

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 599 Session of  
2001

INTRODUCED BY MICOZZIE, PIPPY, FICHTER, MELIO, BELARDI,  
CALTAGIRONE, CAWLEY, FRANKEL, GEORGE, HARHAI, HERMAN, KAISER,  
LEH, LESCOVITZ, LEVDANSKY, S. MILLER, PRESTON, ROONEY,  
SAINATO, SAYLOR, SCRIMENTI, STABACK, STERN, E. Z. TAYLOR,  
TIGUE, TRELLO, WALKO, WILT, WOJNAROSKI, YOUNGBLOOD, YUDICHAK,  
DeLUCA, CIVERA, THOMAS, BELFANTI, SOLOBAY, ADOLPH,  
WASHINGTON, DALEY AND MAHER, FEBRUARY 8, 2001

AMENDMENTS TO SENATE AMENDMENTS, HOUSE OF REPRESENTATIVES,  
JUNE 25, 2002

## AN ACT

1 ~~Amending the act of December 14, 1992 (P.L.835, No.134),~~ <—  
2 ~~entitled "An act providing for the establishment,~~  
3 ~~organization, operation and termination of fraternal benefit~~  
4 ~~societies; imposing additional powers and duties on the~~  
5 ~~Insurance Department and on the Insurance Commissioner;~~  
6 ~~providing penalties; and making repeals," further providing~~  
7 ~~for licensing of agents.~~  
8 AMENDING THE ACT OF MAY 17, 1921 (P.L.682, NO.284), ENTITLED "AN <—  
9 ACT RELATING TO INSURANCE; AMENDING, REVISING, AND  
10 CONSOLIDATING THE LAW PROVIDING FOR THE INCORPORATION OF  
11 INSURANCE COMPANIES, AND THE REGULATION, SUPERVISION, AND  
12 PROTECTION OF HOME AND FOREIGN INSURANCE COMPANIES, LLOYDS  
13 ASSOCIATIONS, RECIPROCAL AND INTER-INSURANCE EXCHANGES, AND  
14 FIRE INSURANCE RATING BUREAUS, AND THE REGULATION AND  
15 SUPERVISION OF INSURANCE CARRIED BY SUCH COMPANIES,  
16 ASSOCIATIONS, AND EXCHANGES, INCLUDING INSURANCE CARRIED BY  
17 THE STATE WORKMEN'S INSURANCE FUND; PROVIDING PENALTIES; AND  
18 REPEALING EXISTING LAWS," FURTHER PROVIDING FOR REQUISITES  
19 FOR FOREIGN COMPANIES TO DO BUSINESS; DELETING PROVISIONS  
20 RELATING TO ADMITTED ASSETS; PROVIDING FOR CANCELLATION OF <—  
21 CASUALTY OR PROPERTY INSURANCE FOR MINING DAMAGE; FURTHER  
22 PROVIDING FOR STANDARD NONFORFEITURE LAW FOR INDIVIDUAL  
23 DEFERRED ANNUITIES AND FOR TITLE INSURANCE AGENTS; FURTHER  
24 DEFINING "WET MARINE AND TRANSPORTATION INSURANCE"; FURTHER  
25 PROVIDING FOR PLACEMENT OF SURPLUS LINES INSURANCE, FOR  
26 REQUIREMENTS FOR ELIGIBLE SURPLUS LINES INSURERS, FOR SURPLUS  
27 LINES LICENSEE'S DUTY TO NOTIFY INSURED, FOR DECLARATIONS,  
28 FOR LICENSING OF SURPLUS LINES LICENSEE, FOR RECORDS OF

1 SURPLUS LINES LICENSEE, FOR SUSPENSION, REVOCATION OR  
2 NONRENEWAL OF SURPLUS LINES LICENSEE'S LICENSE AND FOR  
3 SERVICE OF PROCESS IN ACTIONS AGAINST SURPLUS LINES INSURER;  
4 PROVIDING FOR FRATERNAL BENEFIT SOCIETIES; AND MAKING A  
5 REPEAL.

6 The General Assembly of the Commonwealth of Pennsylvania  
7 hereby enacts as follows:

8 ~~Section 1. Sections 609 and 614(d) of the act of December~~ <—  
9 ~~14, 1992 (P.L.835, No.134), known as the Fraternal Benefit~~  
10 ~~Societies Code, are amended to read:~~

11 ~~Section 609. Licensing of agents.~~

12 ~~(a) General rule. Agents of societies shall be licensed in~~  
13 ~~accordance with the insurance laws regulating the licensing,~~  
14 ~~revocation, suspension or termination of license of resident and~~  
15 ~~nonresident agents.~~

16 ~~(b) Exemptions from licensure. No examination or license~~  
17 ~~shall be required of any regular salaried officer, employee or~~  
18 ~~member of a licensed society who devotes substantially all of~~  
19 ~~his services to activities other than the solicitation of~~  
20 ~~fraternal insurance contracts from the public and who receives~~  
21 ~~for the solicitation of such contracts no commission or other~~  
22 ~~compensation directly dependent upon the amount of business~~  
23 ~~obtained.~~

24 ~~(c) Examination.—~~

25 ~~(1) Any person who in the preceding calendar year has~~  
26 ~~solicited and procured life insurance contracts on behalf of~~  
27 ~~any society in an amount of insurance in excess of [\$100,000]~~  
28 ~~\$200,000 or, in the case of any other kind or kinds of~~  
29 ~~insurance which the society might write, on the persons of~~  
30 ~~more than 25 individuals and who has received or will receive~~  
31 ~~a commission or other compensation therefor shall be required~~  
32 ~~to take an examination. No examination shall be required of~~

1     ~~any agent who was in the service of a society on January 28,~~  
2     ~~1978.~~

3         ~~(2) Beginning July 1, 2007, and every five years~~  
4     ~~thereafter, the commissioner shall review the monetary limit~~  
5     ~~contained in this subsection and may, in the commissioner's~~  
6     ~~discretion, adjust the amount. Any adjustment to the amount~~  
7     ~~shall be published as a notice in the Pennsylvania Bulletin.~~  
8     ~~The adjustment shall not exceed the percentage change in the~~  
9     ~~Consumer Price Index for All Urban Consumers (CPI U) for the~~  
10    ~~Pennsylvania, New Jersey, Delaware and Maryland area,~~  
11    ~~officially reported by the United States Department of Labor,~~  
12    ~~Bureau of Labor Statistics, for the period since the last~~  
13    ~~adjustment made pursuant to this subsection.~~

14    ~~(d) Limitation. No society doing business in this~~  
15    ~~Commonwealth shall pay any commission or other compensation to~~  
16    ~~any person for any services in obtaining in this Commonwealth~~  
17    ~~any new contract of life, accident or health insurance, or any~~  
18    ~~new annuity contract, except to a licensed fraternal insurance~~  
19    ~~agent of that society.~~

20    ~~Section 614. Penalties.~~

21         ~~\* \* \*~~

22    ~~(d) Penalty for other violation. A person who willfully~~  
23    ~~violates, neglects or refuses to comply with the provisions of~~  
24    ~~this act for which a penalty is not otherwise prescribed,~~  
25    ~~commits a summary offense and shall, upon conviction, be~~  
26    ~~sentenced to pay a fine of not more than \$500. Upon satisfactory~~  
27    ~~evidence of a violation of any provision of this act, the~~  
28    ~~commissioner may in [his] the commissioner's discretion, in lieu~~  
29    ~~of seeking criminal prosecution, pursue any one or more of the~~  
30    ~~following courses of action:~~

~~(1) Suspend or revoke or refuse to renew the license of  
the offending party or parties.~~

~~(2) Impose a civil penalty of not more than [\$1,000]  
\$5,000 for each [and every] act in violation of the  
provisions of this act [by the party or parties].~~

~~Section 2. This act shall take effect in 60 days.~~

SECTION 1. SECTION 301(D) OF THE ACT OF MAY 17, 1921  
(P.L.682, NO.284), KNOWN AS THE INSURANCE COMPANY LAW OF 1921,  
IS AMENDED TO READ:

SECTION 301. REQUISITES FOR FOREIGN COMPANIES TO DO  
BUSINESS.--NO STOCK OR MUTUAL INSURANCE COMPANY OR ASSOCIATION  
OF ANY OTHER STATE OR FOREIGN GOVERNMENT SHALL BE ADMITTED AND  
AUTHORIZED TO DO BUSINESS UNTIL:

\* \* \*

[(D) IT SHALL FILE IN THE OFFICE OF THE AUDITOR GENERAL A  
STATEMENT SHOWING: (I) THE NAME OF THE COMPANY OR ASSOCIATION;  
(II) THE DATE OF INCORPORATION OR ORGANIZATION; (III) THE ACT OF  
ASSEMBLY OR AUTHORITY UNDER WHICH INCORPORATED OR ORGANIZED;  
(IV) THE PLACE OF BUSINESS; (V) THE POST OFFICE ADDRESS AND  
NAMES OF THE PRESIDENT, SECRETARY, AND TREASURER; (VI) THE  
AMOUNT OF CAPITAL AUTHORIZED BY ITS CHARTER; AND (VII) THE  
AMOUNT OF CAPITAL PAID INTO THE TREASURY OF THE COMPANY.

ANY COMPANY OR ASSOCIATION WHICH SHALL NEGLECT OR REFUSE TO  
FILE SUCH STATEMENT SHALL BE SUBJECT TO A PENALTY OF FIVE  
HUNDRED DOLLARS (\$500.00), WHICH PENALTY SHALL BE COLLECTED, ON  
AN ACCOUNT SETTLED BY THE AUDITOR GENERAL AND STATE TREASURER,  
IN THE SAME MANNER AS TAXES ON STOCK ARE SETTLED AND COLLECTED.]

\* \* \*

SECTION 2. SECTION 320.1 OF THE ACT IS REPEALED.

SECTION 2.1. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

1     SECTION 358. CANCELLATION OF CASUALTY OR PROPERTY INSURANCE  
2     FOR MINING DAMAGE.--A COMPANY MAY NOT REFUSE TO ISSUE, CANCEL OR  
3     REFUSE TO RENEW A POLICY OF CASUALTY OR PROPERTY INSURANCE  
4     BECAUSE OF UNDERGROUND MINING DAMAGE UNDER THE ACT OF APRIL 27,  
5     1966 (1ST SP.SESS., P.L.31, NO.1), KNOWN AS "THE BITUMINOUS MINE  
6     SUBSIDENCE AND LAND CONSERVATION ACT," AS LONG AS REPAIRS ARE  
7     MADE WITHIN A REASONABLE TIME AFTER THE MINING, AS DETERMINED BY  
8     THE MINE OPERATOR AND THE LANDOWNER.

9     SECTION 3. SECTION 410C OF THE ACT IS AMENDED BY ADDING A  
10    SUBSECTION TO READ:

11    SECTION 410C. STANDARD NONFORFEITURE LAW FOR INDIVIDUAL  
12    DEFERRED ANNUITIES.--\* \* \*

13    (M) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (D), FOR  
14    ANY CONTRACT ISSUED ON OR AFTER JULY 1, 2002, AND BEFORE JANUARY  
15    1, 2005, THE INTEREST RATE AT WHICH MINIMUM NONFORFEITURE  
16    AMOUNTS, PARTIAL WITHDRAWALS AND PARTIAL SURRENDERS SHALL BE  
17    ACCUMULATED SHALL BE ONE AND ONE-HALF PER CENTUM (1.5%) PER  
18    ANNUM.

19    SECTION 4. SECTION 724(B) OF THE ACT, AMENDED DECEMBER 21,  
20    1995 (P.L.714, NO.79), IS AMENDED TO READ:

21    SECTION 724. AGENTS; DEFINED.--\* \* \*

22    [(B) NO BANK, TRUST COMPANY, BANK AND TRUST COMPANY OR OTHER  
23    LENDING INSTITUTION, MORTGAGE SERVICE, MORTGAGE BROKERAGE OR  
24    MORTGAGE GUARANTY COMPANY OR ANY OFFICER OR EMPLOYEE OF ANY OF  
25    THE FOREGOING SHALL BE PERMITTED TO ACT AS AN AGENT FOR A TITLE  
26    INSURANCE COMPANY.] THE WORD "AGENT" SHALL NOT INCLUDE APPROVED  
27    ATTORNEYS, NOR SHALL IT INCLUDE OFFICERS AND SALARIED EMPLOYEES  
28    OF ANY TITLE INSURANCE COMPANY AUTHORIZED TO DO A TITLE  
29    INSURANCE BUSINESS WITHIN THIS COMMONWEALTH.

30    SECTION 5. THE DEFINITION OF "WET MARINE AND TRANSPORTATION

1 INSURANCE" IN SECTION 1602 OF THE ACT, ADDED DECEMBER 18, 1992  
2 (P.L.1519, NO.178), IS AMENDED TO READ:

3 SECTION 1602. DEFINITIONS.--AS USED IN THIS ARTICLE THE  
4 FOLLOWING WORDS AND PHRASES SHALL HAVE THE MEANINGS GIVEN TO  
5 THEM IN THIS SECTION:

6 \* \* \*

7 "WET MARINE AND TRANSPORTATION INSURANCE." ANY OF THE  
8 FOLLOWING:

9 (1) INSURANCE UPON VESSELS, CRAFTS OR HULLS AND OF INTERESTS  
10 THEREIN OR WITH RELATION THERETO.

11 (2) INSURANCE OF MARINE BUILDER'S RISKS, MARINE WAR RISKS  
12 AND CONTRACTS OF MARINE PROTECTION AND INDEMNITY INSURANCE.

13 (3) INSURANCE OF FREIGHTS AND DISBURSEMENTS PERTAINING TO A  
14 SUBJECT OF INSURANCE COMING WITHIN THIS DEFINITION.

15 (4) INSURANCE OF PERSONAL PROPERTY AND INTEREST THEREIN, IN  
16 THE COURSE OF EXPORTATION FROM OR IMPORTATION INTO ANY COUNTRY,  
17 OR IN THE COURSE OF TRANSPORTATION COASTWISE OR ON INLAND  
18 WATERS, INCLUDING TRANSPORTATION BY LAND, WATER OR AIR FROM  
19 POINT OF ORIGIN TO FINAL DESTINATION, IN CONNECTION WITH ANY AND  
20 ALL RISKS OR PERILS OF NAVIGATION, TRANSIT OR TRANSPORTATION,  
21 AND WHILE BEING PREPARED FOR AND WHILE AWAITING SHIPMENT, AND  
22 DURING ANY DELAYS, TRANSSHIPMENT OR RESHIPMENT [INCIDENT  
23 THERETO]. INSURANCE OF PERSONAL PROPERTY AND INTERESTS THEREIN  
24 SHALL NOT BE CONSIDERED WET MARINE AND TRANSPORTATION INSURANCE  
25 IF:

26 (I) THE PROPERTY HAS BEEN TRANSPORTED SOLELY BY  
27 LAND;

28 (II) THE PROPERTY HAS REACHED ITS FINAL DESTINATION  
29 AS SPECIFIED IN THE BILL OF LADING OR OTHER SHIPPING  
30 DOCUMENT; OR

1                   (III) THE INSURED NO LONGER HAS AN INSURABLE  
2                   INTEREST IN THE PROPERTY.

