to that effect.
6 Such certificate shall be prima facie evidence of the exist-
7 ence of such society at the date of such certificate. The

8 superintendent of insurance shall cause a record of such
9 certificate to be made and a certified copy of such record
10 may be given in evidence with like effect as the original
11 certificate.

No preliminary certificate granted under the provisions
2 of this section shall be valid after one year from its date,
3 or after such further period, not exceeding one year, as
4 may be authorized by the superintendent of insurance, upon
5 cause shown; unless the five hundred applicants herein re-
6 quired have been secured and the organization has been
7 completed as herein provided; and the articles of incor-
8 poration and all proceedings thereunder shall become null
9 and void in one year from the date of said preliminary
10 certificate, or at the expiration of said extended period,
11 unless such society shall have completed its organization
12 and commenced business as herein provided. When any
13 domestic society shall have discontinued business for the
14 period of one year, or has less than 400 members, its char-
15 ter shall become null and void.

Every such society shall have the power to make a con-
2 stitution and by-laws for the government of the society,
3 and admission of its members, the management of its affairs
4 and the fixing and readjusting of the rates of contribution
5 of its members from time to time; and it shall have the
6 power to change, alter, add to or amend such constitution
7 and by-laws and shall have such other powers as are nec-

8 essary and incidental to carrying into effect the objects and
9 purposes of the society.

Sect. 13. (Powers Retained—Reincorporation—Amend-
2 ments.) Any society now engaged in transacting business
3 in this state may exercise, after the passage of this act, all
4 of the rights conferred thereby, and all of the rights, pow-
5 ers and privileges now exercised or possessed by it under
6 this charter or articles of incorporation not inconsistent
7 with this act, if incorporated; or, if it be a voluntary asso-
8 ciation, it may incorporate hereunder. But no society al-
9 ready organized shall be required to reincorporate here-
10 under, and any such society may amend its articles of in-
11 corporation from time to time in the manner provided there-
12 in or in its constitution and laws; and all such amendments
13 shall be filed with the superintendent of insurance and shall
14 become operative upon such filing, unless a later time be
15 provided in such amendments or in its articles of incor-
16 poration, constitution or laws.

Sect. 14. (Mergers and Transfers.) No domestic so-
2 ciety shall merge with or accept the transfer of the mem-
3 bership or funds of any other society unless such merger
4 or transfer is evidenced by a contract in writing, setting
5 out in full the terms and conditions of such merger or
6 transfer, and filed with the superintendent of insurance of
7 this state, together with a sworn statement of the financial
8 condition of each of said societies, by its president and
9 secretary, or corresponding officers, and a certificate of such

10 officers, duly verified under oath of said officers of each
11 of the contracting societies, that such merger or transfer
12 has been approved by a vote of two-thirds of the members
13 of the supreme legislative or governing body of each of
14 said societies.

Upon the submission of said contract, financial statements
2 and certificates, the superintendent of insurance shall ex-
3 amine the same, and, if he shall find such financial state-
4 ments to be correct and the said contract to be in conform-
5 ity with the provisions of this section, and that such merger
6 or transfer is just and equitable to the members of each
7 of said societies, he shall approve said merger or transfer,
8 issue his certificate to that effect and thereupon the said
9 contract or merger or transfer shall be of full force and
10 effect.

In case such contract is not approved, the fact of its sub-
2 mission and its contents shall not be disclosed by the super-
3 tendent of insurance.

Sect. 15. (Annual License.) Societies which are now
2 authorized to transact business in this state may continue
3 such business until the first day of July next succeeding
4 the passage of this act, and the authority of such societies
5 may thereafter be renewed annually, but in all cases to
6 terminate on the first day of the succeeding July; provided,
7 however, the license shall continue in full force and effect
8 until the new license be issued or specifically refused. For
9 each such license or renewal the society shall pay the super-

10 intend of insurance two dollars (\$2.00). A duly cer-
11 tified copy or duplicate of such license shall be prima facie
12 evidence that the licensee is a fraternal benefit society with-
13 in the meaning of this act.

