

MAINE STATE LEGISLATURE

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SEVENTH REVISION

THE
REVISED STATUTES

OF THE
STATE OF MAINE

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CHAPTER 61.

Fraternal Beneficiary Associations.

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Domestic Associations.

Sec. 1. Term "beneficiary association" defined; required form of organization, and benefit fund; not subject to insurance laws. R. S. c. 54, § 1. A fraternal beneficiary association is hereby defined to be any corporation, society or voluntary association, formed or organized and carried on for the sole benefit of its members and their beneficiaries, and not for profit. Each association shall have a lodge system, with ritualistic form of work and representative form of government, and shall make provision for the payment of benefits in case of death, and may make provision for the payment of benefits in the case of sickness, temporary or permanent physical disability, either as the result of disease, accident or old age, provided the period in life at which payment of physical disability benefits on account of old age commences shall not be under seventy years, subject to compliance with its constitution and laws. The fund from which the payment of such benefits shall be made, and the fund from which the expenses of such association shall be defrayed shall be derived from assessments or dues collected from its members. Payment of death benefits shall be to the families, heirs, blood relatives, adopted children, adopting parents, affianced husband or affianced wife of the member, or to persons dependent upon such member; provided, that if after the issuance of the original certificate the member shall become dependent upon an incorporated charitable institution, or upon the subordinate lodge of which he is a member, he shall have the privilege with the consent of the society, to make such institution or such subordinate lodge, his beneficiary. Such association shall be governed by the first twenty-seven sections of this chapter, and shall be exempt from the provisions of insurance laws of this state, except as therein provided, and no law passed after the twenty-first day of March, nineteen hundred one, shall apply to them, unless they be expressly designated therein. Any such fraternal beneficiary association may create, maintain, disburse and apply a reserve or emergency fund in accordance with its constitution or by-laws.

116 Me. 224.

Sec. 2. Organization of fraternal beneficiary associations. R. S. c. 54, § 2. Seven or more persons, residents of the state, desiring to form a fraternal beneficiary corporation for the purposes above provided, and having signed an agreement therefor, declaring therein the purposes of such corporation, may organize as such in the manner provided in sections one, two, and three of chapter seventy,

and such corporation shall have all the powers, privileges and immunities, and be subject to all the liabilities named in said section three.

Sec. 3. Certificate of organization; to be recorded in office of secretary of state; certificate issued by secretary of state. R. S. c. 54, § 3. The president, secretary, and a majority of the directors, or other officers corresponding thereto, shall forthwith make, sign and swear to a certificate setting forth a true copy of the agreement and declaration of the purposes of the association, with the names of the subscribers thereto, the date of the first meeting, and the successive adjournments, if any, and shall submit such certificate and the records of the corporation to the insurance commissioner, who shall make such examination and require such evidence as he deems necessary; and if it appears that the purposes of the corporation conform to law, he shall certify his approval thereof, and the certificate shall then be filed by said officer in the office of the secretary of state, who shall cause the same with the indorsements, to be recorded, and shall thereupon issue a certificate in the following form:

"STATE OF MAINE.

Be it known that whereas" (here the names of the subscribers to the agreement of the association shall be inserted), "have associated themselves with the intention of forming a corporation under the name of" (here the name of the corporation shall be inserted) "for the purpose" (here the purpose declared in the agreement of association shall be inserted), "and have complied with the provisions of the statutes of this state in such case made and provided, as appears from the certificate of the officers of the corporation, duly approved by the insurance commissioner and recorded in this office: Now, therefore, I" (here the name of the secretary shall be inserted), "Secretary of the State of Maine, do hereby certify that said" (here the names of the subscribers to the agreement of association shall be inserted), "their associates and successors, are legally organized and established as and are hereby made an existing corporation under the name of" (here the name of the corporation shall be inserted), "with the powers, rights and privileges, and subject to the limitations, duties, and restrictions which by law appertain thereto. Witness my official signature hereunto subscribed, and the seal of the state of Maine hereunto affixed, this day of in the year ." (day, month and year inserted).

The secretary shall sign the same and cause the seal of the state to be thereto affixed, and such certificate shall be conclusive evidence of the existence of such corporation at the date of such certificate. He shall cause a record of such certificate to be made, and a certified copy of such record may be given in evidence, with like effect as the original certificate.