3           SECTION 6. SECTION 1604 OF THE ACT, ADDED DECEMBER 18, 1992  
4 (P.L.1519, NO.178), IS AMENDED TO READ:

5           SECTION 1604. PLACEMENT OF SURPLUS LINES INSURANCE.--  
6 INSURANCE MAY BE PROCURED THROUGH A SURPLUS LINES LICENSEE FROM  
7 NONADMITTED INSURERS IF THE FOLLOWING REQUIREMENTS ARE MET:

8           (1) EACH INSURER IS AN ELIGIBLE SURPLUS LINES INSURER.

9           (2) THE PLACEMENT SATISFIES THE CRITERIA SET FORTH IN AT  
10 LEAST ONE OF THE FOLLOWING SUBPARAGRAPHS:

11          (I) THE FULL AMOUNT OR KIND OF INSURANCE CANNOT BE OBTAINED  
12 FROM ADMITTED INSURERS. SUCH FULL AMOUNT OR KIND OF INSURANCE OR  
13 ANY PORTION THEREOF MAY BE PROCURED FROM ELIGIBLE SURPLUS LINES  
14 INSURERS, PROVIDED THAT A DILIGENT SEARCH IS MADE AMONG THE  
15 ADMITTED INSURERS WHO ARE WRITING, IN THIS COMMONWEALTH,  
16 COVERAGE COMPARABLE TO THE COVERAGE BEING SOUGHT.

17          (II) THE FULL AMOUNT OR KIND OF INSURANCE CANNOT BE OBTAINED  
18 FROM ANY ADMITTED INSURERS BECAUSE [NO SUCH INSURERS ARE  
19 WRITING] COVERAGE COMPARABLE TO THE COVERAGE BEING SOUGHT  
20 GENERALLY IS NOT AVAILABLE IN THE AUTHORIZED MARKET.

21          (III) THE KIND OF INSURANCE SOUGHT TO BE OBTAINED FROM  
22 ADMITTED INSURERS REQUIRES A UNIQUE FORM OF COVERAGE NOT  
23 AVAILABLE IN THE ADMITTED MARKET.

24          (3) [THE] WITH RESPECT TO PERSONAL LINES POLICIES OR  
25 CONTRACT FORMS, THE POLICY OR CONTRACT FORM USED BY THE INSURER  
26 DOES NOT DIFFER MATERIALLY FROM POLICIES OR CONTRACTS  
27 CUSTOMARILY USED BY ADMITTED INSURERS FOR THE KIND OF INSURANCE  
28 INVOLVED. [COVERAGE] PERSONAL LINES COVERAGE MAY BE PLACED IN AN  
29 ELIGIBLE SURPLUS LINES INSURER USING A UNIQUE FORM OR POLICY  
30 DESIGNED FOR THE KIND OF INSURANCE ONLY IF A COPY OF SUCH FORM

1 IS FIRST FILED WITH THE DEPARTMENT BY THE SURPLUS LINES LICENSEE  
2 DESIRING TO USE IT [SIMULTANEOUSLY WITH THE AFFIDAVIT REQUIRED  
3 BY SECTION 1609]. THE FORM SHALL BE DEEMED APPROVED BY THE  
4 COMMISSIONER UNLESS WITHIN TEN (10) DAYS AFTER RECEIPT OF THE  
5 SAME, THE COMMISSIONER SHALL FIND THAT THE USE OF SUCH FORM WILL  
6 BE CONTRARY TO LAW OR PUBLIC POLICY.

7 (4) ALL OTHER REQUIREMENTS OF THIS ARTICLE ARE MET.

8 SECTION 7. SECTION 1605 OF THE ACT, AMENDED OR ADDED  
9 DECEMBER 18, 1992 (P.L.1519, NO.178) AND FEBRUARY 17, 1994  
10 (P.L.92, NO.9), IS AMENDED TO READ:

11 SECTION 1605. REQUIREMENTS FOR ELIGIBLE SURPLUS LINES  
12 INSURERS.--(A) NO SURPLUS LINES LICENSEE SHALL PLACE ANY  
13 COVERAGE WITH A NONADMITTED INSURER UNLESS, AT THE TIME OF  
14 PLACEMENT, SUCH NONADMITTED INSURER:

15 (1) IS OF GOOD REPUTE AND FINANCIAL INTEGRITY.

16 (2) QUALIFIES UNDER ANY OF THE FOLLOWING SUBPARAGRAPHS:

17 (I) HAS POLICYHOLDER SURPLUS EQUAL TO OR GREATER THAN TWO  
18 TIMES THE MINIMUM CAPITAL AND SURPLUS REQUIRED TO BE FULLY  
19 LICENSED IN THIS COMMONWEALTH. TWO (2) YEARS FROM THE EFFECTIVE  
20 DATE OF THIS ARTICLE IS GRANTED TO ALLOW THOSE NONADMITTED  
21 INSURERS WHICH ARE ELIGIBLE SURPLUS LINES INSURERS ON THE  
22 EFFECTIVE DATE OF THIS ARTICLE TO ACHIEVE THIS CAPITAL AND  
23 SURPLUS REQUIREMENT. IF AN ALIEN INSURER, AS DEFINED BY THE ACT  
24 OF DECEMBER 10, 1974 (P.L.804, NO.266), REFERRED TO AS THE ALIEN  
25 INSURER DOMESTICATION LAW, IT SHALL MAINTAIN IN THE UNITED  
26 STATES AN IRREVOCABLE TRUST FUND IN EITHER A NATIONAL BANK OR A  
27 MEMBER OF THE FEDERAL RESERVE SYSTEM, IN AN AMOUNT NOT LESS THAN  
28 THAT CURRENTLY REQUIRED BY THE NATIONAL ASSOCIATION OF INSURANCE  
29 COMMISSIONERS' [NONADMITTED INSURERS INFORMATION OFFICE]  
30 INTERNATIONAL INSURERS DEPARTMENT OR ITS SUCCESSOR FOR THE



1 PROTECTION OF ALL OF ITS POLICYHOLDERS IN THE UNITED STATES, AND  
2 SUCH TRUST FUND CONSISTS OF CASH, SECURITIES, LETTERS OF CREDIT  
3 OR INVESTMENTS OF SUBSTANTIALLY THE SAME CHARACTER AND QUALITY  
4 AS THOSE WHICH ARE ELIGIBLE INVESTMENTS FOR ADMITTED INSURERS  
5 AUTHORIZED TO WRITE LIKE KINDS OF INSURANCE IN THIS  
6 COMMONWEALTH. SUCH TRUST FUND WILL BE IN ADDITION TO THE CAPITAL  
7 AND SURPLUS REQUIRED IN THIS SUBPARAGRAPH AND SHALL HAVE AN  
8 EXPIRATION DATE WHICH AT NO TIME SHALL BE LESS THAN FIVE (5)  
9 YEARS.

10 (II) IS ANY LLOYD'S OR OTHER SIMILAR GROUP OF INSURERS WHICH  
11 INCLUDES UNINCORPORATED INDIVIDUAL INSURERS THAT MAINTAINS A  
12 TRUST FUND OF NOT LESS THAN FIFTY MILLION (\$50,000,000) DOLLARS  
13 AS SECURITY TO THE FULL AMOUNT THEREOF FOR ALL POLICYHOLDERS AND  
14 CREDITORS IN THE UNITED STATES OF EACH MEMBER OF THE GROUP. SUCH  
15 TRUST FUNDS SHALL LIKEWISE COMPLY WITH THE TERMS AND CONDITIONS  
16 ESTABLISHED IN SUBPARAGRAPH (I) FOR ALIEN INSURERS.

17 (III) IS AN INSURANCE EXCHANGE CREATED BY THE LAWS OF  
18 INDIVIDUAL STATES THAT MAINTAINS CAPITAL AND SURPLUS OR THE  
19 SUBSTANTIAL EQUIVALENT THEREOF OF NOT LESS THAN FIFTEEN MILLION  
20 (\$15,000,000) DOLLARS IN THE AGGREGATE. FOR INSURANCE EXCHANGES  
21 WHICH MAINTAIN FUNDS FOR THE PROTECTION OF ALL INSURANCE  
22 EXCHANGE POLICYHOLDERS, EACH INDIVIDUAL SYNDICATE SHALL MAINTAIN  
23 MINIMUM CAPITAL AND SURPLUS OR THE SUBSTANTIAL EQUIVALENT  
24 THEREOF OF NOT LESS THAN ONE MILLION FIVE HUNDRED THOUSAND  
25 (\$1,500,000) DOLLARS. IN THE EVENT THE INSURANCE EXCHANGE DOES  
26 NOT MAINTAIN FUNDS FOR THE PROTECTION OF ALL INSURANCE EXCHANGE  
27 POLICYHOLDERS, EACH INDIVIDUAL SYNDICATE SHALL MEET THE MINIMUM  
28 CAPITAL AND SURPLUS REQUIREMENTS OF SUBPARAGRAPH (I).

29 (3) HAS PROVIDED TO THE DEPARTMENT A COPY OF ITS CURRENT  
30 ANNUAL FINANCIAL STATEMENT CERTIFIED BY SUCH INSURER, SUCH

1 STATEMENT TO BE PROVIDED NO MORE THAN THIRTY (30) DAYS AFTER THE  
2 DATE REQUIRED FOR FILING AN ANNUAL FINANCIAL STATEMENT IN ITS  
3 DOMICILIARY JURISDICTION AND WHICH IS EITHER:

4 (I) CERTIFIED BY THE REGULATORY AUTHORITY IN THE DOMICILE OF  
5 THE INSURER; OR

6 (II) CERTIFIED BY AN ACCOUNTING OR AUDITING FIRM LICENSED IN  
7 THE JURISDICTION OF THE INSURER'S DOMICILE.

8 IN THE CASE OF AN INSURANCE EXCHANGE, THE STATEMENT MAY BE AN  
9 AGGREGATE STATEMENT OF ALL UNDERWRITING SYNDICATES OPERATING  
10 DURING THE PERIOD REPORTED.

11 (B) IN ADDITION TO MEETING THE REQUIREMENTS IN SUBSECTION  
12 (A), A NONADMITTED INSURER SHALL BE AN ELIGIBLE SURPLUS LINES  
13 INSURER IF IT APPEARS ON THE MOST RECENT LIST OF ELIGIBLE  
14 SURPLUS LINES INSURERS PUBLISHED BY THE DEPARTMENT FROM TIME TO  
15 TIME BUT AT LEAST SEMIANNUALLY. NOTHING IN THIS SECTION SHALL  
16 REQUIRE THE DEPARTMENT TO PLACE OR MAINTAIN THE NAME OF ANY  
17 NONADMITTED INSURER ON THE LIST OF ELIGIBLE SURPLUS LINES  
18 INSURERS.

19 SECTION 8. SECTIONS 1608, 1609, 1615, 1619, 1623 AND 1624 OF  
20 THE ACT, ADDED DECEMBER 18, 1992 (P.L.1519, NO.178), ARE AMENDED  
21 TO READ:

22 SECTION 1608. SURPLUS LINES LICENSEE'S DUTY TO NOTIFY  
23 INSURED.--AT THE TIME OF PRESENTING A QUOTATION TO THE INSURED,  
24 THE SURPLUS LINES LICENSEE SHALL PRESENT TO THE INSURED OR TO  
25 THE PRODUCING BROKER WRITTEN NOTICE THAT THE INSURANCE OR A  
26 PORTION THEREOF INVOLVES PLACEMENT WITH NONADMITTED INSURERS.  
27 THE LICENSEE SHALL, EITHER DIRECTLY OR THROUGH THE PRODUCING  
28 BROKER, GIVE NOTICE TO THE INSURED THAT:

29 (1) THE INSURER WITH WHICH THE LICENSEE PLACES THE INSURANCE  
30 IS NOT LICENSED BY THE PENNSYLVANIA INSURANCE DEPARTMENT AND IS

SUBJECT TO ITS LIMITED REGULATION; AND

(2) IN THE EVENT OF THE INSOLVENCY OF AN ELIGIBLE SURPLUS  
LINES INSURER, LOSSES WILL NOT BE PAID BY THE PENNSYLVANIA  
PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION.

SECTION 1609. DECLARATIONS.--(A) IN THE CASE OF EACH  
PLACEMENT OF INSURANCE IN ACCORDANCE WITH THIS ARTICLE:

(1) WITHIN THIRTY (30) DAYS AFTER THE SURPLUS LINES LICENSEE  
HAS PLACED INSURANCE WITH AN ELIGIBLE SURPLUS LINES INSURER, THE  
PRODUCING BROKER MUST EXECUTE AND FORWARD TO THE SURPLUS LINES  
LICENSEE A WRITTEN STATEMENT, IN A FORM PRESCRIBED BY THE  
DEPARTMENT, DECLARING THAT:

(I) A DILIGENT EFFORT TO PROCURE THE DESIRED COVERAGE FROM  
ADMITTED INSURERS WAS MADE.

(II) THE INSURED WAS EXPRESSLY ADVISED IN WRITING PRIOR TO  
PLACEMENT OF THE INSURANCE THAT:

(A) THE INSURER WITH WHOM THE INSURANCE IS TO BE PLACED IS  
NOT ADMITTED TO TRANSACT BUSINESS IN THIS COMMONWEALTH AND IS  
SUBJECT TO LIMITED REGULATION BY THE DEPARTMENT; AND

(B) IN THE EVENT OF THE INSOLVENCY OF THE INSURER, LOSSES  
WILL NOT BE PAID BY THE PENNSYLVANIA PROPERTY AND CASUALTY  
INSURANCE GUARANTY ASSOCIATION.

THIS WRITTEN DECLARATION SHALL BE OPEN TO PUBLIC INSPECTION.

(2) WITHIN FORTY-FIVE (45) DAYS AFTER INSURANCE HAS BEEN  
PLACED IN AN ELIGIBLE SURPLUS LINES INSURER, THE SURPLUS LINES  
LICENSEE SHALL FILE WITH THE DEPARTMENT A WRITTEN DECLARATION OF  
HIS LACK OF KNOWLEDGE OF HOW THE COVERAGE COULD HAVE BEEN  
PROCURED FROM ADMITTED INSURERS. THE SURPLUS LINES LICENSEE  
SHALL SIMULTANEOUSLY FILE THE WRITTEN DECLARATION OF THE  
PRODUCING BROKER, AS SET FORTH IN PARAGRAPH (1).