Sect. 16. (Admission of Foreign Society.) No foreign
2 society now transacting business, organized prior to the
3 passage of this act, which is not now authorized to transact
4 business in this state, shall transact any business herein
5 without a license from the superintendent of insurance.
6 Any such society shall be entitled to a license to transact
7 business within this state upon filing with the superintend-
8 ent a duly certified copy of its charter or articles of asso-
9 ciation; a copy of its constitution and laws, certified by its
10 secretary or corresponding officer; a power of attorney to
11 the superintendent as hereinafter provided; a statement of
12 its business under oath of its president and secretary, or
13 corresponding officers, in the form required by the super-
14 intendent, duly verified by an examination made by the
15 supervising insurance official of its home state or other
16 state satisfactory to the superintendent of insurance of
17 this state; a certificate from the proper official in its home
18 state province or country that the society is legally organ-
19 ized; a copy of its contract, which must show that benefits
20 are provided for by periodical, or other payments by per-
21 sons holding similar contracts; and upon furnishing the
22 superintendent such other information as he may deem
23 necessary to a proper exhibit of its business and plan of

24 working, and upon showing that its assets are invested in
25 accordance with the laws of the state, territory, district,
26 province or country where it is organized, he shall issue a
27 certificate to such society to do business in this state un-
28 til the first day of the succeeding July, and such license,
29 shall, upon compliance with the provisions of this act, be
30 renewed annually, but in all cases to terminate on the first
31 day of the succeeding July; provided, however, that li-
32 cense shall continue in full force and effect until the new
33 license be issued or specifically refused. Any foreign so-
34 ciety desiring admission to this state shall have the qualifi-
35 cations required of domestic societies organized under this
36 act, upon a valuation by any one of the standards author-
37 ized in section 23a of this act, and have its assets invested
38 as required by the laws of the state, territory, district,
39 country, or province where it is organized. For each such
40 license or renewal the society shall pay the superintendent
41 two dollars (\$2.00). When the superintendent refuses to
42 license any society, or revokes its authority to do business
43 in this state, he shall reduce his ruling, order or decision
44 to writing and file the same in his office, and shall furnish
45 a copy thereof, together with a statement of his reason,
46 to the officers of the society, upon request, and the action
47 of the superintendent shall be reviewable by proper pro-
48 ceedings in any court of competent jurisdiction within the
49 state; provided, however, that nothing contained in this or
50 the preceding section shall be taken or construed as pre-

51 venting any such society from continuing in good faith
52 all contracts made in this state during the time such society
53 was legally authorized to transact business herein.

Sect. 17. (Power of Attorney and Service of Process.)

2 Every society, whether domestic or foreign, now transact-
3 ing business in this state shall, within thirty days after the
4 passage of this act, and every such society hereafter apply-
5 ing for admission, shall, before being licensed, appoint in
6 writing the superintendent of insurance and his successors
7 in office to be its true and lawful attorney, upon whom all
8 legal process in any writing or proceeding against it shall
9 be served, and in such writing shall agree that any lawful
10 process against it which is served upon such attorney shall
11 be of the same legal force and validity as if served upon
12 the society and that the authority shall continue in force
13 so long as any liability remains outstanding in this state.
14 Copies of such appointment, certified by said superintendent
15 of insurance, shall be deemed sufficient evidence thereof
16 and shall be admitted in evidence with the same force and
17 effect as the original thereof might be admitted. Service
18 shall only be made upon such attorney, must be made in
19 duplicate upon the superintendent of insurance or, in his
20 absence upon the person in charge of his office, and shall
21 be deemed sufficient service upon such society; provided,
22 however, that no such service shall be valid or binding
23 against any such society when it is required thereunder
24 to file its answer, pleading or defense in less than thirty

25 days from the date of mailing the copy of such service to
26 such society. When legal process against any such society
27 is served upon said superintendent of insurance he shall
28 forthwith forward by registered mail one of the duplicate
29 copies prepaid and directed to its secretary or correspond-
30 ing officer. Legal process shall not be served upon any
31 such society except in the manner provided herein.