Sec. 4. Business must be commenced within one year or charter is void. R. S. c. 54, § 4. No charter granted under the provisions of the two preceding sections shall be valid after one year from its date unless the organization has been completed and business begun thereunder, and when any domestic corporation has discontinued business for the period of one year its charter shall become null and void.

See c. 1, § 6, ¶ xxix.

Sec. 5. Any association may reincorporate under this chapter. R. S. c. 54, § 5. Any fraternal beneficiary corporation existing under the laws of this state, and engaged in transacting business herein on the twenty-first day of March, nineteen hundred one, may reincorporate under the foregoing provisions; provided, that nothing herein contained shall be construed as requiring any such

corporation to reincorporate; and any such corporation may continue to exercise all the rights, powers, and privileges conferred by the first twenty-seven sections of this chapter, and by its articles of incorporation not inconsistent herewith, and shall be subject to the requirements and penalties of said sections the same as if reincorporated thereunder.

Sec. 6. Association not to do business until authorized by insurance commissioner. R. S. c. 54, § 6. No association hereafter organized under the provisions of sections two and three of this chapter, shall incur any liability or issue any benefit certificate until it has received from the insurance commissioner a certificate to the effect that it has complied with the requirements of law and is duly authorized to transact business in this state. Before such certificate is granted the association must present satisfactory evidence to the insurance commissioner that it has established mortuary assessment rates which are not lower than those now indicated as necessary by the national fraternal congress mortality tables and that at least five hundred persons have each paid one advance mortuary assessment on the rates so established and become a bona fide member of a local branch of the association, and that it has deposited with the treasurer of state at least one thousand dollars as a part of its emergency or reserve fund for the benefit and protection of certificate holders in said association, which fund shall be held and used as hereinafter provided.

Sec. 7. Reserve fund must be provided; application to payment of death benefits; minimum amount; proceedings when company in default. R. S. c. 54, § 7. Each such association organized under the foregoing provisions, after the twenty-first day of March, nineteen hundred one, shall, on or before the thirty-first day of December in each year deposit with the treasurer of state to the credit of its emergency or reserve fund not less than fifteen per cent of its total mortuary receipts for the year then ending, until the amount so deposited amounts to not less than fifty thousand dollars. These amounts shall be deposited in such interest-bearing securities as any insurance company or savings bank may from time to time be authorized to hold for purpose of investment, and the securities shall be held in trust by the treasurer of state, but the association shall have at all times the right to exchange any part of said securities for others of like amount and character, and the income from said fund shall be paid by said treasurer to the association. When deemed advisable by the majority of the directors, or other officers corresponding thereto, such part of the fund as may be considered necessary may, with the written approval of the insurance commissioner, be applied from time to time to the payment of death benefits but for no other purpose; provided, however, that such fund shall not at any time be reduced below an amount equal to one assessment or periodical call upon all of its members, nor to less than one thousand dollars. The insurance commissioner shall annually, in February, certify to the treasurer of state, the minimum amount of reserve fund required to be kept on deposit in the treasury by each such association doing business under this chapter. If said association shall neglect for sixty days to satisfy any judgment against it, in any court in this state, then the said treasurer shall convert into money any of said securities, and forthwith satisfy such judgment, and said association shall not transact any further business until said deposit is restored. When any such association shall discontinue business, any justice of the supreme judicial court or of the superior court may appoint a receiver or agent to administer any unexhausted portion of such fund, which shall be used, less compensation not to exceed five per cent, as such court or justice may allow the receiver or agent, first, in the payment of accrued mortuary or indemnity claims upon

certificates or policies. If such fund is insufficient to pay such claims in full, they shall be paid, pro rata. If a balance remains after the payment of such claims, such balance shall be distributed to the holders of certificates then in force, pro rata, in accordance with the total mortuary payments of said members, after first paying all expenses incident to such distribution. If, upon the thirty-first day of December of any year, the emergency or reserve fund of any such association is found to be less than the amount of one assessment or periodical call upon all the members thereof, said association shall, within six months thereafter, collect from its members a sum sufficient to bring said emergency or reserve fund up to one assessment or periodical call upon all its members, and deposit the amount with the treasurer of state to the credit of said fund.