(3) IN A PARTICULAR TRANSACTION WHERE THE PRODUCING BROKER

1 AND SURPLUS LINES LICENSEE ARE ONE IN THE SAME ENTITY, HE SHALL  
2 EXECUTE BOTH DECLARATIONS.

3 (B) SUBSECTION (A) SHALL NOT APPLY TO ANY INSURANCE WHICH  
4 HAS BEEN PLACED CONTINUOUSLY WITH AN ELIGIBLE SURPLUS LINES  
5 INSURER FOR A PERIOD OF AT LEAST THREE (3) CONSECUTIVE YEARS  
6 IMMEDIATELY PRECEDING THE CURRENT PLACEMENT. HOWEVER, WITHIN  
7 FORTY-FIVE (45) DAYS AFTER INSURANCE HAS BEEN PLACED WITH AN  
8 ELIGIBLE SURPLUS LINES INSURER, THE SURPLUS LINES LICENSEE SHALL  
9 FILE WITH THE DEPARTMENT HIS WRITTEN DECLARATION ON A FORM  
10 PRESCRIBED BY THE DEPARTMENT.

11 SECTION 1615. LICENSING OF SURPLUS LINES LICENSEE.--(A) NO  
12 AGENT OR BROKER LICENSED BY THE DEPARTMENT SHALL TRANSACT  
13 SURPLUS LINES INSURANCE WITH ANY NONADMITTED INSURER UNLESS SUCH  
14 AGENT OR BROKER POSSESSES A VALID SURPLUS LINES AGENT'S LICENSE  
15 ISSUED BY THE DEPARTMENT.

16 (B) THE DEPARTMENT SHALL ISSUE A SURPLUS LINES AGENT'S  
17 LICENSE TO ANY RESIDENT OR NONRESIDENT OF THIS COMMONWEALTH WHO  
18 IS A QUALIFIED HOLDER OF A CURRENT PROPERTY AND CASUALTY  
19 BROKER'S LICENSE, BUT ONLY WHEN THE BROKER HAS COMPLIED WITH THE  
20 FOLLOWING:

21 (1) REMITTED THE LICENSE FEE TO THE DEPARTMENT.

22 (2) SUBMITTED A PROPERLY COMPLETED LICENSE APPLICATION ON A  
23 FORM SUPPLIED BY THE DEPARTMENT.

24 (3) PASSED A QUALIFYING EXAMINATION APPROVED BY THE  
25 DEPARTMENT, EXCEPT THAT ALL HOLDERS OF A LICENSE PRIOR TO THE  
26 EFFECTIVE DATE OF THIS ARTICLE SHALL BE DEEMED TO HAVE PASSED  
27 SUCH AN EXAMINATION.

28 [(4) FILED WITH THE DEPARTMENT AND MAINTAINED CONCURRENT  
29 WITH THE TERM OF THE LICENSE, IN FORCE AND UNIMPAIRED, A BOND IN  
30 FAVOR OF THE COMMONWEALTH OF PENNSYLVANIA IN THE PENAL SUM OF AT

1 LEAST FIFTY THOUSAND (\$50,000) DOLLARS, AGGREGATE LIABILITY,  
2 WITH CORPORATE SURETIES APPROVED BY THE DEPARTMENT. THE BOND  
3 SHALL BE CONDITIONED THAT THE SURPLUS LINES LICENSEE WILL  
4 CONDUCT BUSINESS IN ACCORDANCE WITH THE PROVISIONS OF THIS  
5 ARTICLE AND WILL PROMPTLY REMIT THE TAXES AS PROVIDED BY LAW. NO  
6 BOND SHALL BE TERMINATED EXCEPT FOR NONPAYMENT OF PREMIUMS.  
7 TERMINATION NOTICE SHALL BE GIVEN TO THE SURPLUS LINES LICENSEE  
8 AND TO THE DEPARTMENT AT LEAST THIRTY (30) DAYS PRIOR TO THE  
9 TERMINATION DATE.]

10 (C) CORPORATIONS AND PARTNERSHIPS SHALL BE ELIGIBLE TO BE  
11 RESIDENT OR NONRESIDENT SURPLUS LINES LICENSEES, UPON THE  
12 FOLLOWING CONDITIONS:

13 (1) THE CORPORATION OR PARTNERSHIP LICENSEE SHALL LIST ALL  
14 EMPLOYES, INCLUDING AT LEAST ONE ACTIVE OFFICER OR PARTNER, WHO  
15 HAVE SATISFIED THE REQUIREMENTS OF THIS ARTICLE TO BECOME  
16 SURPLUS LINES LICENSEES.

17 (2) ONLY THOSE EMPLOYES [RESIDENT IN THIS COMMONWEALTH]  
18 HOLDING A CERTIFICATE OF ELIGIBILITY MAY TRANSACT SURPLUS LINES  
19 INSURANCE.

20 (D) EACH SURPLUS LINES LICENSE SHALL EXPIRE ON THE LAST DAY  
21 OF FEBRUARY OF EACH YEAR AND SHALL BE RENEWED BEFORE MARCH 1 OF  
22 EACH YEAR UPON PAYMENT OF THE ANNUAL FEE, IN COMPLIANCE WITH  
23 OTHER PROVISIONS OF THIS SECTION. ANY SURPLUS LINES LICENSEE WHO  
24 FAILS TO APPLY FOR RENEWAL OF A LICENSE BEFORE EXPIRATION OF THE  
25 CURRENT LICENSE SHALL PAY A PENALTY OF TWO TIMES THE LICENSE FEE  
26 AND BE SUBJECT TO OTHER PENALTIES AS PROVIDED BY LAW BEFORE HIS  
27 LICENSE WILL BE RENEWED.

28 SECTION 1619. RECORDS OF SURPLUS LINES LICENSEE.--(A) EACH  
29 SURPLUS LINES LICENSEE SHALL KEEP IN ITS OFFICE [IN THIS  
30 COMMONWEALTH] A FULL AND TRUE RECORD OF EACH SURPLUS LINES

1 INSURANCE CONTRACT PLACED BY OR THROUGH IT, INCLUDING A COPY OF  
2 THE POLICY, CERTIFICATE, COVER NOTE OR OTHER EVIDENCE OF  
3 INSURANCE, SHOWING SUCH OF THE FOLLOWING ITEMS AS MAY BE  
4 APPLICABLE:

5 (1) AMOUNT OF THE INSURANCE AND PERILS INSURED.

6 (2) BRIEF DESCRIPTION OF THE RISK INSURED AND ITS LOCATION.

7 (3) GROSS PREMIUM CHARGED.

8 (4) ANY RETURN PREMIUM PAID.

9 (5) RATE OF PREMIUM CHARGED FOR EACH RISK INSURED.

10 (6) EFFECTIVE DATE AND TERMS OF THE CONTRACT.

11 (7) NAME AND ADDRESS OF THE INSURED.

12 (8) NAME AND ADDRESS OF THE ELIGIBLE SURPLUS LINES INSURER  
13 AND ANY NONADMITTED INSURED INVOLVED PURSUANT TO SECTION 1606.

14 (9) AMOUNT OF TAX AND OTHER SUMS TO BE COLLECTED FROM THE  
15 INSURED.

16 (10) IDENTITY OF THE PRODUCING BROKER, ANY CONFIRMING  
17 CORRESPONDENCE FROM THE INSURER OR ITS REPRESENTATIVE AND THE  
18 APPLICATION.

19 (11) A COPY OF THE WRITTEN NOTICE REQUIRED BY SECTION 1408.

20 (B) THE RECORD OF EACH CONTRACT SHALL BE KEPT OPEN AT ALL  
21 REASONABLE TIMES TO EXAMINATION BY THE DEPARTMENT WITHOUT NOTICE  
22 FOR A PERIOD OF NOT LESS THAN FIVE (5) YEARS FOLLOWING  
23 TERMINATION OF THE CONTRACT.

24 SECTION 1623. SUSPENSION, REVOCATION OR NONRENEWAL OF  
25 SURPLUS LINES LICENSEE'S LICENSE.--THE DEPARTMENT MAY SUSPEND,  
26 REVOKE OR REFUSE TO RENEW THE LICENSE OF A SURPLUS LINES  
27 LICENSEE AFTER NOTICE AND A HEARING, AS PROVIDED UNDER THE  
28 APPLICABLE PROVISION OF THE LAWS OF THIS COMMONWEALTH, UPON ANY  
29 ONE OR MORE OF THE FOLLOWING GROUNDS:

30 [(1) REMOVAL OF THE RESIDENT SURPLUS LINES LICENSEE'S OFFICE

1 FROM THIS COMMONWEALTH.

2 (2) REMOVAL OF THE RESIDENT SURPLUS LINES LICENSEE'S  
3 ACCOUNTS AND RECORDS FROM THIS COMMONWEALTH DURING THE PERIOD  
4 DURING WHICH SUCH ACCOUNTS AND RECORDS ARE REQUIRED TO BE  
5 MAINTAINED UNDER SECTION 1619.]

6 (3) CLOSING OF THE SURPLUS LINES LICENSEE'S OFFICE FOR A  
7 PERIOD OF MORE THAN THIRTY (30) BUSINESS DAYS, UNLESS PERMISSION  
8 IS GRANTED BY THE DEPARTMENT.

9 (4) FAILURE TO MAKE AND FILE REQUIRED REPORTS.

10 (5) FAILURE TO TRANSMIT REQUIRED TAX ON SURPLUS LINES  
11 PREMIUMS.

12 [(6) FAILURE TO MAINTAIN REQUIRED BONDS.]

13 (7) FAILURE TO REMIT PREMIUMS DUE INSURERS OR RETURN  
14 PREMIUMS DUE INSURED IN THE NORMAL COURSE OF BUSINESS AND  
15 WITHIN REASONABLE TIME LIMITS.

16 (8) VIOLATION OF ANY PROVISION OF THIS ARTICLE.

17 (9) FOR ANY OTHER CAUSE FOR WHICH AN INSURANCE AGENT'S OR  
18 BROKER'S LICENSE COULD BE DENIED, REVOKED OR SUSPENDED OR  
19 REFUSED UPON RENEWAL.

20 SECTION 1624. SERVICE OF PROCESS IN ACTIONS AGAINST SURPLUS  
21 LINES INSURER.--(A) AN ELIGIBLE SURPLUS LINES INSURER MAY BE  
22 SUED UPON ANY CAUSE OF ACTION ARISING IN THIS COMMONWEALTH UNDER  
23 ANY SURPLUS LINES INSURANCE CONTRACT MADE BY IT OR EVIDENCE OF  
24 INSURANCE ISSUED OR DELIVERED BY THE SURPLUS LINES LICENSEE.  
25 SERVICE OF PROCESS SHALL BE MADE PURSUANT TO THE PROCEDURES  
26 PROVIDED BY 42 PA.C.S. CH. 53 SUBCH. B (RELATING TO INTERSTATE  
27 AND INTERNATIONAL PROCEDURE). ANY SUCH [POLICY] SURPLUS LINES  
28 INSURANCE CONTRACT OR EVIDENCE OF INSURANCE DELIVERED BY THE  
29 SURPLUS LINES LICENSEE SHALL CONTAIN A PROVISION STATING THE  
30 SUBSTANCE OF THIS SECTION AND DESIGNATING THE PERSON TO WHOM

PROCESS SHALL BE MAILED.

(B) EACH NONADMITTED INSURER ACCEPTING SURPLUS LINES  
INSURANCE SHALL BE DEEMED THEREBY TO HAVE SUBJECTED ITSELF TO  
ACCEPTING SERVICE OF PROCESS UNDER 42 PA.C.S. CH. 53 SUBCH. B.

(C) THE SERVICE OF PROCESS PROCEDURES PROVIDED IN THIS  
SECTION ARE IN ADDITION TO ANY OTHER METHODS PROVIDED BY LAW FOR  
SERVICE OF PROCESS UPON INSURERS.

SECTION 9. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ:

ARTICLE XXIV

FRATERNAL BENEFIT SOCIETIES

SUBARTICLE A

GENERAL PROVISIONS

SECTION 2401. SCOPE.

THIS ARTICLE DEALS WITH FRATERNAL BENEFIT SOCIETIES.

SECTION 2402. DEFINITIONS.

THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
CONTEXT CLEARLY INDICATES OTHERWISE:

"BENEFIT CONTRACT." THE AGREEMENT FOR PROVISION OF BENEFITS  
AUTHORIZED BY SECTION 2431, AS THAT AGREEMENT IS DESCRIBED IN  
SECTION 2434(A).

"BENEFIT MEMBER." AN ADULT MEMBER WHO IS DESIGNATED BY THE  
LAWS OR RULES OF THE SOCIETY TO BE A BENEFIT MEMBER UNDER A  
BENEFIT CONTRACT.

"CERTIFICATE." THE DOCUMENT ISSUED AS WRITTEN EVIDENCE OF  
THE BENEFIT CONTRACT.

"COMMISSIONER." THE INSURANCE COMMISSIONER OF THE  
COMMONWEALTH.

"DEPARTMENT." THE INSURANCE DEPARTMENT OF THE COMMONWEALTH.

"IMPAIRED." FOR A SOCIETY THAT DOES NOT WRITE VARIABLE



1 CONTRACTS, IMPAIRED MEANS WHENEVER THE SOCIETY'S ASSETS ARE LESS  
2 THAN ITS TOTAL LIABILITIES. FOR A SOCIETY THAT DOES WRITE  
3 VARIABLE CONTRACTS, IMPAIRED MEANS WHENEVER THE SOCIETY'S ASSETS  
4 ARE LESS THAN ITS TOTAL LIABILITIES, PLUS THE REQUIRED SURPLUS  
5 FOR A MUTUAL LIFE INSURER TO WRITE SUCH CONTRACTS.

6 "INSURANCE LAWS." LAWS AND REGULATIONS PERTAINING TO  
7 INSURANCE COMPANIES.

8 "LAWS." THE SOCIETY'S ARTICLES OF INCORPORATION,  
9 CONSTITUTION AND BYLAWS, HOWEVER DESIGNATED.

10 "LODGE." SUBORDINATE MEMBER UNITS OF THE SOCIETY, KNOWN AS  
11 CAMPS, COURTS, COUNCILS, BRANCHES OR BY ANY OTHER DESIGNATION.

12 "PREMIUMS." PREMIUMS, RATES, DUES OR OTHER REQUIRED  
13 CONTRIBUTIONS BY WHATEVER NAME KNOWN, WHICH ARE PAYABLE UNDER  
14 THE CERTIFICATE.

15 "RULES." RULES, REGULATIONS OR RESOLUTIONS ADOPTED BY THE  
16 SUPREME GOVERNING BODY OR BOARD OF DIRECTORS WHICH ARE INTENDED  
17 TO HAVE GENERAL APPLICATION TO THE MEMBERS OF THE SOCIETY.

18 "SOCIETY." FRATERNAL BENEFIT SOCIETY, UNLESS OTHERWISE  
19 INDICATED.