Sect. 18. (Place of Meeting—Location of Office.) Any
2 domestic society may provide that the meetings of its
3 legislative or governing body may be held in any state,
4 district, province or territory wherein such society has sub-
5 ordinate branches, and all business transacted at such meet-
6 ings shall be as valid in all respects as if such meetings
7 were held in this state; but its principal office shall be lo-
8 cated in this state.

Sect. 19. (No Personal Liability.) Officers and mem-
2 bers of the supreme, grand or any subordinate body of
3 any such incorporated society shall not be individually li-
4 able for the payment of any disability or death benefit pro-
5 vided for in the laws and agreements of such society; but
6 the same shall be payable only out of the funds of such so-
7 ciety and in the manner provided by its laws.

Sect. 20. (Waiver of the Provisions of the Laws.) The
2 constitution and laws of the society may provide that no
3 subordinate body, nor any of its subordinate officers or
4 members shall have the power or authority to waive any
5 of the provisions of the laws and constitution of the society,

6 and the same shall be binding on the society and each and
7 every member thereof and on all beneficiaries of members.

Sect. 21. (Benefit not Attachable.) No money or other
2 benefit, charity or relief or aid to be paid, provided or
3 rendered by any such society shall be liable to attachment,
4 garnishment or other process, or be seized, taken, appro-
5 priated or applied by any legal or equitable process or op-
6 eration of law to pay any debt or liability of a member
7 or beneficiary, or any other person who may have a right
8 thereunder, either before or after payment.

Sect. 22. (Constitution and Laws—Amendments.) Ev-
2 ery society transacting business under this act shall file
3 with the superintendent of insurance a duly certified copy
4 of all amendments of or additions to its constitution and
5 laws within ninety days after the enactment of the same.
6 Printed copies of the constitution and laws as amended,
7 changed or added to, certified by the secretary or corre-
8 sponding officer of the society, shall be prima facie evi-
9 dence of the legal adoption thereof.

Sect. 23. (Annual Reports.) Every society transacting
2 business in this state shall annually on or before the first
3 day of March, file with the superintendent of insurance, in
4 such form as he may require, a statement under oath of
5 its president and secretary or corresponding officers, of
6 its condition and standing on the thirty-first day of Decem-
7 ber next preceding, and of its transactions for the year end-
8 ing on that date, and also shall furnish such other informa-

9 tion as the superintendent may deem necessary to a proper
10 exhibit of its business and plan of working. The superin-
11 tendent may at other times require any further statement
12 he may deem necessary to be made relating to such society.

In addition to the annual report herein required, each
2 society shall annually report to the superintendent a valua-
3 tion of its certificates in force on December 31st, last pre-
4 ceding; excluding those issued within the year for which
5 the report is filed, in cases where the contributions for
6 the first year in whole or in part are used for current mor-
7 tality and expenses; provided, the first report of valuation
8 shall be made as of December 31st, 1912. Such report of
9 valuation shall show, as contingent liabilities, the present
10 mid-year value of the promised benefits provided in the
11 constitution and laws of such society under certificates
12 then subject to valuation; and as contingent assets, the
13 present mid-year value of the future net contributions pro-
14 vided in the constitution and laws as the same are in prac-
15 tice actually collected. At the option of any society, in lieu
16 of the above, the valuation may show the net value of the
17 certificates subject to valuation hereinbefore provided, and
18 said net value, when computed in case of monthly con-
19 tributions, may be the mean of the terminal values for
20 the end of the preceding and of the current insurance years.

Such valuation shall be certified by a competent account-
2 ant or actuary, or, at the request and expense of the so-
3 ciety, verified by the actuary of the department of insur-

4 ance of the home state of the society, and shall be filed
5 with the superintendent within ninety days after the sub-
6 mission of the last preceding annual report. The legal min-
7 imum standard of valuation for all certificates, except for
8 disability benefits, shall be the National Fraternal Congress
9 Table of Mortality as adopted by the National Fraternal
10 Congress August 23, 1899, or, at the option of the society,
11 any higher table; or, at its option, it may use a table based
12 upon the society's own experience of at least twenty years
13 and covering not less than one hundred thousand lives with
14 interest assumption not more than four percentum per an-
15 num. Each such valuation report shall set forth clearly
16 and fully the mortality and interest basis and the method
17 of valuation. Any society providing for disability benefits
18 shall keep the net contributions for such benefits in a fund
19 separate and apart from all other benefits and expense
20 funds and the valuation of all other business of the society;
21 provided, that where a combined contribution table is used
22 by a society for both death and permanent total disability
23 benefits the valuation shall be according to tables of re-
24 liable experience and in such case a separation of the funds
25 shall not be required.