Sec. 8. Association not to reinsure unless contract is approved by a two-thirds vote of such association; voting by proxy forbidden. R. S. c. 54, § 8. No such association shall reinsure with or transfer its membership certificates or funds to any organization, unless the said contract of transfer or reinsurance is first submitted to and approved by a two-thirds vote of the members of each association present at meetings called to consider the same, of which meetings written or printed notice shall be mailed to each certificate holder at least thirty days before the date fixed for said meeting; nor unless the said contract of transfer or reinsurance is first submitted to and approved by the insurance commissioner. The members of fraternal beneficiary associations shall not vote by proxy.

Foreign Associations.

Sec. 9. Certain foreign associations may continue business; other foreign associations must obtain license; prerequisites of license. R. S. c. 54, § 9. Fraternal beneficiary associations organized under the laws of another state or country which were transacting business in this state as herein defined, on the twenty-eighth day of February, eighteen hundred eighty-nine, or which subsequently thereto have been legally admitted to transact business in this state and which now report or which shall report when requested to the insurance commissioner, may continue such business subject to the provisions of the first twenty-seven sections of this chapter. A fraternal beneficiary association which was not transacting business in this state on the twenty-eighth day of February, eighteen hundred eighty-nine, and which has not since been legally admitted to transact business therein and which may desire to do so, shall first obtain a license therefor from the insurance commissioner. Before receiving such license it shall file with the commissioner a duly certified copy of its charter or articles of association and a copy of its constitution or laws, certified by its secretary or corresponding officer; a power of attorney to the commissioner, as hereinafter provided; a statement under oath of the president and secretary, or corresponding officers, in the form required by the commissioner, of its business for the preceding year; a certificate from the proper official in its home state or country, that the company is legally organized and that similar associations of this state may be admitted to transact business in said state or country; a copy of its application and policy or certificate, which must show that benefits are provided for by assessments upon persons holding similar contracts; and shall furnish the commissioner with such other information as he may deem necessary to a proper exhibit of its business and standing and plan of working; if he deems it expedient he may license such association to do business in this state in accordance with the provisions of this chapter; provided, how-

ever, that no license shall be issued to any such company unless it shall have adopted and have in force mortuary assessment rates which are not lower than those now indicated as necessary by the national fraternal congress mortality tables.

Sec. 10. Foreign associations admitted to appoint insurance commissioner to act as attorney upon whom service can be made; notice to association when process is served. R. S. c. 54, § 10. Each such association which, on the twenty-first day of March, nineteen hundred one, was doing or was thereafter admitted to do, business within this state, and not having its principal office within this state, and not being organized under the laws of this state, shall appoint in writing the insurance commissioner and his successors in office to be its true and lawful attorney, upon whom all lawful process in any action or proceeding against it shall be served, and in such writing shall agree that any lawful process against it which is served on said attorney shall be of the same legal force and validity as if served upon the association, and that the authority shall continue in force so long as any liability remains outstanding in this state. Copies of such appointment, certified by said insurance commissioner, shall be deemed sufficient evidence thereof, and shall be admitted in evidence with the same force and effect as the original thereof might be admitted. Service upon such attorney shall be deemed sufficient service upon such association. When legal process against any such association is served upon said insurance commissioner, he shall immediately notify the association of such service by letter, prepaid and directed to its secretary or corresponding officer, and shall within two days after such service forward to such officer, in the same manner a copy of the process served on him.

Sec. 11. Certificates valid on condition that all dues are paid; money collected for indemnity purposes must not be used for expenses. R. S. c. 54, § 11. No certificate issued by any such association transacting business under this chapter shall be valid or legal which shall be conditional upon an agreement or understanding that the beneficiary shall pay the dues and assessments, or either of them for said member. Every call for a payment by the policy or certificate holders shall distinctly state the purpose of the same. No part of the money collected for mortuary or indemnity purposes or for the emergency or reserve fund shall be used for expenses; provided, that any such association transacting business in this state on the twenty-first day of March, nineteen hundred one, and whose laws provide for and which is now using such funds for expenses, may continue to do so, but not to exceed the amount named for that purpose in such existing laws.

Sec. 12. Fraternal beneficiary associations; organizations included. R. S. c. 54, § 12. Fraternal beneficiary associations transacting business in this state on the twenty-eighth day of February, eighteen hundred eighty-nine, as heretofore defined and named in section nine of this chapter, shall include those so transacting business through their supreme bodies, or by a subordinate body, or by one affiliated therewith or rendering allegiance thereto, or by an organization embracing a portion of the territory of any such association and at that time or subsequent thereto contributing to its funds, or by one using its ritualistic work and calling its members by the same general name; and no change since that time or hereafter, in the internal divisions or operations of any such association, or its relations with subordinate bodies, shall deprive it of the power to so transact business through its supreme body and subordinate and affiliated divisions or agents, or to prevent such subordinate or affiliated bodies from doing business, so long as death benefits are paid, and they shall

be considered as legally organized and duly authorized for such purpose under the provisions hereof and may transact business in this state as independent bodies only in the event that said supreme body shall cease to transact business herein.