20 SECTION 2403. FRATERNAL BENEFIT SOCIETIES.

21 ANY INCORPORATED SOCIETY, ORDER OR SUPREME LODGE WITHOUT  
22 CAPITAL STOCK, INCLUDING ONE EXEMPTED UNDER THE PROVISIONS OF  
23 SECTION 2466(A)(2) WHETHER INCORPORATED OR NOT, CONDUCTED SOLELY  
24 FOR THE BENEFIT OF ITS MEMBERS AND THEIR BENEFICIARIES AND NOT  
25 FOR PROFIT, OPERATED ON A LODGE SYSTEM WITH OR WITHOUT  
26 RITUALISTIC FORM OF WORK, HAVING A REPRESENTATIVE FORM OF  
27 GOVERNMENT AND PROVIDING BENEFITS IN ACCORDANCE WITH THIS  
28 ARTICLE IS DECLARED TO BE A FRATERNAL BENEFIT SOCIETY.

29 SECTION 2404. LODGE SYSTEM.

30 (A) GENERAL RULE.--A SOCIETY IS OPERATING ON THE LODGE

1 SYSTEM IF IT HAS A SUPREME GOVERNING BODY AND SUBORDINATE LODGES  
2 INTO WHICH MEMBERS ARE ELECTED, INITIATED OR ADMITTED IN  
3 ACCORDANCE WITH ITS LAWS, RULES AND RITUALS. SUBORDINATE LODGES  
4 SHALL BE REQUIRED BY THE LAWS OF THE SOCIETY TO HOLD REGULAR  
5 MEETINGS AT LEAST ONCE IN EACH QUARTER IN FURTHERANCE OF THE  
6 PURPOSES OF THE SOCIETY.

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

12 SECTION 2405. REPRESENTATIVE FORM OF GOVERNMENT.

13 A SOCIETY HAS A REPRESENTATIVE FORM OF GOVERNMENT WHEN THE  
14 FOLLOWING CIRCUMSTANCES OCCUR:

15 (1) IT HAS A SUPREME GOVERNING BODY CONSTITUTED IN ONE  
16 OF THE FOLLOWING WAYS:

17 (I) THE SUPREME GOVERNING BODY IS AN ASSEMBLY  
18 COMPOSED OF DELEGATES ELECTED DIRECTLY BY THE MEMBERS OR  
19 AT INTERMEDIATE ASSEMBLIES OR CONVENTIONS OF MEMBERS OR  
20 THEIR REPRESENTATIVES, TOGETHER WITH OTHER DELEGATES AS  
21 MAY BE PRESCRIBED IN THE SOCIETY'S LAWS. A SOCIETY MAY  
22 PROVIDE FOR ELECTION OF DELEGATES BY MAIL. THE ELECTED  
23 DELEGATES SHALL CONSTITUTE A MAJORITY IN NUMBER AND SHALL  
24 NOT HAVE LESS THAN TWO-THIRDS OF THE VOTES AND NOT LESS  
25 THAN THE NUMBER OF VOTES REQUIRED TO AMEND THE SOCIETY'S  
26 LAWS. THE ASSEMBLY SHALL BE ELECTED AND SHALL MEET AT  
27 LEAST ONCE EVERY FOUR YEARS AND SHALL ELECT A BOARD OF  
28 DIRECTORS TO CONDUCT THE BUSINESS OF THE SOCIETY BETWEEN  
29 MEETINGS OF THE ASSEMBLY. VACANCIES ON THE BOARD OF  
30 DIRECTORS BETWEEN ELECTIONS MAY BE FILLED IN THE MANNER

1 PRESCRIBED BY THE SOCIETY'S LAWS.

2 (II) THE SUPREME GOVERNING BODY IS A BOARD COMPOSED  
3 OF PERSONS ELECTED BY THE MEMBERS, EITHER DIRECTLY OR BY  
4 THEIR REPRESENTATIVES IN INTERMEDIATE ASSEMBLIES, AND ANY  
5 OTHER PERSONS PRESCRIBED IN THE SOCIETY'S LAWS. A SOCIETY  
6 MAY PROVIDE FOR ELECTION OF THE BOARD BY MAIL. EACH TERM  
7 OF A BOARD MEMBER MAY NOT EXCEED FOUR YEARS. VACANCIES ON  
8 THE BOARD BETWEEN ELECTIONS MAY BE FILLED IN THE MANNER  
9 PRESCRIBED BY THE SOCIETY'S LAWS. THOSE PERSONS ELECTED  
10 TO THE BOARD SHALL CONSTITUTE A MAJORITY IN NUMBER AND  
11 NOT LESS THAN THE NUMBER OF VOTES REQUIRED TO AMEND THE  
12 SOCIETY'S LAWS. A PERSON FILLING THE UNEXPIRED TERM OF AN  
13 ELECTED BOARD MEMBER SHALL BE CONSIDERED TO BE AN ELECTED  
14 MEMBER. THE BOARD SHALL MEET AT LEAST QUARTERLY TO  
15 CONDUCT THE BUSINESS OF THE SOCIETY.

16 (2) THE OFFICERS OF THE SOCIETY ARE ELECTED EITHER BY  
17 THE SUPREME GOVERNING BODY OR BY THE BOARD OF DIRECTORS.

18 (3) ONLY BENEFIT MEMBERS ARE ELIGIBLE FOR ELECTION TO  
19 THE SUPREME GOVERNING BODY, THE BOARD OF DIRECTORS OR ANY  
20 INTERMEDIATE ASSEMBLY.

21 (4) EACH VOTING MEMBER HAS ONE VOTE; NO VOTE MAY BE CAST  
22 BY PROXY.

23 SECTION 2406. PURPOSES, POWERS AND LIMITATIONS OF SOCIETIES.

24 (A) PURPOSES.--A SOCIETY SHALL OPERATE FOR THE BENEFIT OF  
25 MEMBERS AND THEIR BENEFICIARIES BY:

26 (1) PROVIDING BENEFITS AS SPECIFIED IN SECTION 2431; AND

27 (2) OPERATING FOR ONE OR MORE SOCIAL, INTELLECTUAL,  
28 EDUCATIONAL, CHARITABLE, BENEVOLENT, MORAL, FRATERNAL,  
29 PATRIOTIC OR RELIGIOUS PURPOSES FOR THE BENEFIT OF ITS  
30 MEMBERS, WHICH MAY ALSO BE EXTENDED TO OTHERS.

1 THESE PURPOSES MAY BE CARRIED OUT DIRECTLY BY THE SOCIETY OR  
2 INDIRECTLY THROUGH SUBSIDIARY CORPORATIONS OR AFFILIATED  
3 ORGANIZATIONS.

4 (B) POWERS.--EVERY SOCIETY SHALL HAVE THE POWER TO ADOPT  
5 LAWS AND RULES FOR THE GOVERNMENT OF THE SOCIETY, THE ADMISSION  
6 OF ITS MEMBERS AND THE MANAGEMENT OF ITS AFFAIRS. THE SOCIETY  
7 SHALL HAVE THE POWER TO CHANGE, ALTER, ADD TO OR AMEND SUCH LAWS  
8 AND RULES AND SHALL HAVE SUCH OTHER POWERS AS ARE NECESSARY AND  
9 INCIDENTAL TO CARRYING INTO EFFECT THE OBJECTS AND PURPOSES OF  
10 THE SOCIETY.

11 (C) LIMITATIONS.--NO SOCIETY OR SUBSIDIARY CORPORATION OR  
12 AFFILIATED ORGANIZATION THROUGH WHICH A SOCIETY CARRIES OUT ITS  
13 PURPOSES SHALL OWN OR OPERATE A FUNERAL HOME OR UNDERTAKING  
14 ESTABLISHMENT.

#### 15 SUBARTICLE B

#### 16 MEMBERSHIP

17 SECTION 2411. QUALIFICATIONS FOR MEMBERSHIP.

18 (A) GENERAL RULE.--A SOCIETY SHALL SPECIFY IN ITS LAWS OR  
19 RULES:

20 (1) ELIGIBILITY STANDARDS FOR EACH AND EVERY CLASS OF  
21 MEMBERSHIP. IF BENEFITS ARE PROVIDED ON THE LIVES OF  
22 CHILDREN, THE MINIMUM AGE FOR ADULT MEMBERSHIP SHALL BE 15  
23 YEARS AND THE MAXIMUM AGE SHALL BE 21 YEARS.

24 (2) THE PROCESS FOR ADMISSION TO MEMBERSHIP FOR EACH  
25 MEMBERSHIP CLASS.

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

29 (B) SOCIAL MEMBERS.--A SOCIETY MAY ALSO ADMIT SOCIAL MEMBERS  
30 WHO SHALL HAVE NO VOICE OR VOTE IN THE MANAGEMENT OF THE

1 INSURANCE AFFAIRS OF THE SOCIETY.

2 (C) MEMBERSHIP IS PERSONAL.--MEMBERSHIP RIGHTS IN THE  
3 SOCIETY ARE PERSONAL TO THE MEMBER AND ARE NOT ASSIGNABLE.  
4 SECTION 2412. OFFICE, MEETINGS, PUBLICATIONS AND GRIEVANCE  
5 PROCEDURES.

6 (A) OFFICE AND MEETINGS.--THE PRINCIPAL OFFICE OF ANY  
7 DOMESTIC SOCIETY SHALL BE LOCATED IN THIS COMMONWEALTH. THE  
8 MEETINGS OF THE SUPREME GOVERNING BODY OF THE SOCIETY MAY BE  
9 HELD IN ANY STATE OR COUNTRY ON THE NORTH AMERICAN CONTINENT OR  
10 IN ANY OTHER LOCATION DETERMINED BY THE SUPREME GOVERNING BODY.  
11 ALL BUSINESS TRANSACTED AT SUCH MEETINGS SHALL BE AS VALID IN  
12 ALL RESPECTS AS IF THE MEETINGS WERE HELD IN THIS COMMONWEALTH.  
13 THE MINUTES OF THE PROCEEDINGS OF THE SUPREME GOVERNING BODY AND  
14 OF THE BOARD OF DIRECTORS SHALL BE IN THE ENGLISH LANGUAGE.

15 (B) PUBLICATIONS.--

16 (1) A SOCIETY MAY PROVIDE IN ITS LAWS FOR AN OFFICIAL  
17 PUBLICATION IN WHICH ANY NOTICE, REPORT OR STATEMENT REQUIRED  
18 BY LAW TO BE GIVEN TO MEMBERS, INCLUDING NOTICE OF ELECTION,  
19 MAY BE PUBLISHED. ANY REQUIRED REPORTS, NOTICES AND  
20 STATEMENTS SHALL BE PRINTED CONSPICUOUSLY IN THE PUBLICATION.  
21 IF THE RECORDS OF A SOCIETY SHOW THAT TWO OR MORE MEMBERS  
22 HAVE THE SAME MAILING ADDRESS, AN OFFICIAL PUBLICATION MAILED  
23 TO ONE MEMBER IS DEEMED TO BE MAILED TO ALL MEMBERS AT THE  
24 SAME ADDRESS UNLESS A MEMBER REQUESTS A SEPARATE COPY. THIS  
25 PARAGRAPH SHALL NOT APPLY TO CERTIFICATE REQUIREMENTS,  
26 REPORTS OR NOTICES IN CONNECTION WITH THE ISSUANCE OF  
27 CERTIFICATES.

28 (2) NOT LATER THAN JUNE 1 OF EACH YEAR, A SYNOPSIS OF  
29 THE SOCIETY'S ANNUAL STATEMENT PROVIDING AN EXPLANATION OF  
30 THE FACTS CONCERNING THE CONDITION OF THE SOCIETY THEREBY

1 DISCLOSED SHALL BE PRINTED AND MAILED TO EACH BENEFIT MEMBER  
2 OF THE SOCIETY OR, IN LIEU THEREOF, THE SYNOPSIS MAY BE  
3 PUBLISHED IN THE SOCIETY'S OFFICIAL PUBLICATION.

4 (C) GRIEVANCE PROCEDURES.--A SOCIETY MAY PROVIDE IN ITS LAWS  
5 OR RULES FOR GRIEVANCE OR COMPLAINT PROCEDURES FOR MEMBERS.

6 SECTION 2413. PERSONAL LIABILITY.

7 (A) GENERAL RULE.--THE OFFICERS AND MEMBERS OF THE SUPREME  
8 GOVERNING BODY OR ANY SUBORDINATE BODY OF A SOCIETY SHALL NOT BE  
9 PERSONALLY LIABLE FOR ANY BENEFITS PROVIDED BY A SOCIETY.

10 (B) INDEMNIFICATION AND REIMBURSEMENT.--

11 (1) ANY PERSON MAY BE INDEMNIFIED AND REIMBURSED BY ANY  
12 SOCIETY FOR EXPENSES REASONABLY INCURRED BY, AND LIABILITIES  
13 IMPOSED UPON, THAT PERSON IN CONNECTION WITH OR ARISING OUT  
14 OF ANY ACTION, SUIT OR PROCEEDING, WHETHER CIVIL, CRIMINAL,  
15 ADMINISTRATIVE OR INVESTIGATIVE, OR THREAT THEREOF, IN WHICH  
16 THAT PERSON MAY BE INVOLVED BY REASON OF THE FACT THAT THAT  
17 PERSON IS OR WAS A DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF  
18 THE SOCIETY OR OF ANY FIRM, CORPORATION OR ORGANIZATION WHICH  
19 THE PERSON SERVED IN ANY CAPACITY AT THE REQUEST OF THE  
20 SOCIETY.

21 (2) A PERSON SHALL NOT BE SO INDEMNIFIED OR REIMBURSED:

22 (I) IN RELATION TO ANY MATTER IN AN ACTION, SUIT OR  
23 PROCEEDING AS TO WHICH THE PERSON SHALL FINALLY BE  
24 ADJUDGED TO BE OR HAVE BEEN GUILTY OF A BREACH OF A DUTY  
25 AS A DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF THE SOCIETY;  
26 OR

27 (II) IN RELATION TO ANY MATTER IN AN ACTION, SUIT OR  
28 PROCEEDING, OR THREAT THEREOF, WHICH HAS BEEN MADE THE  
29 SUBJECT OF A COMPROMISE SETTLEMENT;

30 UNLESS, IN EITHER CASE, THE PERSON ACTED IN GOOD FAITH FOR A

1 PURPOSE THE PERSON REASONABLY BELIEVED TO BE IN OR NOT  
2 OPPOSED TO THE BEST INTERESTS OF THE SOCIETY AND, IN A  
3 CRIMINAL ACTION OR PROCEEDING, IN ADDITION, HAD NO REASONABLE  
4 CAUSE TO BELIEVE THAT HIS CONDUCT WAS UNLAWFUL.