The valuation herein provided for shall not be considered
2 or regarded as a test of the financial solvency of the society,
3 but each society shall be held to be legally solvent so long
4 as the funds in its possession are equal to or in excess of
5 its matured liabilities.

Beginning with the year 1914 a report of such valuation
2 and an explanation of the facts concerning the condition of
3 the society thereby disclosed shall be printed and mailed to
4 each beneficiary member of the society not later than June
5 1st of each year; or, in lieu thereof, such report of valua-
6 tion and showing of the society's condition is thereby dis-
7 closed may be published in the society's official paper and
8 the issue containing the same mailed to each beneficiary
9 member of the society. The laws of such society shall
10 provide that if the stated periodical contributions of the
11 members are insufficient to pay all matured death and dis-
12 ability claims in full, and to provide for the creation and
13 maintenance of the funds required by its laws, additional,
14 increased or extra rates of contribution shall be collected
15 from the members to meet such deficiency; and such laws
16 may provide that, upon the written application or con-
17 sent of the member, his certificate may be charged with
18 its proportion of any deficiency disclosed by valuation, with
19 interest not exceeding five per centum per annum.

Sect. 23 a. (Provisions to Insure Future Security.) If
2 the valuation of the certificates, as hereinbefore provided,
3 on December 31, 1917, shall show that the present value of
4 future net contributions, together with the admitted assets,
5 is less than the present value of the promised benefits and
6 accrued liabilities, such society shall thereafter maintain
7 said financial condition at each succeeding triennial valua-
8 tion in respect of the degree of deficiency as shown in the

9 valuation as of December 31, 1917. If at any succeeding
10 triennial valuation such society does not show at least
11 the same condition, the superintendent shall direct that it
12 thereafter comply with the requirements herein specified.
13 If the next succeeding triennial valuation after the receipt
14 of such notice shall show that the society has failed to
15 maintain the condition required herein, the superintendent
16 may, in the absence of good cause shown for such failure,
17 institute proceedings for the dissolution of such society, in
18 accordance with the provisions of section 24 of this act,
19 or in the case of a foreign society, its license may be can-
20 celled in the manner provided in this act.

Any such society, shown by any triennial valuation, sub-
2 sequent to December 31, 1917, not to have maintained
3 the condition herein required, shall, within two years there-
4 after make such improvement as to show a percentage of
5 deficiency not greater than as of December 31, 1917, or
6 thereafter, as to all new members admitted, be subject, so
7 far as stated rates of contributions are concerned, to the
8 provisions of section 12 of this act, applicable in the or-
9 ganization of new societies; provided that the net mortu-
10 ary or beneficiary contributions and funds of such new
11 members shall be kept separate and apart from the other
12 funds of the society. If such required improvement is not
13 shown by the succeeding triennial valuation, then the said
14 new members may be placed in a separate class and their

15 certificates valued as an independent society in respect of
16 contributions and funds.

Sect. 23 b. In lieu of the requirements of sections 23 and
2 23a, any society accepting in its laws the provisions of
3 this section may value its certificates on a basis, herein
4 designated "accumulation basis," by crediting each mem-
5 ber with the net amount contributed for each year and with
6 interest at approximately the net rate earned and by charg-
7 ing him with his share of the losses for each year, herein
8 designated "cost of insurance" and carrying the balance,
9 if any, to his credit. The charge for the cost of insurance
10 may be according to the actual experience of the society
11 applied to a table of mortality recognized by the law of
12 this state, and shall take into consideration the amount at
13 risk during each year, which shall be the amount payable
14 at death less the credit to the member. Except as specifi-
15 cally provided in its articles or laws or contracts no charge
16 shall be carried forward from the first valuation hereunder
17 against any member for any past share of losses exceed-
18 ing the contributions and credit. If, after the first valua-
19 tion, any member's share of losses for any year exceeds
20 his credit including the contribution for the year, the con-
21 tribution shall be increased to cover his share of the losses,
22 and if the credit at the time any benefit becomes payable,
23 during the lifetime of the member, including any available
24 funds does not equal such benefit, the contributions to be
25 made by him or on his behalf shall be increased by the