Associations for Casualty Insurance.

Sec. 13. Fraternal associations paying accident benefits may be incorporated. R. S. c. 54, § 13. Any fraternal beneficiary association or order, which is carried on for the sole benefit of its members or their beneficiaries, and not for profit, which has a lodge system with a ritualistic form of work and representative form of government, and which provides benefits for the death or disability of its members resulting from accidental injuries, and does not obligate itself to pay natural death or funeral benefits, may be organized in this state in accordance with the provisions of the first twenty-seven sections of this chapter; and any such association or order duly incorporated under the laws of another state or country may be authorized to do business in this state upon complying with the provisions of said sections; provided, however, that no such association shall be obliged to adopt mortuary assessment rates or to require a medical examination.

Licenses to Agents and Supervision by Insurance Commissioner.

Sec. 14. Associations file certificate of appointment of agents with commissioner; licenses to agents; penalty for acting as agent without license. R. S. c. 54, § 14. Any association authorized to transact business as defined in the first twenty-seven sections of this chapter, may employ paid agents in soliciting business but no person shall act as such agent until the association or its authorized manager has filed with the insurance commissioner a certificate certifying that such person has been appointed as the agent of the association. Upon receiving such certificate the commissioner may issue a license to such person, authorizing him to transact business in this state in accordance with the provisions of said sections and such license shall expire on the first day of the next July, but no license shall be issued under the provisions of this section to firms or corporations. If any person acts as such agent without first receiving such license, or fraudulently assumes to be an agent and solicits or procures risks or receives money for premiums or assessments, he forfeits not less than fifty dollars nor more than one hundred dollars for each offense; but any policy or certificate issued on such application binds the association, if otherwise valid.

Sec. 15. Penalty for soliciting for associations not authorized. R. S. c. 54, § 15. Any person who shall solicit membership for, or in any manner assist in procuring membership in any such association doing a business not authorized by the first twenty-seven sections of this chapter, or who shall solicit membership for, or in any manner assist in procuring membership in any such association not authorized, as herein provided, to do business as therein defined, in this state, shall be punished by a fine of not less than fifty dollars, nor more than two hundred dollars.

Sec. 16. Associations to report to commissioner annually; penalty for neglect to make returns. R. S. c. 54, § 16. Every association doing business as a fraternal beneficiary association as herein defined shall annually, on or before the first day of March, report to the insurance commissioner the names and addresses of its president, secretary and treasurer, or other officers corresponding thereto, and shall make under oath such further statements of its membership and financial transactions for the year ending on the preceding thirty-first

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day of December, with other information relating thereto, as said commissioner may deem necessary to a proper exhibit of its business and standing; and the commissioner may at any other times require any further statement he may deem necessary to be made relating to such association. Any such association which neglects or refuses to make the returns required by this section shall forfeit five dollars a day for each day's neglect; and for wilfully making a false statement, the association and the persons making oath thereto, or subscribing the same, shall severally be punished by a fine of not less than one hundred dollars, nor more than five hundred dollars.

Sec. 17. Benefit, charity, or relief funds not to be liable to attachment. R. S. c. 54, § 17. The money or other benefit, charity, relief or aid to be paid, provided or rendered, or which has been paid, provided or rendered by any fraternal beneficiary association authorized to do business under this chapter, and as herein provided, shall not be liable to attachment by trustee, or other process, and shall not be seized, taken or appropriated, or applied by any legal or equitable process, nor by operation of law, to pay any debt or liability of a certificate holder, or any beneficiary thereof, existing at the death of such holder; provided that the foregoing provisions shall not apply to debts contracted for the purpose of paying assessments or dues in order to keep such certificates in force.

See c. 89, § 21; *96 Me. 34; 98 Me. 342.