5 (3) THE DETERMINATION WHETHER THE CONDUCT OF SUCH PERSON  
6 MET THE STANDARD REQUIRED IN ORDER TO JUSTIFY INDEMNIFICATION  
7 AND REIMBURSEMENT IN RELATION TO ANY MATTER DESCRIBED IN  
8 PARAGRAPH (2) MAY ONLY BE MADE BY THE SUPREME GOVERNING BODY  
9 OR BOARD OF DIRECTORS BY A MAJORITY VOTE OF A QUORUM  
10 CONSISTING OF PERSONS WHO WERE NOT PARTIES TO SUCH ACTION,  
11 SUIT OR PROCEEDING OR BY A COURT OF COMPETENT JURISDICTION.  
12 THE TERMINATION OF ANY ACTION, SUIT OR PROCEEDING BY  
13 JUDGMENT, ORDER, SETTLEMENT, CONVICTION OR UPON A PLEA OF NO  
14 CONTEST AS TO THAT PERSON SHALL NOT IN ITSELF CREATE A  
15 CONCLUSIVE PRESUMPTION THAT THE PERSON DID NOT MEET THE  
16 STANDARD OF CONDUCT REQUIRED IN ORDER TO JUSTIFY  
17 INDEMNIFICATION AND REIMBURSEMENT. THE FOREGOING RIGHT OF  
18 INDEMNIFICATION AND REIMBURSEMENT SHALL NOT BE EXCLUSIVE OF  
19 OTHER RIGHTS TO WHICH THAT PERSON MAY BE ENTITLED AS A MATTER  
20 OF LAW AND SHALL INURE TO THE BENEFIT OF THAT PERSON'S HEIRS,  
21 EXECUTORS AND ADMINISTRATORS.

22 (C) INSURANCE.--A SOCIETY SHALL HAVE POWER TO PURCHASE AND  
23 MAINTAIN INSURANCE ON BEHALF OF ANY PERSON WHO IS OR WAS A  
24 DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF THE SOCIETY OR WHO IS OR  
25 WAS SERVING AT THE REQUEST OF THE SOCIETY AS A DIRECTOR,  
26 OFFICER, EMPLOYEE OR AGENT OF ANY OTHER FIRM, CORPORATION OR  
27 ORGANIZATION AGAINST ANY LIABILITY ASSERTED AGAINST THAT PERSON  
28 AND INCURRED IN ANY SUCH CAPACITY OR ARISING OUT OF THAT  
29 PERSON'S STATUS AS SUCH, WHETHER OR NOT THE SOCIETY WOULD HAVE  
30 THE POWER TO INDEMNIFY THE PERSON AGAINST SUCH LIABILITY UNDER

1 THIS SECTION.

2 SECTION 2414. WAIVER.

3 THE LAWS OF THE SOCIETY MAY PROVIDE THAT NO SUBORDINATE BODY  
4 NOR ANY OF ITS SUBORDINATE OFFICERS OR MEMBERS SHALL HAVE THE  
5 POWER OR AUTHORITY TO WAIVE ANY OF THE PROVISIONS OF THE LAWS OF  
6 THE SOCIETY. SUCH PROVISION SHALL BE BINDING ON THE SOCIETY AND  
7 EVERY MEMBER AND BENEFICIARY OF A MEMBER.

8 SUBARTICLE C

9 GOVERNANCE

10 SECTION 2421. ORGANIZATION.

11 (A) GENERAL RULE.--A DOMESTIC SOCIETY ORGANIZED AFTER  
12 FEBRUARY 11, 1993, SHALL BE FORMED AS PROVIDED IN THIS SECTION.

13 (B) ARTICLES OF INCORPORATION.--SEVEN OR MORE CITIZENS OF  
14 THE UNITED STATES, A MAJORITY OF WHOM ARE CITIZENS OF THIS  
15 COMMONWEALTH, WHO DESIRE TO FORM A FRATERNAL BENEFIT SOCIETY MAY  
16 MAKE, SIGN AND ACKNOWLEDGE BEFORE SOME OFFICER COMPETENT TO TAKE  
17 ACKNOWLEDGMENT OF DEEDS, ARTICLES OF INCORPORATION IN WHICH  
18 SHALL BE STATED:

19 (1) THE PROPOSED CORPORATE NAME OF THE SOCIETY, WHICH  
20 SHALL NOT SO CLOSELY RESEMBLE THE NAME OF ANY SOCIETY OR  
21 INSURANCE COMPANY AS TO BE MISLEADING OR CONFUSING.

22 (2) THE PURPOSES FOR WHICH IT IS BEING FORMED AND THE  
23 MODE IN WHICH ITS CORPORATE POWERS ARE TO BE EXERCISED. SUCH  
24 PURPOSES SHALL NOT INCLUDE MORE LIBERAL POWERS THAN ARE  
25 GRANTED BY THIS SUBARTICLE.

26 (3) THE NAMES AND RESIDENCES OF THE INCORPORATORS AND  
27 THE NAMES, RESIDENCES AND OFFICIAL TITLES OF ALL THE  
28 OFFICERS, TRUSTEES, DIRECTORS OR OTHER PERSONS WHO ARE TO  
29 HAVE AND EXERCISE THE GENERAL CONTROL OF THE MANAGEMENT OF  
30 THE AFFAIRS AND FUNDS OF THE SOCIETY FOR THE FIRST YEAR OR



1 UNTIL THE ENSUING ELECTION AT WHICH ALL THE OFFICERS SHALL BE  
2 ELECTED BY THE SUPREME GOVERNING BODY, WHICH ELECTION SHALL  
3 BE HELD NOT LATER THAN ONE YEAR FROM THE DATE OF ISSUANCE OF  
4 THE PERMANENT CERTIFICATE OF AUTHORITY.

5 (C) FILING.--SUCH ARTICLES OF INCORPORATION, DULY CERTIFIED  
6 COPIES OF THE SOCIETY'S BYLAWS AND RULES, COPIES OF ALL PROPOSED  
7 FORMS OF CERTIFICATES AND APPLICATIONS THEREFOR AND CIRCULARS TO  
8 BE ISSUED BY THE SOCIETY AND A BOND CONDITIONED UPON THE RETURN  
9 TO APPLICANTS OF THE ADVANCED PAYMENTS IF THE ORGANIZATION IS  
10 NOT COMPLETED WITHIN ONE YEAR SHALL BE FILED WITH THE  
11 COMMISSIONER, WHO MAY REQUIRE SUCH FURTHER INFORMATION AS THE  
12 COMMISSIONER DEEMS NECESSARY. THE BOND WITH SURETIES APPROVED BY  
13 THE COMMISSIONER SHALL BE IN AN AMOUNT, NOT LESS THAN \$300,000  
14 NOR MORE THAN \$1,500,000, AS REQUIRED BY THE COMMISSIONER. ALL  
15 DOCUMENTS FILED SHALL BE IN THE ENGLISH LANGUAGE. IF THE  
16 PURPOSES OF THE SOCIETY CONFORM TO THE REQUIREMENTS OF THIS  
17 SUBARTICLE AND ALL PROVISIONS OF THE LAW HAVE BEEN COMPLIED  
18 WITH, THE COMMISSIONER SHALL SO CERTIFY, RETAIN AND FILE THE  
19 ARTICLES OF INCORPORATION AND FURNISH THE INCORPORATORS A  
20 PRELIMINARY CERTIFICATE OF AUTHORITY AUTHORIZING THE SOCIETY TO  
21 SOLICIT MEMBERS AS PROVIDED IN THIS SECTION.

22 (D) DURATION OF PRELIMINARY CERTIFICATE.--NO PRELIMINARY  
23 CERTIFICATE OF AUTHORITY GRANTED UNDER THE PROVISIONS OF THIS  
24 SECTION SHALL BE VALID AFTER ONE YEAR FROM ITS DATE OF ISSUANCE  
25 OR AFTER A FURTHER PERIOD, NOT EXCEEDING ONE YEAR, AS MAY BE  
26 AUTHORIZED BY THE COMMISSIONER UPON CAUSE SHOWN, UNLESS THE 500  
27 APPLICANTS REQUIRED UNDER SUBSECTION (E) HAVE BEEN SECURED AND  
28 THE ORGANIZATION HAS BEEN COMPLETED AS PROVIDED IN THIS SECTION.  
29 THE ARTICLES OF INCORPORATION AND ALL OTHER PROCEEDINGS  
30 THEREUNDER SHALL BECOME NULL AND VOID IN ONE YEAR FROM THE DATE

1 OF THE PRELIMINARY CERTIFICATE OF AUTHORITY OR AT THE EXPIRATION  
2 OF THE EXTENDED PERIOD UNLESS THE SOCIETY SHALL HAVE COMPLETED  
3 ITS ORGANIZATION AND RECEIVED A CERTIFICATE OF AUTHORITY TO DO  
4 BUSINESS AS PROVIDED IN THIS SECTION.

5 (E) SOLICITATION OF MEMBERS.--UPON RECEIPT OF A PRELIMINARY  
6 CERTIFICATE OF AUTHORITY FROM THE COMMISSIONER, THE SOCIETY MAY  
7 SOLICIT MEMBERS FOR THE PURPOSE OF COMPLETING ITS ORGANIZATION,  
8 SHALL COLLECT FROM EACH APPLICANT THE AMOUNT OF NOT LESS THAN  
9 ONE REGULAR MONTHLY PREMIUM IN ACCORDANCE WITH ITS TABLE OF  
10 RATES AND SHALL ISSUE TO EACH APPLICANT A RECEIPT FOR THE AMOUNT  
11 COLLECTED. NO SOCIETY SHALL INCUR ANY LIABILITY OTHER THAN FOR  
12 THE RETURN OF THE ADVANCE PREMIUM NOR ISSUE ANY CERTIFICATE NOR  
13 PAY OR ALLOW OR OFFER OR PROMISE TO PAY OR ALLOW ANY BENEFIT TO  
14 ANY PERSON UNTIL THE FOLLOWING CONDITIONS ARE MET:

15 (1) ACTUAL BONA FIDE APPLICATIONS FOR BENEFITS  
16 AGGREGATING AT LEAST \$500,000 HAVE BEEN SECURED ON NOT LESS  
17 THAN 500 APPLICANTS, AND ANY NECESSARY EVIDENCE OF  
18 INSURABILITY HAS BEEN FURNISHED TO AND APPROVED BY THE  
19 SOCIETY.

20 (2) AT LEAST TEN SUBORDINATE LODGES HAVE BEEN  
21 ESTABLISHED INTO WHICH THE 500 APPLICANTS HAVE BEEN ADMITTED.

22 (3) THERE HAS BEEN SUBMITTED TO THE COMMISSIONER UNDER  
23 OATH OF THE PRESIDENT OR SECRETARY OR CORRESPONDING OFFICER  
24 OF THE SOCIETY A LIST OF THE APPLICANTS, GIVING THE NAME AND  
25 ADDRESS OF EACH, THE DATE EACH WAS ADMITTED, THE NAME AND  
26 NUMBER OF THE SUBORDINATE LODGE OF WHICH EACH APPLICANT IS A  
27 MEMBER AND THE AMOUNT OF BENEFITS TO BE GRANTED AND PREMIUMS  
28 FOR EACH APPLICANT.

29 (4) IT SHALL HAVE BEEN SHOWN TO THE COMMISSIONER BY  
30 SWORN STATEMENT OF THE TREASURER OR CORRESPONDING OFFICER OF

1 THE SOCIETY THAT AT LEAST 500 APPLICANTS HAVE EACH PAID IN  
2 CASH AT LEAST ONE REGULAR MONTHLY PREMIUM AS PROVIDED IN THIS  
3 SUBSECTION, WHICH PREMIUMS IN THE AGGREGATE SHALL AMOUNT TO  
4 AT LEAST \$150,000. THESE ADVANCE PREMIUMS SHALL BE HELD IN  
5 TRUST DURING THE PERIOD OF ORGANIZATION AND IF THE SOCIETY  
6 HAS NOT QUALIFIED FOR A CERTIFICATE OF AUTHORITY WITHIN ONE  
7 YEAR AS PROVIDED IN THIS SECTION THE PREMIUMS SHALL BE  
8 RETURNED TO THE APPLICANTS.

9 (5) THE COMMISSIONER MAY MAKE SUCH EXAMINATION AND  
10 REQUIRE SUCH FURTHER INFORMATION AS THE COMMISSIONER DEEMS  
11 ADVISABLE. UPON PRESENTATION OF SATISFACTORY EVIDENCE THAT  
12 THE SOCIETY HAS COMPLIED WITH ALL THE PROVISIONS OF LAW, THE  
13 COMMISSIONER SHALL ISSUE TO THE SOCIETY A CERTIFICATE OF  
14 AUTHORITY TO THAT EFFECT AND TO THE EFFECT THAT THE SOCIETY  
15 IS AUTHORIZED TO TRANSACT BUSINESS PURSUANT TO THE PROVISIONS  
16 OF THIS SUBARTICLE. THE CERTIFICATE OF AUTHORITY SHALL BE  
17 PRIMA FACIE EVIDENCE OF THE EXISTENCE OF THE SOCIETY AT THE  
18 DATE OF THE CERTIFICATE. THE COMMISSIONER SHALL CAUSE A  
19 RECORD OF THE CERTIFICATE OF AUTHORITY TO BE MADE. A  
20 CERTIFIED COPY OF THE RECORD MAY BE GIVEN IN EVIDENCE WITH  
21 LIKE EFFECT AS THE ORIGINAL CERTIFICATE OF AUTHORITY.

22 (F) LIMITATIONS.--THE PROVISIONS OF SUBSECTION (E) SHALL NOT  
23 APPLY TO:

24 (1) ANY SOCIETY ORGANIZED PRIOR TO APRIL 6, 1893, UNDER  
25 ANY STATUTE OF THIS COMMONWEALTH WHICH WAS ENGAGED IN DOING  
26 BUSINESS IN THIS COMMONWEALTH ON THAT DATE. AFTER FEBRUARY  
27 12, 1993, ANY SUCH SOCIETY MAY EXERCISE ALL THE RIGHTS  
28 CONFERRED BY THIS ARTICLE AND ALL THE RIGHTS, POWERS,  
29 PRIVILEGES AND EXEMPTIONS NOW EXERCISED OR POSSESSED BY IT  
30 UNDER ITS CHARTER OR ARTICLES OF INCORPORATION OR ARTICLES OF

1 ASSOCIATION, AND NEITHER ITS EXISTENCE AS A CORPORATION NOR  
2 ITS RIGHTS TO EXERCISE ANY CORPORATE RIGHTS VESTED IN IT BY  
3 VIRTUE OF ITS PAST INCORPORATION SHALL BE AFFECTED BY  
4 ANYTHING CONTAINED IN THIS ARTICLE.

5 (2) ANY FRATERNAL BENEFIT SOCIETY INCORPORATED UNDER THE  
6 PROVISIONS OF THE ACT OF APRIL 6, 1893 (P.L.10, NO.6), THE  
7 ACT OF MAY 20, 1921 (P.L.916, NO.324), THE ACT OF JULY 17,  
8 1935 (P.L.1092, NO.357) OR THE ACT OF JULY 29, 1977 (P.L.105,  
9 NO.38), RELATING TO FRATERNAL BENEFIT SOCIETIES. FOR THE  
10 PURPOSES OF THIS ARTICLE, A CORPORATION WHICH IS EXEMPT FROM  
11 THE REQUIREMENTS OF THIS SECTION BY REASON OF PARAGRAPH (1)  
12 SHALL BE DEEMED TO BE A HOLDER OF A CERTIFICATE OF AUTHORITY  
13 ISSUED UNDER THIS ARTICLE.