26 difference. Any such excess share of losses chargeable to
27 any member may be paid out of a fund or contributions
28 especially created or required for such purpose.

Any member may transfer to any plan adopted by the so-
2 ciety with net rates on which tabular reserves are main-
3 tained and on such transfer shall be entitled to make such
4 application of his credit as provided in the laws of the
5 society.

Certificates issued, rerated or readjusted on a basis pro-
2 viding for adequate rates with adequate reserves to ma-
3 ture such certificates upon assumptions for mortality and
4 interest recognized by the law of this state shall be valued
5 on such basis, herein designated the "Tabular Basis"; pro-
6 vided that if on the first valuation under this section a
7 deficiency in reserve shall be shown for any such certifi-
8 cate, the same shall be valued on the accumulation basis.

Whenever in any society having members upon the tab-
2 ular basis and upon the accumulation basis, the total of
3 all costs of insurance provided for any year shall be in-
4 sufficient to meet the actual death and disability losses for
5 the year, the deficiency shall be met for the year from the
6 available funds after setting aside all credits in the reserve;
7 or from increased contributions or by an increase in the
8 number of assessments applied to the society as a whole or
9 to classes of members as may be specified in its laws. Sav-
10 ings from a lower amount of death losses may be returned
11 in like manner as may be specified in its laws.

If the laws of the society so provide, the assets representing the reserves of any separate class of members may be carried separately for such class as if in an independent society, and the required reserve accumulation of such class so set apart shall not thereafter be mingled with the assets of other classes of the society.

A table showing the rates being paid by and the credits to individual members at each age and year of entry, and showing opposite each credit the tabular rates and the tabular reserve required, or at the option of the society the required reserve on a level rate equivalent to that being paid, according to assumptions for mortality and interest recognized by the laws of this state and adopted by the society, and in either case, including any benefit payable at a specified age or on account of old age disability shall be filed by the society with each annual report and also be furnished to each member before July 1st of each year.

In lieu of the aforesaid statement there may be furnished to each member within the same time a statement giving the date aforesaid for such member. No table or statement need be made or furnished when the reserves are maintained on the tabular basis.

For this purpose, individual bookkeeping accounts for each member shall not be required and all calculations may be made by actuarial methods.

Nothing herein contained shall prevent the maintenance of such surplus over and above the credits on the accumu-

3 lation basis and the reserves on the tabular basis as the
4 society may provide by or pursuant to its laws; nor be
5 construed as giving to the individual member any right or
6 claim to any such reserve or credit other than in manner
7 as expressed in the contract and its laws; nor as making
8 any such reserve or credits a liability in determining the
9 legal solvency of the society.

Sect. 24. (Examination of Domestic Societies.) The su-
2 perintendent of insurance, or any person he may appoint,
3 shall have the power of visitation and examination into
4 the affairs of any domestic society. He may employ assist-
5 ants for the purpose of such examination, and he, or any
6 person he may appoint, shall have free access to all the
7 books, papers and documents that relate to the business
8 of the society and may summon and qualify as witness
9 under oath and examine its officers, agents and employes or
10 other persons in relation to the affairs, transactions and
11 condition of the society.

The expense of such examination shall be paid by the
2 society examined, upon statement furnished by the super-
3 intendent of insurance, and the examination shall be made
4 at least once in three years.