Sec. 18. Any agent or physician making false statements to be punished; making false statement concerning the death of certificate holders, declared to be perjury. R. S. c. 54, § 18. Any solicitor, agent or examining physician, who shall knowingly or wilfully make any false or fraudulent statement or representation in or with reference to any application for membership, or for the purpose of obtaining any money or benefit, in any such association transacting business under this chapter, shall be punished by a fine of not less than one hundred dollars, nor more than five hundred dollars, or by imprisonment for not less than thirty days nor more than eleven months; and any person who shall wilfully make a false statement of any material fact or thing in a sworn statement as to the death or disability of a certificate holder in any such association, for the purpose of procuring the payment of the benefit named in the certificate of such holder, shall be guilty of perjury, and upon conviction, shall be punished accordingly.

See c. 133, § 1.

Sec. 19. Exemption of certain orders and associations. R. S. c. 54, § 19. Nothing contained in the first twenty-seven sections of this chapter shall be construed to affect or apply to grand or subordinate lodges of Masons, Odd Fellows, Knights of Pythias or similar orders, organized or incorporated under the laws of this state, and which do not have as their principal object the issuance of insurance certificates. Nor shall anything therein contained apply to domestic corporations or voluntary associations which limit their membership to the employees of a particular city or town, designated firm, business house, or corporation; nor to domestic lodges, orders or associations of a purely religious, charitable or benevolent description which do not operate with a view to profit and which do not provide for a funeral benefit of more than one hundred dollars, or sick or disability benefits of more than one hundred and fifty dollars, to any one person in any one year. Provided, always, that any association which has more than three hundred members and which issues to any person a certificate providing for the payment of benefits shall not be exempt by the provisions of this section, and such associations shall comply with all requirements of this chapter relating to fraternal beneficiary associations. The insurance commis-

sioner may require of any association such information relating to its membership and certificates as will enable him to determine whether it is exempt from the provisions hereof. And no association which is exempt by the provisions of this section from the requirements hereof, shall employ paid agents or give or allow to any person any compensation for procuring new members.

Sec. 20. Examination by insurance commissioner; proceedings when business becomes hazardous; receiver may be appointed and affairs closed; fees. R. S. c. 54, § 20. The insurance commissioner, in person or by deputy, shall have the power of visitation and examination into the affairs of any domestic association subject to the provisions of this chapter, provided, that he shall not be required to make periodical examinations of domestic associations. Whenever after examination the commissioner is satisfied that any domestic association is not paying the maximum amount named in its policies or certificates in full or is in such condition as to render further proceedings hazardous to the public or its policyholders or is transacting its business fraudulently; or whenever such domestic association shall, after the existence of one year or more, have a membership of less than three hundred, the insurance commissioner may present the facts in relation to the same to any justice of the supreme judicial court or of the superior court; and said justice shall thereupon notify the officers of such association of a hearing and unless it shall then appear that some special and good reason exists why the association should not be closed, some person shall be appointed receiver of such association and shall proceed at once to take possession of the books, papers, moneys and other assets of the association, and shall forthwith, under the direction of the court proceed to close the affairs of such association and to distribute to those entitled thereto its funds in the manner provided in section seven. For this service the receiver may be allowed out of some particular order, class or fraternity may continue such business by into his hands, such sum as the court may determine to be reasonable and just. When the affairs of the association shall be finally closed, the court shall decree a dissolution of the same.

Sec. 21. Certain associations may continue to do business. R. S. c. 54, § 21. Fraternal beneficiary associations, organized or incorporated under the laws of this state, which were transacting business herein on the twenty-first day of March, nineteen hundred one, and which limit their membership to the members of some particular order, class or fraternity may continue such business by complying with the provisions of this chapter.

Sec. 22. Commissioner may examine foreign associations, applying for admission to the state; if examination is denied, association to be suspended. R. S. c. 54, § 22. Whenever the insurance commissioner deems it prudent for the protection of the policy or certificate holders in this state he, or any person whom he may appoint, may examine any foreign fraternal beneficiary association applying for admission or transacting business in this state and such association shall pay the expenses of the examination. The commissioner may employ assistants and for the purposes aforesaid he, or any person he may appoint, shall have free access to all the books and papers that relate to the business of such association and to the books and papers kept by any of its organizers and may summon and qualify as witnesses under oath, and examine the directors, officers, agents, organizers, and trustees of such association and other persons in relation to its affairs, transactions and condition. He may accept in lieu of such examination the examination of the insurance department of the state or country where such foreign association is organized. If any such association, or its officers or agents, refuse to submit to such examination

or to comply with the provisions of this section relating thereto, the authority of such association to transact business in this state shall be suspended until satisfactory evidence is furnished the commissioner relating to the standing and affairs of the association, and during such suspension the association shall not transact any business in this state.