14 (G) REINCORPORATION NOT REQUIRED.--ANY INCORPORATED SOCIETY  
15 AUTHORIZED TO TRANSACT BUSINESS IN THIS COMMONWEALTH ON FEBRUARY  
16 12, 1993, SHALL NOT BE REQUIRED TO REINCORPORATE.  
17 SECTION 2422. AMENDMENTS TO LAWS.

18 (A) GENERAL RULE.--A DOMESTIC SOCIETY MAY AMEND ITS LAWS IN  
19 ACCORDANCE WITH THE PROVISIONS THEREOF BY ACTION OF ITS SUPREME  
20 GOVERNING BODY AT ANY REGULAR OR SPECIAL MEETING THEREOF OR, IF  
21 ITS LAWS SO PROVIDE, BY REFERENDUM. THE REFERENDUM MAY BE HELD  
22 IN ACCORDANCE WITH THE PROVISIONS OF ITS LAWS BY THE VOTE OF THE  
23 VOTING MEMBERS OF THE SOCIETY, BY THE VOTE OF DELEGATES OR  
24 REPRESENTATIVES OF VOTING MEMBERS OR BY THE VOTE OF LOCAL  
25 LODGES. A SOCIETY MAY PROVIDE FOR VOTING BY MAIL. NO AMENDMENT  
26 SUBMITTED FOR ADOPTION BY REFERENDUM SHALL BE ADOPTED UNLESS  
27 WITHIN SIX MONTHS FROM THE DATE OF SUBMISSION THEREOF A MAJORITY  
28 OF THE MEMBERS VOTING SHALL HAVE SIGNIFIED THEIR CONSENT TO THE  
29 AMENDMENT BY ONE OF THE METHODS SPECIFIED IN THIS SECTION. A  
30 SOCIETY HAVING A DIRECT ELECTION FORM OF ORGANIZATION AS

DESCRIBED IN SECTION 2405(1)(II) MAY AMEND ITS CONSTITUTION OR  
ARTICLES OF INCORPORATION ONLY BY REFERENDUM.

(B) APPROVAL OF AMENDMENT.--NO AMENDMENT TO THE LAWS OF ANY  
DOMESTIC SOCIETY SHALL TAKE EFFECT UNLESS APPROVED BY THE  
COMMISSIONER, WHO SHALL APPROVE THE AMENDMENT IF THE  
COMMISSIONER FINDS THAT IT HAS BEEN DULY ADOPTED AND IS NOT  
INCONSISTENT WITH ANY REQUIREMENT OF THE LAWS OF THIS  
COMMONWEALTH OR WITH THE CHARACTER, OBJECTS AND PURPOSES OF THE  
SOCIETY. UNLESS THE COMMISSIONER SHALL DISAPPROVE THE AMENDMENT  
WITHIN 60 DAYS AFTER THE FILING, THE AMENDMENT SHALL BE  
CONSIDERED APPROVED. THE APPROVAL OR DISAPPROVAL OF THE  
COMMISSIONER SHALL BE IN WRITING AND SHALL BE MAILED TO THE  
SECRETARY OR CORRESPONDING OFFICER OF THE SOCIETY AT ITS  
PRINCIPAL OFFICE. IF THE COMMISSIONER DISAPPROVES THE AMENDMENT,  
THE REASONS FOR THE DISAPPROVAL SHALL BE STATED IN THE WRITTEN  
NOTICE.

(C) COPIES TO MEMBERS.--WITHIN 90 DAYS FROM THE APPROVAL  
THEREOF BY THE COMMISSIONER, THE AMENDMENTS OR A SYNOPSIS  
THEREOF SHALL BE FURNISHED TO ALL MEMBERS OF THE SOCIETY EITHER  
BY MAIL OR BY PUBLICATION IN FULL IN THE OFFICIAL PUBLICATION OF  
THE SOCIETY. THE AFFIDAVIT OF ANY OFFICER OF THE SOCIETY OR OF  
ANYONE AUTHORIZED BY IT TO MAIL ANY AMENDMENTS OR SYNOPSIS  
THEREOF, STATING FACTS WHICH SHOW THAT SAME HAVE BEEN DULY  
ADDRESSED AND MAILED, SHALL BE PRIMA FACIE EVIDENCE THAT THE  
AMENDMENTS OR SYNOPSIS THEREOF HAVE BEEN FURNISHED THE  
ADDRESSEE.

(D) FILINGS OF FOREIGN SOCIETIES.--EVERY FOREIGN OR ALIEN  
SOCIETY AUTHORIZED TO DO BUSINESS IN THIS COMMONWEALTH SHALL  
FILE WITH THE COMMISSIONER A DULY CERTIFIED COPY OF ALL  
AMENDMENTS OF OR ADDITIONS TO ITS LAWS WITHIN 90 DAYS AFTER

1 THEIR ENACTMENT.

2 (E) CERTIFIED COPIES AS EVIDENCE.--PRINTED COPIES OF THE  
3 LAWS AS AMENDED, CERTIFIED BY THE SECRETARY OR CORRESPONDING  
4 OFFICER OF THE SOCIETY, SHALL BE PRIMA FACIE EVIDENCE OF THE  
5 LEGAL ADOPTION.

6 SECTION 2423. INSTITUTIONS.

7 A SOCIETY MAY CREATE, MAINTAIN AND OPERATE OR MAY ESTABLISH  
8 ORGANIZATIONS TO OPERATE NOT-FOR-PROFIT INSTITUTIONS TO FURTHER  
9 THE PURPOSES PERMITTED BY SECTION 2406(A)(2). THESE INSTITUTIONS  
10 MAY FURNISH SERVICES FREE OR AT A REASONABLE CHARGE. ANY REAL OR  
11 PERSONAL PROPERTY OWNED, HELD OR LEASED BY THE SOCIETY FOR THIS  
12 PURPOSE SHALL BE REPORTED IN EVERY ANNUAL STATEMENT BUT SHALL  
13 NOT BE ALLOWED AS AN ADMITTED ASSET OF THE SOCIETY EXCEPT AS  
14 PROVIDED IN SECTION 2441(B).

15 SECTION 2424. REINSURANCE.

16 (A) GENERAL RULE.--A DOMESTIC SOCIETY MAY, BY A REINSURANCE  
17 AGREEMENT, CEDE ANY INDIVIDUAL RISK OR RISKS IN WHOLE OR IN PART  
18 TO AN INSURER (OTHER THAN ANOTHER FRATERNAL BENEFIT SOCIETY)  
19 HAVING THE POWER TO MAKE SUCH REINSURANCE AND AUTHORIZED TO DO  
20 BUSINESS IN THIS COMMONWEALTH OR, IF NOT SO AUTHORIZED, ONE  
21 WHICH IS APPROVED BY THE COMMISSIONER, BUT NO SOCIETY MAY  
22 REINSURE SUBSTANTIALLY ALL OF ITS INSURANCE IN FORCE WITHOUT THE  
23 WRITTEN PERMISSION OF THE COMMISSIONER. IT MAY TAKE CREDIT FOR  
24 THE RESERVES ON THE CEDED RISKS TO THE EXTENT REINSURED, BUT NO  
25 CREDIT SHALL BE ALLOWED AS AN ADMITTED ASSET OR AS A DEDUCTION  
26 FROM LIABILITY TO A CEDING SOCIETY FOR REINSURANCE MADE, CEDED,  
27 RENEWED OR OTHERWISE BECOMING EFFECTIVE AFTER FEBRUARY 12, 1993,  
28 UNLESS THE REINSURANCE IS PAYABLE BY THE ASSUMING INSURER ON THE  
29 BASIS OF THE LIABILITY OF THE CEDING SOCIETY UNDER THE CONTRACT  
30 OR CONTRACTS REINSURED WITHOUT DIMINUTION BECAUSE OF THE

1 INSOLVENCY OF THE CEDING SOCIETY.

2 (B) REINSURANCE BY ANOTHER SOCIETY.--NOTWITHSTANDING THE  
3 LIMITATION IN SUBSECTION (A), A SOCIETY MAY REINSURE THE RISKS  
4 OF ANOTHER SOCIETY IN A CONSOLIDATION OR MERGER APPROVED BY THE  
5 COMMISSIONER UNDER SECTION 2425.

6 SECTION 2425. CONSOLIDATIONS AND MERGERS.

7 (A) GENERAL RULE.--A DOMESTIC SOCIETY MAY CONSOLIDATE OR  
8 MERGE WITH ANY OTHER SOCIETY BY COMPLYING WITH THE PROVISIONS OF  
9 THIS SECTION. IT SHALL FILE WITH THE COMMISSIONER:

10 (1) A CERTIFIED COPY OF THE WRITTEN CONTRACT CONTAINING  
11 IN FULL THE TERMS AND CONDITIONS OF THE CONSOLIDATION OR  
12 MERGER.

13 (2) A SWORN STATEMENT BY THE PRESIDENT AND SECRETARY OR  
14 CORRESPONDING OFFICERS OF EACH SOCIETY SHOWING THE FINANCIAL  
15 CONDITION OF THE SOCIETY ON A DATE FIXED BY THE COMMISSIONER  
16 BUT NOT EARLIER THAN DECEMBER 31 NEXT PRECEDING THE DATE OF  
17 THE CONTRACT.

18 (3) A CERTIFICATE OF THE OFFICERS, DULY VERIFIED BY  
19 THEIR RESPECTIVE OATHS, THAT THE CONSOLIDATION OR MERGER HAS  
20 BEEN APPROVED BY A TWO-THIRDS VOTE OF THE SUPREME GOVERNING  
21 BODY OF EACH SOCIETY, WHICH VOTE HAD BEEN CONDUCTED AT A  
22 REGULAR OR SPECIAL MEETING OF EACH BODY OR, IF THE SOCIETY'S  
23 LAWS PERMIT, BY MAIL.

24 (4) EVIDENCE THAT AT LEAST 60 DAYS PRIOR TO THE ACTION  
25 OF THE SUPREME GOVERNING BODY OF EACH SOCIETY, THE TEXT OF  
26 THE CONTRACT WAS FURNISHED TO ALL MEMBERS OF EACH SOCIETY  
27 EITHER BY MAIL OR BY PUBLICATION IN FULL IN THE OFFICIAL  
28 PUBLICATION OF EACH SOCIETY.

29 (B) APPROVAL BY COMMISSIONER.--IF THE COMMISSIONER FINDS  
30 THAT THE CONTRACT IS IN CONFORMITY WITH THE PROVISIONS OF THIS

1 SECTION, THAT THE FINANCIAL STATEMENTS ARE CORRECT AND THAT THE  
2 CONSOLIDATION OR MERGER IS JUST AND EQUITABLE TO THE MEMBERS OF  
3 EACH SOCIETY, THE COMMISSIONER SHALL APPROVE THE CONTRACT AND  
4 ISSUE A CERTIFICATE TO THAT EFFECT. UPON THIS APPROVAL, THE  
5 CONTRACT SHALL BE IN FULL FORCE AND EFFECT UNLESS ANY SOCIETY  
6 WHICH IS A PARTY TO THE CONTRACT IS INCORPORATED UNDER THE LAWS  
7 OF ANY OTHER STATE OR TERRITORY. IN SUCH EVENT THE CONSOLIDATION  
8 OR MERGER SHALL NOT BECOME EFFECTIVE UNLESS AND UNTIL IT HAS  
9 BEEN APPROVED AS PROVIDED BY THE LAWS OF THAT STATE OR TERRITORY  
10 AND A CERTIFICATE OF THE APPROVAL FILED WITH THE COMMISSIONER OF  
11 THIS COMMONWEALTH, OR, IF THE LAWS OF THAT STATE OR TERRITORY  
12 CONTAIN NO SUCH PROVISION, THEN THE CONSOLIDATION OR MERGER  
13 SHALL NOT BECOME EFFECTIVE UNLESS AND UNTIL IT HAS BEEN APPROVED  
14 BY THE COMMISSIONER OF INSURANCE OF THAT STATE OR TERRITORY AND  
15 A CERTIFICATE OF THE APPROVAL FILED WITH THE COMMISSIONER OF  
16 THIS COMMONWEALTH.

17 (C) VESTING OF RIGHTS AND LIABILITIES.--WHEN THE  
18 CONSOLIDATION OR MERGER BECOMES EFFECTIVE AS PROVIDED IN THIS  
19 SECTION, ALL THE RIGHTS, FRANCHISES AND INTERESTS OF THE  
20 CONSOLIDATED OR MERGED SOCIETIES IN AND TO EVERY SPECIES OF  
21 PROPERTY, REAL, PERSONAL OR MIXED, AND THINGS IN ACTION  
22 THEREUNTO BELONGING SHALL BE VESTED IN THE SOCIETY RESULTING  
23 FROM OR REMAINING AFTER THE CONSOLIDATION OR MERGER WITHOUT ANY  
24 OTHER INSTRUMENT, EXCEPT THAT CONVEYANCES OF REAL PROPERTY MAY  
25 BE EVIDENCED BY PROPER DEEDS, AND THE TITLE TO ANY REAL ESTATE  
26 OR INTEREST THEREIN VESTED UNDER THE LAWS OF THIS COMMONWEALTH  
27 IN ANY OF THE SOCIETIES CONSOLIDATED OR MERGED SHALL NOT REVERT  
28 OR BE IN ANY WAY IMPAIRED BY REASON OF THE CONSOLIDATION OR  
29 MERGER BUT SHALL VEST ABSOLUTELY IN THE SOCIETY RESULTING FROM  
30 OR REMAINING AFTER THE CONSOLIDATION OR MERGER.



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

6 SECTION 2426. CONVERSION OF FRATERNAL BENEFIT SOCIETY INTO  
7 MUTUAL LIFE INSURANCE COMPANY.

8 ANY DOMESTIC FRATERNAL BENEFIT SOCIETY MAY BE CONVERTED AND  
9 LICENSED AS A MUTUAL LIFE INSURANCE COMPANY BY COMPLIANCE WITH  
10 ALL THE REQUIREMENTS OF THIS ACT IF THE PLAN OF CONVERSION HAS  
11 BEEN APPROVED BY THE COMMISSIONER. A PLAN OF CONVERSION SHALL BE  
12 PREPARED IN WRITING BY THE BOARD OF DIRECTORS SETTING FORTH IN  
13 FULL THE TERMS AND CONDITIONS OF CONVERSION. THE AFFIRMATIVE  
14 VOTE OF TWO-THIRDS OF ALL MEMBERS OF THE SUPREME GOVERNING BODY  
15 AT A REGULAR OR SPECIAL MEETING SHALL BE NECESSARY FOR THE  
16 APPROVAL OF SUCH PLAN. NO CONVERSION SHALL TAKE EFFECT UNLESS  
17 AND UNTIL APPROVED BY THE COMMISSIONER WHO MAY GIVE APPROVAL IF  
18 THE COMMISSIONER FINDS THAT THE PROPOSED CHANGE IS IN CONFORMITY  
19 WITH THE REQUIREMENTS OF LAW AND NOT PREJUDICIAL TO THE  
20 CERTIFICATE HOLDERS OF THE SOCIETY.