Whenever after examination the superintendent of insur-
2 ance is satisfied that any domestic society has failed to
3 comply with any provisions of this act, or is exceeding its
4 powers, or is not carrying out its contracts in good faith,
5 or is transacting business fraudulently; or whenever any

6 domestic society after the existence of one year or more,
7 shall have a membership of less than 400 (or shall deter-
8 mine to discontinue business), the superintendent of insur-
9 ance may present the facts relating thereto to the Attor-
10 ney General who shall, if he deem the circumstances war-
11 rant, commence an action in quo warranto in a court of
12 competent jurisdiction, and such court shall thereupon no-
13 tify the officers of such society of a hearing, and if it shall
14 then appear that such society be closed, said society shall
15 be enjoined from carrying on any further business and
16 some person shall be appointed receiver of such society,
17 and shall proceed at once to take possession of the books,
18 papers, moneys and other assets of the society and shall
19 forthwith, under the direction of the court, proceed to close
20 the affairs of the society and to distribute to those entitled
21 thereto.

No such proceeding shall be commenced by the Attorney
2 General against any such society until after notice has
3 been duly served on the chief executive officers of the so-
4 ciety and a reasonable opportunity given to it, on a date
5 to be named in said notice, to show cause why such pro-
6 ceedings should not be commenced.

Sect. 25. (Application for Receiver, etc.) No applica-
2 tion for injunction against or proceedings for the dissolu-
3 tion of or the appointment of a receiver for any such do-
4 mestic society or branch thereof shall be entertained by

5 any court in this state unless the same is made by the At-
6 torney General.

Sect. 26. (Examination of Foreign Societies.) The su-
2 perintendent of insurance, or any person whom he may ap-
3 point, may examine any foreign society transacting or ap-
4 plying for admission to transact business in this state. The
5 said superintendent may employ assistants, and he, or any
6 person he may appoint, shall have free access to all the
7 books, papers and documents that relate to the business of
8 the society, and may summon and qualify as witness under
9 oath and examine its officers, agents and employees and
10 other persons in relation to the affairs, transactions and
11 conditions of the society. He may, in his discretion, ac-
12 cept in lieu of such examination the examination of the
13 Insurance Department of the state, territory, district, prov-
14 ince or country where such society is organized. The ac-
15 tual expenses of examiners making any such examination
16 shall be paid by the society upon statement furnished by
17 the superintendent of insurance.

If any such society or its officers refuse to submit to such
2 examination or to comply with the provisions of the sec-
3 tion relative thereto, the authority of such society to write
4 new business in this state shall be suspended or license re-
5 fused until satisfactory evidence is furnished the superin-
6 tendent relating to the condition and affairs of the society,
7 and during such suspension the society shall not write new
8 business in this state.

Sect. 27. (No Adverse Publications.) Pending, during
2 or after an examination or investigation of any such so-
3 ciety, either domestic or foreign, the superintendent of
4 insurance shall make public no financial statement, report
5 or finding, nor shall he permit to become public any finan-
6 cial statement, report or finding affecting the status, stand-
7 ing or rights of any such society, until a copy thereof shall
8 have been served upon such society, at its home office, nor
9 until such society shall have been afforded a reasonable
10 opportunity to answer any such financial statement, report
11 or finding, and to make such showing in connection there-
12 with as it may desire.

Sect. 28. (Revocation of License.) When the superin-
2 tendent of insurance on investigation is satisfied that any
3 foreign society transacting business under this act has ex-
4 ceeded its powers, or has failed to comply with any pro-
5 visions of this act, or is conducting business fraudulently,
6 or is not carrying out its contracts in good faith, he shall
7 notify the society of his findings, and state in writing the
8 grounds of his dissatisfaction, and after reasonable notice
9 require said society, on a date named, to show cause why
10 its license should not be revoked. If on the date named
11 in said notice such objections have not been removed to
12 the satisfaction of the said superintendent, or the society
13 does not present good and sufficient reasons why its au-
14 thority to transact business in this state should not at that
15 time be revoked, he may revoke the authority of the so-

16 ciety to continue business in this state. All decisions and
17 findings of the superintendent made under the provisions of
18 this section may be reviewed by proper proceedings in any
19 court of competent jurisdiction, as provided in section 16
20 of this act.