Sec. 23. License may be revoked; appeal and proceedings thereon. R. S. c. 54, § 23. When the commissioner, on investigation, is satisfied that any association organized under the laws of another state or country and transacting business under the first twenty-seven sections of this chapter has exceeded its powers, or has failed to comply with any provision of law, or is conducting business fraudulently, or that its condition is such as to render further proceedings hazardous to the public or to its certificate holders, or in case any such association shall vote to discontinue its business, he shall notify the president and secretary, or other officers corresponding thereto of his findings, and state the grounds therefor and after thirty days' notice require said association, on a date named, to show cause why its license should not be revoked and its authority to transact business in this state terminated. If on the date named in said notice such objections have not been removed to the satisfaction of the commissioner, or the association does not present good and sufficient reasons why its authority to transact business in this state should not at that time be revoked, he may revoke the authority of such association to continue business in this state. When the commissioner suspends or revokes the authority of any association to continue business in this state, or on application refuses to countermand such suspension or revocation the association may within thirty days apply to any justice of the supreme judicial court, or of the superior court, by presenting to him a petition therefor, in term time or vacation, and he shall fix a time and place of hearing which may be at chambers and in vacation, and cause notice thereof and a copy of said petition to be served on the commissioner, and after said hearing he may affirm or reverse the decision of the commissioner and the decision of such justice shall be final.

Sec. 24. Issuance of policies limited. R. S. c. 54, § 24. No association organized or doing business under the first twenty-seven sections of this chapter shall issue any policy or certificate upon the life of any person more than sixty years of age; nor on the life of any person who has not been examined by a reputable, practicing physician and passed a satisfactory medical examination. No person shall be admitted to membership in any such organization unless he has first filed an application with and been initiated in and becomes a member of a local branch. The by-laws of such association shall provide that meetings of such branches shall be held at least once each month.

Sec. 25. Laws of this and other states regarding fines and penalties to be reciprocal. R. S. c. 54, § 25. When the laws of any state or country under which any such association is organized or incorporated impose on fraternal associations of this state any additional or greater fees, fines, penalties, prohibitions or obligations than are imposed hereby upon similar associations of other states or countries, the same fees, fines, penalties, prohibitions or obligations shall be imposed upon the associations of such state or country applying for admission or transacting business in this state.

Sec. 26. Penalties and prosecutions. R. S. c. 54, § 26. Any association neglecting or refusing to comply with, or violating any of the provisions of this chapter relating to fraternal beneficiary associations, shall be punished by a fine of not more than two hundred dollars upon conviction thereof. Prosecutions for such violations may be commenced by complaint and warrant before

any municipal or police judge or trial justice as in the case of other offenses not within the final jurisdiction of such judge or justice, as provided in section five of chapter one hundred forty-four.

Sec. 27. Term "association" construed. R. S. c. 54, § 27. The word "association" as used in the twenty-six preceding sections shall be taken and construed as meaning a corporation, society or voluntary association.

Foreign Associations for Casualty Insurance.

Sec. 28. Foreign fraternal beneficiary associations transacting casualty insurance licensed. R. S. c. 54, § 28. Any association organized or incorporated under the laws of another state or country as a fraternal beneficiary association and which does not conduct its business upon the lodge system with a ritualistic form of work and a representative form of government, in accordance with the provisions of section one of this chapter, and which is not subject to the statutes of this state regulating fraternal beneficiary associations, but which confines its membership to the members of some particular order, class or fraternity, and which has the membership and qualifications required in this chapter, may be licensed by the insurance commissioner to transact the business of casualty insurance on the assessment plan and to provide for the payment of death or funeral benefits of not more than one hundred dollars to the beneficiaries of deceased members, subject to and in accordance with the provisions of the three following sections.