21 SECTION 2427. DOMESTICATION.

22 (A) FILING REQUIREMENTS.--A FOREIGN OR ALIEN SOCIETY  
23 AUTHORIZED TO DO BUSINESS IN THIS COMMONWEALTH MAY BECOME A  
24 DOMESTIC SOCIETY BY FILING WITH THE COMMISSIONER IN THE ENGLISH  
25 LANGUAGE:

26       (1) ARTICLES OF DOMESTICATION WHICH SHALL SET FORTH THE  
27 NAME OF THE SOCIETY, THE ADDRESS, INCLUDING STREET AND  
28 NUMBER, OF ITS PRINCIPAL OFFICE IN THIS COMMONWEALTH AND ANY  
29 OTHER PROVISIONS OF ITS CURRENT ARTICLES OF INCORPORATION  
30 THAT THE SOCIETY DESIRES TO RETAIN.

1           (2) A STATEMENT THAT UPON DOMESTICATION THE SOCIETY WILL  
2           BE SUBJECT TO ALL THE LAWS OF THIS COMMONWEALTH APPLICABLE TO  
3           DOMESTIC FRATERNAL BENEFIT SOCIETIES.

4           (3) A BRIEF STATEMENT OF THE PURPOSE OR PURPOSES FOR  
5           WHICH IT IS TO BE DOMESTICATED, WHICH SHALL BE A PURPOSE OR  
6           PURPOSES FOR WHICH A DOMESTIC SOCIETY MAY BE INCORPORATED  
7           UNDER THIS SUBARTICLE.

8           (4) A CERTIFICATE OF THE PRESIDENT AND SECRETARY OF THE  
9           SOCIETY DULY VERIFIED BY THEIR RESPECTIVE OATHS THAT THE  
10          DOMESTICATION HAS BEEN APPROVED IN ACCORDANCE WITH THE  
11          CONSTITUTION AND BYLAWS OF THE SOCIETY AS REQUIRED BY  
12          APPLICABLE LAWS AND REGULATIONS OF THE DOMICILIARY  
13          JURISDICTION.

14          (B) APPROVAL BY COMMISSIONER.--IF THE COMMISSIONER FINDS  
15          THAT THE FILING BY THE SOCIETY IS IN PROPER ORDER, THAT THE  
16          SOCIETY COMPLIES WITH THE REQUIREMENTS FOR ISSUING A CERTIFICATE  
17          OF AUTHORITY TO A DOMESTIC SOCIETY, THAT THE SOCIETY WILL  
18          MAINTAIN ITS PRINCIPAL OFFICE IN PENNSYLVANIA AND THAT THE  
19          DOMESTICATION IS IN THE BEST INTEREST OF THE MEMBERS OF THE  
20          SOCIETY, THE COMMISSIONER SHALL APPROVE THE ARTICLES OF  
21          DOMESTICATION AND ISSUE A CERTIFICATE TO THAT EFFECT.

22          (C) EFFECT OF DOMESTICATION.--UPON APPROVAL OF THE ARTICLES  
23          OF DOMESTICATION BY THE COMMISSIONER, THE SOCIETY SHALL  
24          THEREAFTER BECOME A DOMESTIC SOCIETY AND SHALL BE SUBJECT TO ALL  
25          THE LAWS OF THIS COMMONWEALTH APPLICABLE TO DOMESTIC SOCIETIES.

26                                   SUBARTICLE D

27                                   CONTRACTUAL BENEFITS

28          SECTION 2431. BENEFITS.

29          (A) GENERAL RULE.--A SOCIETY AUTHORIZED TO DO BUSINESS IN  
30          THIS COMMONWEALTH MAY PROVIDE THE FOLLOWING CONTRACTUAL BENEFITS

1 IN ANY FORM:

2 (1) DEATH BENEFITS.

3 (2) ENDOWMENT BENEFITS.

4 (3) ANNUITY BENEFITS.

5 (4) TEMPORARY OR PERMANENT DISABILITY BENEFITS.

6 (5) HOSPITAL, MEDICAL OR NURSING BENEFITS.

7 (6) OTHER BENEFITS WHICH ARE AUTHORIZED FOR INSURERS  
8 LICENSED TO WRITE LIFE, ACCIDENT AND HEALTH INSURANCE AND  
9 WHICH ARE NOT INCONSISTENT WITH THIS SUBARTICLE.

10 (B) ELIGIBLE MEMBERS.--A SOCIETY SHALL SPECIFY IN ITS RULES  
11 THOSE PERSONS WHO MAY BE ISSUED OR COVERED BY THE CONTRACTUAL  
12 BENEFITS IN SUBSECTION (A), CONSISTENT WITH PROVIDING BENEFITS  
13 TO MEMBERS AND THEIR DEPENDENTS. A SOCIETY MAY PROVIDE BENEFITS  
14 ON THE LIVES OF CHILDREN UNDER THE MINIMUM AGE FOR ADULT  
15 MEMBERSHIP UPON APPLICATION OF AN ADULT PERSON.  
16 SECTION 2432. BENEFICIARIES.

17 (A) DESIGNATION.--THE OWNER OF A BENEFIT CONTRACT SHALL HAVE  
18 THE RIGHT AT ALL TIMES TO CHANGE THE BENEFICIARY OR  
19 BENEFICIARIES IN ACCORDANCE WITH THE LAWS OR RULES OF THE  
20 SOCIETY UNLESS THE OWNER WAIVES THIS RIGHT BY SPECIFICALLY  
21 REQUESTING IN WRITING THAT THE BENEFICIARY DESIGNATION BE  
22 IRREVOCABLE. A SOCIETY MAY, THROUGH ITS LAWS OR RULES, LIMIT THE  
23 SCOPE OF BENEFICIARY DESIGNATIONS AND SHALL PROVIDE THAT NO  
24 REVOCABLE BENEFICIARY SHALL HAVE OR OBTAIN ANY VESTED INTEREST  
25 IN THE PROCEEDS OF ANY CERTIFICATE UNTIL THE CERTIFICATE HAS  
26 BECOME DUE AND PAYABLE IN CONFORMITY WITH THE PROVISIONS OF THE  
27 BENEFIT CONTRACT.

28 (B) PAYMENT OF FUNERAL BENEFITS.--A SOCIETY MAY MAKE  
29 PROVISION FOR THE PAYMENT OF FUNERAL BENEFITS TO THE EXTENT OF  
30 THAT PORTION OF ANY PAYMENT UNDER A CERTIFICATE AS MIGHT

1 REASONABLY APPEAR TO BE DUE TO ANY PERSON EQUITABLY ENTITLED  
2 THERE TO BY REASON OF HAVING INCURRED EXPENSE OCCASIONED BY THE  
3 BURIAL OF THE MEMBER, PROVIDED THE PORTION SO PAID SHALL NOT  
4 EXCEED THE SUM OF \$2,000.

5 (C) ABSENCE OF BENEFICIARY.--IF AT THE DEATH OF ANY PERSON  
6 INSURED UNDER A BENEFIT CONTRACT THERE IS NO LAWFUL BENEFICIARY  
7 TO WHOM THE PROCEEDS SHALL BE PAYABLE, THE AMOUNT OF THE  
8 BENEFIT, EXCEPT TO THE EXTENT THAT FUNERAL BENEFITS MAY BE PAID  
9 AS PROVIDED IN THIS SECTION, SHALL BE PAYABLE TO THE PERSONAL  
10 REPRESENTATIVE OF THE DECEASED INSURED, OR, IF NONE, THEN  
11 PAYMENT MAY BE MADE IN ACCORDANCE WITH 20 PA.C.S. § 3101(D)  
12 (RELATING TO PAYMENTS TO FAMILY AND FUNERAL DIRECTORS). IF THE  
13 OWNER OF THE CERTIFICATE IS OTHER THAN THE INSURED, THE PROCEEDS  
14 SHALL BE PAYABLE TO THE OWNER.

15 SECTION 2433. BENEFITS NOT ATTACHABLE.

16 NO MONEY OR OTHER BENEFIT, CHARITY, RELIEF OR AID TO BE PAID,  
17 PROVIDED OR RENDERED BY ANY SOCIETY SHALL BE LIABLE TO  
18 ATTACHMENT, GARNISHMENT OR OTHER PROCESS OR TO BE SEIZED, TAKEN,  
19 APPROPRIATED OR APPLIED BY ANY LEGAL OR EQUITABLE PROCESS OR  
20 OPERATION OF LAW TO PAY ANY DEBT OR LIABILITY OF A MEMBER OR  
21 BENEFICIARY, OR ANY OTHER PERSON WHO MAY HAVE A RIGHT  
22 THEREUNDER, EITHER BEFORE OR AFTER PAYMENT BY THE SOCIETY.

23 SECTION 2434. BENEFIT CONTRACT.

24 (A) GENERAL RULE.--EVERY SOCIETY AUTHORIZED TO DO BUSINESS  
25 IN THIS COMMONWEALTH SHALL ISSUE TO EACH OWNER OF A BENEFIT  
26 CONTRACT A CERTIFICATE SPECIFYING THE AMOUNT OF BENEFITS  
27 PROVIDED BY THE CONTRACT. THE CERTIFICATE, TOGETHER WITH ANY  
28 RIDERS OR ENDORSEMENTS ATTACHED TO IT, THE LAWS OF THE SOCIETY,  
29 THE APPLICATION FOR MEMBERSHIP, THE APPLICATION FOR INSURANCE  
30 AND DECLARATION OF INSURABILITY, IF ANY, SIGNED BY THE

1 APPLICANT, AND ALL AMENDMENTS TO EACH THEREOF, SHALL CONSTITUTE  
2 THE BENEFIT CONTRACT AS OF THE DATE OF ISSUANCE BETWEEN THE  
3 SOCIETY AND THE OWNER, AND THE CERTIFICATE SHALL SO STATE. THE  
4 SOCIETY SHALL MAINTAIN A COPY OF ITS LAWS AT EACH LODGE FOR  
5 INSPECTION BY THE BENEFIT MEMBER AND SHALL FURNISH A COPY TO  
6 EACH BENEFIT MEMBER UPON REQUEST. A COPY OF THE APPLICATION FOR  
7 INSURANCE AND DECLARATION OF INSURABILITY, IF ANY, SHALL BE  
8 ENDORSED UPON OR ATTACHED TO THE CERTIFICATE. ALL STATEMENTS ON  
9 THE APPLICATION SHALL BE REPRESENTATIONS AND NOT WARRANTIES. ANY  
10 WAIVER OF THIS PROVISION SHALL BE VOID.

11 (B) EFFECT OF SUBSEQUENT CHANGES.--ANY CHANGES, ADDITIONS OR  
12 AMENDMENTS TO THE LAWS OF THE SOCIETY DULY MADE OR ENACTED  
13 SUBSEQUENT TO THE ISSUANCE OF THE CERTIFICATE SHALL BIND THE  
14 OWNER AND THE BENEFICIARIES AND SHALL GOVERN AND CONTROL THE  
15 BENEFIT CONTRACT IN ALL RESPECTS THE SAME AS IF THE CHANGES,  
16 ADDITIONS OR AMENDMENTS HAD BEEN MADE PRIOR TO AND WERE IN FORCE  
17 AT THE TIME OF THE APPLICATION FOR INSURANCE, EXCEPT THAT NO  
18 CHANGE, ADDITION OR AMENDMENT SHALL DESTROY OR DIMINISH BENEFITS  
19 WHICH THE SOCIETY CONTRACTED TO GIVE THE OWNER AS OF THE DATE OF  
20 ISSUANCE.

21 (C) EFFECT ON MINORITY.--ANY PERSON UPON WHOSE LIFE A  
22 BENEFIT CONTRACT IS ISSUED PRIOR TO ATTAINING THE AGE OF  
23 MAJORITY SHALL BE BOUND BY THE TERMS OF THE APPLICATION AND  
24 CERTIFICATE AND BY ALL THE LAWS AND RULES OF THE SOCIETY TO THE  
25 SAME EXTENT AS THOUGH THE AGE OF MAJORITY HAD BEEN ATTAINED AT  
26 THE TIME OF APPLICATION.

27 (D) PAYMENT OF DEFICIENCIES.--A SOCIETY SHALL PROVIDE IN ITS  
28 LAWS THAT IF ITS RESERVES AS TO ALL OR ANY CLASS OF CERTIFICATES  
29 BECOME IMPAIRED, ITS BOARD OF DIRECTORS OR CORRESPONDING BODY  
30 MAY REQUIRE THAT THERE SHALL BE PAID BY THE OWNER TO THE SOCIETY

1 THE AMOUNT OF THE OWNER'S EQUITABLE PROPORTION OF SUCH  
2 DEFICIENCY AS ASCERTAINED BY ITS BOARD, AND IF THE PAYMENT IS  
3 NOT MADE:

4 (1) IT SHALL STAND AS AN INDEBTEDNESS AGAINST THE  
5 CERTIFICATE AND DRAW INTEREST NOT TO EXCEED THE RATE  
6 SPECIFIED FOR CERTIFICATE LOANS UNDER THE CERTIFICATES; OR

7 (2) IN LIEU OF OR IN COMBINATION WITH PARAGRAPH (1), THE  
8 OWNER MAY ACCEPT A PROPORTIONATE REDUCTION IN BENEFITS UNDER  
9 THE CERTIFICATE.

10 THE SOCIETY MAY SPECIFY THE MANNER OF THE ELECTION AND WHICH  
11 ALTERNATIVE IS TO BE PRESUMED IF NO ELECTION IS MADE.

12 (E) CERTIFIED COPIES AS EVIDENCE.--COPIES OF ANY OF THE  
13 DOCUMENTS MENTIONED IN THIS SECTION, CERTIFIED BY THE SECRETARY  
14 OR CORRESPONDING OFFICER OF THE SOCIETY, SHALL BE RECEIVED IN  
15 EVIDENCE OF THE TERMS AND CONDITIONS THEREOF.