Sect. 29. (Exemption of Certain Societies.) Nothing
2 contained in this act shall be construed to affect or apply
3 to grand or subordinate lodges of Masons, Odd Fellows
4 or Knights of Pythias (exclusive of the Insurance Depart-
5 ment of the Supreme Lodge of Knights of Pythias), and the
6 Junior Order of the United American Mechanics (exclusive
7 of the Beneficiary Degree or insurance branch of the Na-
8 tional Council Junior Order United American Mechanics),
9 or societies which limit their membership to any one haz-
10 ardous occupation, nor to similar societies which do not
11 issue insurance certificates, nor to an association of local
12 lodges of a society now doing business in this state, which
13 provides death benefits not exceeding five hundred dollars
14 to any one person, or disability benefits not exceeding three
15 hundred dollars in any one year to any one person, or
16 both, nor to any contracts of reinsurance business on such
17 plan in this state, nor to domestic societies which limit
18 their membership to the employees of a particular city
19 or town, designated firm, business house or corporation,
20 nor to domestic lodges, orders or associations of a purely
21 religious, charitable and benevolent description, which do
22 not provide for a death benefit of more than one hundred

23 dollars, or for disability benefits of more than one hundred
24 and fifty dollars to any one person in any one year. The
25 superintendent of insurance may require from any society
26 such information as will enable him to determine whether
27 such society is exempt from the provisions of this act.

Any fraternal benefit society, heretofore organized and
2 incorporated and operating within the definition set forth
3 in sections 1, 2 and 3, of this act, providing for benefits in
4 case of death or disability resulting solely from accidents,
5 but which does not obligate itself to pay death or sick
6 benefits, may be licensed under the provisions of this act,
7 and shall have all the privileges and shall be subject to
8 all the provisions and regulations of this act, except that
9 the provisions of this act requiring medical examinations,
10 valuations of benefit certificates and that the certificate
11 shall specify the amount of benefits, shall not apply to
12 such society.

Sect. 30. (Taxation.) Every fraternal benefit society or-
2 ganized or licensed under this act is hereby declared to be
3 a charitable and benevolent institution, and all of its funds
4 shall be exempt from all and every state, county, district,
5 municipal and school tax, other than taxes on real estate
6 and office equipment.

Sect. 31. (Penalties.) Any person, officer, member or
2 examining physician of any society authorized to do busi-
3 ness under this act who shall knowingly or wilfully make
4 any false or fraudulent statement or representation in or

5 with reference to any application for membership, or for
6 the purpose of obtaining money from or benefit in any
7 society transacting business under this act, shall be guilty
8 of a misdemeanor, and upon conviction thereof shall be
9 punished by a fine of not less than one hundred dollars
10 nor more than five hundred dollars, or imprisonment in
11 the county jail for not less than thirty days nor more than
12 one year, or both, in the discretion of the court; and any
13 person who shall wilfully make a false statement of any
14 material fact or thing in a sworn statement as to the death
15 or disability of a certificate holder in any such society for
16 the purpose of procuring payment of a benefit named in
17 the certificate of such holder, and any person who shall
18 wilfully make any false statement in any verified report or
19 declaration under oath required or authorized by this act,
20 shall be guilty of perjury, and shall be proceeded against
21 and punished as provided by the statutes of this state in
22 relation to the crime of perjury.

Any person who shall solicit membership for, or in any
2 manner assist in procuring membership in any fraternal
3 benefit society not licensed to do business in this state, or
4 who shall solicit membership for, or in any manner assist
5 in procuring membership in any such society not authorized
6 as herein provided, to do business as herein defined in this
7 state, shall be guilty of a misdemeanor and upon conviction
8 thereof shall be punished by a fine of not less than
9 fifty nor more than two hundred dollars.

Any society, or any officer, agent or employee thereof
2 neglecting or refusing to comply with, or violating any of
3 the provisions of this act, the penalty for which neglect,
4 refusal or violation is not specified in this section, shall be
5 fined not exceeding two hundred dollars upon conviction
6 thereof.

Sect. 32. All acts and parts of acts inconsistent with this
2 act are hereby repealed.