Sec. 29. Such association must be licensed; prerequisites to receiving license; termination of license. R. S. c. 54, § 29. No such association shall transact any business in this state without a license from the insurance commissioner. Before receiving such license it shall file with the commissioner a duly certified copy of its charter or articles of association; a copy of its constitution and by-laws certified by its secretary; a power of attorney to the commissioner as provided by section ten of this chapter; a statement under oath of its president and secretary, in the form required by the commissioner, duly verified by an examination of its business for the preceding year, made in accordance with the provisions of section twenty-two of this chapter, which statement and examination must show that the association had at least five thousand members in good standing at the date of such report, and that it had on that date available assets in excess of all known liabilities of not less than twenty thousand dollars; a copy of its policy and application, which must show that benefits are provided for by assessments upon or other payments by persons holding similar contracts; and a certificate of deposit from the treasurer of state as hereinafter provided; and it shall furnish the insurance commissioner with such further information as he may deem necessary to a proper exhibit of its business and plan of working. Upon compliance with the foregoing provisions the commissioner may license such association to transact business in this state as herein defined until the first day of the succeeding July, and such license may thereafter be renewed annually, but in all cases to terminate on the first day of the next succeeding July. The provisions of section one hundred seventy-two of chapter sixty, and of sections ten, fourteen, sixteen, seventeen, eighteen, twenty-two and twenty-three of this chapter shall apply to such associations.

Sec. 30. Deposit with treasurer of state required; to be held in trust for policyholders. R. S. c. 54, § 30. No license shall be issued to any such association until it has deposited with the treasurer of state securities which are a legal investment for savings banks of this state amounting to not less than the

maximum policy issued by such association nor to less than one thousand dollars. The treasurer of state shall receive such securities and hold the same on deposit and in trust for the benefit of all the policyholders of the association in this state, and shall receipt for and hold the same in the manner provided in sections seventy-five and seventy-six of chapter sixty, but he shall retain and hold the same as long as any liability remains outstanding in this state. Whenever any judgment obtained in a court of competent jurisdiction in this state, by a policyholder or any beneficiary thereof, remains unsatisfied for more than sixty days after legal demand upon the association, and no appeal from the decision of said court is pending, said court may issue an order directing the treasurer of state to immediately convert so much of said deposit as may be necessary into cash and to forthwith satisfy said judgment and such additional costs appertaining thereto as said court may allow, and the treasurer shall immediately comply with said order, and the association shall not transact any further business in this state until such deposit is restored. When any such association discontinues business in this state, and the insurance commissioner is satisfied upon investigation that the association has no liabilities outstanding therein, he shall so certify to the treasurer of state, who shall thereupon return said deposit to the association.

Sec. 31. Assessments; reserve fund not to be used for expenses. R. S. c. 54, § 31. Every call for a payment by the policyholders of any such association shall distinctly state the purpose of the same, and no part of the money collected for the payment of indemnity claims or death or funeral benefits and no part of the reserve or emergency fund shall be used for expenses.

Whole Family Protection.

Sec. 32. Fraternal beneficiary societies may insure children between ages of one and eighteen; schedule of benefits permitted. 1917, c. 9, § 1. 1927, c. 29. Any fraternal beneficiary society, authorized to do business in this state and operating on the lodge plan, may provide in its constitution and by-laws in addition to other benefits provided for therein, for the payment of death, endowment or annuity benefits upon the lives of children between the ages of one and eighteen years at the next birthday, for whose support and maintenance a member of the society is responsible. Any such society may at its option organize and operate branches for such children, and membership in local lodges and initiation therein shall not be required of such children, nor shall they have any voice in the management of the society. The total death benefits payable as above provided shall in no case exceed the following amounts at the next birthday after death, respectively, as follows: one, twenty-five dollars; two, fifty dollars; three, seventy-five dollars; four, one hundred dollars; five, one hundred thirty dollars; six, one hundred seventy-five dollars; seven, two hundred dollars; eight, two hundred fifty dollars; nine, three hundred twenty-five dollars; ten, four hundred dollars; eleven, five hundred dollars; twelve, six hundred dollars; thirteen, seven hundred dollars; fourteen, eight hundred dollars; fifteen, nine hundred dollars; and sixteen to eighteen years, where not otherwise authorized by law, one thousand dollars.

Sec. 33. Subscriptions to aggregate 500 before benefit certificate is issued. 1917, c. 9, § 2. No benefit certificate as to any child shall take effect until after medical examination or inspection by a licensed medical practitioner, in accordance with the laws of the society, nor shall any such benefit certificates be issued until the society shall have at least five hundred subscriptions therefor, on

each of which at least one assessment has been paid, nor where the number of lives represented by such certificates fall below five hundred. The death benefit contributions to be made upon such certificates shall be based upon the "Standard Industrial Mortality Table" or the "English Life Table Number Six" and a rate of interest not greater than four per cent per annum, or upon a higher standard; provided that contributions may be waived or returns may be made from any surplus held in excess of reserve and other liabilities, as provided in the by-laws, and, provided further that extra contributions shall be made if the reserves hereafter provided for become impaired.

Sec. 34. Reserve must be maintained; certificate may be changed when child reaches minimum age of initiation; original beneficiary to have no claim on new certificate. 1917, c. 9, § 3. Any society entering into such insurance agreements shall maintain on all such contracts the reserve required by the standard of mortality and interest adopted by the society for computing contributions as provided in section thirty-three, and the funds representing the benefit contributions and all accretions thereon shall be kept as separate and distinct funds, independent of the other funds of the society, and shall not be liable for nor used for the payment of the debts and obligations of the society other than the benefits herein authorized; provided, that a society may provide that when a child reaches the minimum age for initiation into membership in such society, any benefit certificate issued hereunder may be surrendered for cancellation and exchanged for any other form of certificate issued by the society, provided that such surrender will not reduce the number of lives insured in the branch below five hundred, and upon the issuance of such new certificate any reserve upon the original certificate herein provided for shall be transferred to the credit of the new certificate. Neither the person who originally made application for benefits on account of such child, nor the beneficiary named in such original certificate, nor the person who paid the contributions, shall have any vested right in such new certificate, the free nomination of a beneficiary under the new certificate being left to the child so admitted to benefit membership.

Sec. 35. Society must make separate financial statement to insurance commissioner; accounts to be kept separate as long as certificates remain in force. 1917, c. 9, § 4. An entirely separate financial statement of the business transactions and of assets and liabilities arising therefrom shall be made in its annual report to the insurance commissioner by any society availing itself of the provisions hereof. The separation of assets, funds and liabilities required hereby shall not be terminated, rescinded, or modified, nor shall the funds be diverted for any use other than as specified in section thirty-four, as long as any certificates issued hereunder remain in force, and this requirement shall be recognized and enforced in any liquidation reinsurance, merger or other change in the condition or the status of the society.

Sec. 36. Constitution and by-laws may provide for specified payments. 1917, c. 9, § 5. Any society shall have the right to provide in its laws and the certificate issued hereunder for specified payments on account of the expense or general fund, which payments shall or shall not be mingled with the general fund of the society as its constitution and by-laws may provide.

Sec. 37. Child's certificate may be continued after termination of membership of person responsible for its support. 1917, c. 9, § 6. In the event of the termination of membership in the society by the person responsible for the support of any child, on whose account a certificate may have been issued, as provided

herein, the certificate may be continued for the benefit of the estate of the child, provided the contributions are continued, or for the benefit of any other person responsible for the support and maintenance of such child, who shall assume the payment of the required contributions.

Death benefits payable only in money. See c. 60, § 145.

CHAPTER 62.

The Public Utilities Commission.

Sections 1-14	Appointment, and General Authority and Duties.
Section 15	Definitions of Words and Phrases.
Sections 16-35	Rates and Accounting.
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Appointment, and General Authority and Duties.

Sec. i. Appointment of commissioners; tenure of office; vacancies; clerks and their duties; chief inspector of utilities; office and equipment. R. S. c. 55, § 1. The Public Utilities Commission as heretofore established, shall consist of three members appointed by the governor, with the advice and consent of the council, from time to time upon the expiration of the terms of the several members, for terms of seven years. Any vacancy occurring in said commission shall be filled by appointment for the unexpired portion of the term in which such vacancy occurs. One member of the commission shall be designated by the governor as chairman. The commission shall adopt and have a seal and be provided with an office at the state house in which its records shall be kept. Under the direction of the governor and council the commission may expend such sums of money as may be necessary for the purchase of books, maps, stationery, office furniture, and supplies, for procuring statistics and information and for defraying expenses incidental to the discharge of its duties. A statement of such expenses shall accompany its annual report. The commission shall appoint a clerk and an assistant clerk, also a chief inspector of utilities, who shall be a practical railroad man and shall perform such duties as the commission may require. The clerk shall keep a full and minute record of the proceedings of the commission which shall be open to public inspection at all times. The assistant clerk shall assist the clerk in the performance of his duties, and in the absence of the clerk shall have the same powers as the clerk. The commission shall have custody and control of all records, maps, and papers pertaining to the offices of the former board of railroad commissioners and the former state water storage commission.