16 (F) CONTENT.--NO CERTIFICATE, APPLICATION, RIDER OR  
17 ENDORSEMENT USED IN CONNECTION THEREWITH SHALL BE DELIVERED OR  
18 ISSUED FOR DELIVERY IN THIS COMMONWEALTH UNLESS THE FORM  
19 CONTAINS PROVISIONS REQUIRED FOR LIKE FORMS ISSUED BY LIFE,  
20 ACCIDENT AND HEALTH INSURERS IN THIS COMMONWEALTH AND A COPY OF  
21 THE FORM HAS BEEN FILED WITH AND APPROVED BY THE COMMISSIONER IN  
22 THE MANNER PROVIDED FOR LIKE POLICIES ISSUED BY LIFE, ACCIDENT  
23 AND HEALTH INSURERS IN THIS COMMONWEALTH. EVERY LIFE, ACCIDENT,  
24 HEALTH OR DISABILITY INSURANCE CERTIFICATE, EVERY ANNUITY  
25 CERTIFICATE AND EVERY APPLICATION, RIDER OR ENDORSEMENT USED IN  
26 CONNECTION THEREWITH APPROVED PRIOR TO FEBRUARY 12, 1993, SHALL  
27 BE BROUGHT INTO COMPLIANCE WITH THIS SUBARTICLE BY FEBRUARY 12,  
28 1994.

29 (G) PREMIUM GRACE PERIOD.--THE CERTIFICATE MAY CONTAIN A  
30 PROVISION FOR A GRACE PERIOD FOR PAYMENT OF PREMIUMS OF ONE FULL

1 MONTH IN ITS CERTIFICATES.

2 (H) ADDITIONAL PROVISIONS.--THE CERTIFICATE SHALL ALSO  
3 CONTAIN THE FOLLOWING:

4 (1) A PROVISION STATING THE AMOUNT OF PREMIUMS WHICH ARE  
5 PAYABLE UNDER THE CERTIFICATE AND A PROVISION RECITING OR  
6 SETTING FORTH THE SUBSTANCE OF ANY SECTIONS OF THE SOCIETY'S  
7 LAWS OR RULES IN FORCE AT THE TIME OF ISSUANCE OF THE  
8 CERTIFICATE WHICH IF VIOLATED WILL RESULT IN THE TERMINATION  
9 OR REDUCTION OF BENEFITS PAYABLE UNDER THE CERTIFICATE.

10 (2) A PROVISION THAT ANY MEMBER EXPELLED OR SUSPENDED,  
11 EXCEPT FOR NONPAYMENT OF A PREMIUM OR WITHIN THE CONTESTABLE  
12 PERIOD FOR MATERIAL MISREPRESENTATION IN THE APPLICATION FOR  
13 MEMBERSHIP OR INSURANCE, SHALL HAVE THE PRIVILEGE OF  
14 MAINTAINING THE CERTIFICATE IN FORCE BY CONTINUING PAYMENT OF  
15 THE REQUIRED PREMIUM.

16 (3) A PROVISION THAT IN CASE THE AGE OR SEX OF THE  
17 MEMBER OR OF ANY OTHER PERSON IS CONSIDERED IN DETERMINING  
18 THE PREMIUM AND IT IS FOUND AT ANY TIME BEFORE FINAL  
19 SETTLEMENT UNDER THE CERTIFICATE THAT THE AGE OR SEX HAS BEEN  
20 MISSTATED, AND THE DISCREPANCY AND PREMIUM INVOLVED HAVE NOT  
21 BEEN ADJUSTED, THE AMOUNT PAYABLE UNDER THE CERTIFICATE SHALL  
22 BE SUCH AS THE PREMIUM WOULD HAVE PURCHASED AT THE CORRECT  
23 AGE AND SEX. IF THE CORRECT AGE WAS NOT AN INSURABLE AGE  
24 UNDER THE SOCIETY'S CHARTER OR LAWS, ONLY THE PREMIUMS PAID  
25 TO THE SOCIETY, LESS ANY PAYMENTS PREVIOUSLY MADE TO THE  
26 MEMBER, SHALL BE RETURNED, OR, AT THE OPTION OF THE SOCIETY,  
27 THE AMOUNT PAYABLE UNDER THE CERTIFICATE SHALL BE SUCH AS THE  
28 PREMIUM WOULD HAVE PURCHASED AT THE CORRECT AGE ACCORDING TO  
29 THE SOCIETY'S PROMULGATED RATES AND ANY EXTENSION THEREOF  
30 BASED ON ACTUARIAL PRINCIPLES.

1       (I) TRANSFER OF CONTROL OR OWNERSHIP.--BENEFIT CONTRACTS  
2       ISSUED ON THE LIVES OF PERSONS BELOW THE SOCIETY'S MINIMUM AGE  
3       FOR ADULT MEMBERSHIP MAY PROVIDE FOR TRANSFER OF CONTROL OR  
4       OWNERSHIP TO THE INSURED AT AN AGE SPECIFIED IN THE CERTIFICATE.  
5       A SOCIETY MAY REQUIRE APPROVAL OF AN APPLICATION FOR MEMBERSHIP  
6       IN ORDER TO EFFECT THIS TRANSFER AND MAY PROVIDE IN ALL OTHER  
7       RESPECTS FOR THE REGULATION, GOVERNMENT AND CONTROL OF THE  
8       CERTIFICATES AND ALL RIGHTS, OBLIGATIONS AND LIABILITIES  
9       INCIDENT THERETO AND CONNECTED THEREWITH. OWNERSHIP RIGHTS PRIOR  
10       TO THE TRANSFER SHALL BE SPECIFIED IN THE CERTIFICATE.

11       (J) ASSIGNMENT.--A SOCIETY MAY SPECIFY THE TERMS AND  
12       CONDITIONS ON WHICH BENEFIT CONTRACTS MAY BE ASSIGNED.

13       SECTION 2435. NONFORFEITURE BENEFITS, CASH SURRENDER VALUES,  
14       CERTIFICATE LOANS AND OTHER OPTIONS.

15       (A) EXISTING CERTIFICATES.--FOR CERTIFICATES ISSUED PRIOR TO  
16       FEBRUARY 12, 1994, THE VALUE OF EVERY PAID-UP NONFORFEITURE  
17       BENEFIT AND THE AMOUNT OF ANY CASH SURRENDER VALUE, LOAN OR  
18       OTHER OPTION GRANTED SHALL COMPLY WITH THE PROVISIONS OF LAW  
19       APPLICABLE IMMEDIATELY PRIOR TO FEBRUARY 12, 1993.

20       (B) NEW CERTIFICATES.--FOR LIFE CERTIFICATES ISSUED AFTER  
21       FEBRUARY 11, 1994, FOR WHICH RESERVES ARE COMPUTED ON THE  
22       COMMISSIONER'S 1941 STANDARD ORDINARY MORTALITY TABLE, THE  
23       COMMISSIONER'S 1941 STANDARD INDUSTRIAL TABLE OR THE  
24       COMMISSIONER'S 1958 STANDARD ORDINARY MORTALITY TABLE OR THE  
25       COMMISSIONER'S 1980 STANDARD MORTALITY TABLE, OR ANY MORE RECENT  
26       TABLE MADE APPLICABLE TO LIFE INSURERS, EVERY PAID-UP  
27       NONFORFEITURE BENEFIT AND THE AMOUNT OF ANY CASH SURRENDER  
28       VALUE, LOAN OR OTHER OPTION GRANTED SHALL NOT BE LESS THAN THE  
29       CORRESPONDING AMOUNT ASCERTAINED IN ACCORDANCE WITH THE LAWS OF  
30       THIS COMMONWEALTH APPLICABLE TO LIFE INSURERS ISSUING POLICIES



1 CONTAINING LIKE BENEFITS BASED UPON SUCH TABLES. FOR ANNUITY  
2 CERTIFICATES ISSUED AFTER FEBRUARY 11, 1994, EVERY PAID-UP  
3 ANNUITY BENEFIT, CASH SURRENDER VALUE OR DEATH BENEFIT SHALL NOT  
4 BE LESS THAN THE CORRESPONDING AMOUNT IN ACCORDANCE WITH THE  
5 LAWS OF THIS COMMONWEALTH APPLICABLE TO LIFE INSURERS ISSUING  
6 POLICIES CONTAINING LIKE BENEFITS.

7 SUBARTICLE E

8 FINANCIAL

9 SECTION 2441. INVESTMENTS.

10 (A) GENERAL RULE.--A SOCIETY SHALL INVEST ITS FUNDS ONLY IN  
11 INVESTMENTS AUTHORIZED BY THE LAWS OF THIS COMMONWEALTH FOR THE  
12 INVESTMENT OF ASSETS OF LIFE INSURERS AND SUBJECT TO THE  
13 LIMITATIONS THEREON. ANY FOREIGN OR ALIEN SOCIETY PERMITTED OR  
14 SEEKING TO DO BUSINESS IN THIS COMMONWEALTH WHICH INVESTS ITS  
15 FUNDS IN ACCORDANCE WITH THE LAWS OF THE STATE, DISTRICT,  
16 TERRITORY, COUNTRY OR PROVINCE IN WHICH IT IS INCORPORATED SHALL  
17 BE HELD TO MEET THE REQUIREMENTS OF THIS SECTION FOR THE  
18 INVESTMENT OF FUNDS.

19 (B) REAL ESTATE.--IN ADDITION TO THE INVESTMENT OF ASSETS AS  
20 PRESCRIBED IN THIS SECTION OR ANY OTHER LAWS OF THIS  
21 COMMONWEALTH, A FRATERNAL BENEFIT SOCIETY MAY PURCHASE, RECEIVE,  
22 HOLD AND CONVEY REAL ESTATE OR ANY INTEREST THEREIN FOR THE  
23 PURPOSE OF MAINTENANCE OR CONSTRUCTION OF CAMPS OR RECREATIONAL  
24 AREAS WITH NECESSARY FACILITIES FOR ALL ITS MEMBERS. THESE  
25 ASSETS SHALL BE SHOWN ON THE ANNUAL STATEMENT AT COST IN THE  
26 YEAR ACQUIRED AND MAY NOT EXCEED 5% OF OTHER ADMITTED ASSETS OF  
27 THE SOCIETY.

28 SECTION 2442. FUNDS.

29 (A) GENERAL RULE.--ALL ASSETS SHALL BE HELD, INVESTED AND  
30 DISBURSED FOR THE USE AND BENEFIT OF THE SOCIETY, AND NO MEMBER

1 OR BENEFICIARY SHALL HAVE OR ACQUIRE INDIVIDUAL RIGHTS THEREIN  
2 OR BECOME ENTITLED TO ANY APPORTIONMENT ON THE SURRENDER OF ANY  
3 PART THEREOF, EXCEPT AS PROVIDED IN THE BENEFIT CONTRACT.

4 (B) SPECIAL FUNDS.--A SOCIETY MAY CREATE, MAINTAIN, INVEST,  
5 DISBURSE AND APPLY ANY SPECIAL FUND OR FUNDS NECESSARY TO CARRY  
6 OUT ANY PURPOSE PERMITTED BY THE LAWS OF THE SOCIETY.

7 (C) SEPARATE ACCOUNTS.--A SOCIETY MAY, PURSUANT TO  
8 RESOLUTION OF ITS SUPREME GOVERNING BODY, ESTABLISH AND OPERATE  
9 ONE OR MORE SEPARATE ACCOUNTS AND ISSUE CONTRACTS ON A VARIABLE  
10 BASIS, SUBJECT TO THE INSURANCE LAWS REGULATING LIFE INSURERS  
11 ESTABLISHING THOSE ACCOUNTS AND ISSUING THOSE CONTRACTS. TO THE  
12 EXTENT THE SOCIETY DEEMS IT NECESSARY IN ORDER TO COMPLY WITH  
13 ANY APPLICABLE FEDERAL OR STATE LAWS OR ANY RULES ISSUED  
14 THEREUNDER, THE SOCIETY MAY:

15 (1) ADOPT SPECIAL PROCEDURES FOR THE CONDUCT OF THE  
16 BUSINESS AND AFFAIRS OF A SEPARATE ACCOUNT.

17 (2) FOR PERSONS HAVING BENEFICIAL INTERESTS THEREIN,  
18 PROVIDE SPECIAL VOTING AND OTHER RIGHTS, INCLUDING, WITHOUT  
19 LIMITATION, SPECIAL RIGHTS AND PROCEDURES RELATING TO  
20 INVESTMENT POLICY, INVESTMENT ADVISORY SERVICES, SELECTION OF  
21 CERTIFIED PUBLIC ACCOUNTANTS AND SELECTION OF A COMMITTEE TO  
22 MANAGE THE BUSINESS AND AFFAIRS OF THE ACCOUNT.

23 (3) ISSUE CONTRACTS ON A VARIABLE BASIS TO WHICH SECTION  
24 2434(B) AND (D) SHALL NOT APPLY.

25 SUBARTICLE F

26 REGULATION

27 SECTION 2451. VALUATION.

28 (A) EXISTING CERTIFICATES.--THE MINIMUM RESERVES FOR  
29 CERTIFICATES ISSUED PRIOR TO FEBRUARY 12, 1994, SHALL BE THOSE  
30 PROVIDED BY THE LAWS APPLICABLE IMMEDIATELY PRIOR TO FEBRUARY

12, 1993.

(B) NEW CERTIFICATES.--THE MINIMUM RESERVES FOR CERTIFICATES  
ISSUED AFTER FEBRUARY 11, 1994, SHALL BE BASED ON THE FOLLOWING  
TABLES:

(1) FOR CERTIFICATES OF LIFE INSURANCE - THE  
COMMISSIONER'S 1941 STANDARD ORDINARY MORTALITY TABLE, THE  
COMMISSIONER'S 1941 STANDARD INDUSTRIAL MORTALITY TABLE, THE  
COMMISSIONER'S 1958 STANDARD ORDINARY MORTALITY TABLE, THE  
COMMISSIONER'S 1980 STANDARD ORDINARY MORTALITY TABLE OR ANY  
MORE RECENT TABLE MADE APPLICABLE TO LIFE INSURERS.

(2) FOR ANNUITY AND PURE ENDOWMENT CERTIFICATES, FOR  
TOTAL AND PERMANENT DISABILITY BENEFITS, FOR ACCIDENTAL DEATH  
BENEFITS AND FOR ACCIDENT AND HEALTH BENEFITS - SUCH TABLES  
AS ARE AUTHORIZED FOR USE BY LIFE INSURERS IN THIS  
COMMONWEALTH.

(C) VALUATION METHODS AND STANDARDS.--ALL OF THE VALUATIONS  
UNDER SUBSECTION (B) SHALL BE UNDER VALUATION METHODS AND  
INTEREST STANDARDS IN ACCORDANCE WITH THE LAWS OF THIS  
COMMONWEALTH APPLICABLE TO LIFE INSURERS ISSUING POLICIES  
CONTAINING LIKE BENEFITS.

(D) OTHER VALUATION STANDARDS.--THE COMMISSIONER MAY, IN HIS  
DISCRETION, ACCEPT OTHER STANDARDS FOR VALUATION IF THE  
COMMISSIONER FINDS THAT THE RESERVES PRODUCED THEREBY WILL NOT  
BE LESS IN THE AGGREGATE THAN RESERVES COMPUTED IN ACCORDANCE  
WITH THE MINIMUM VALUATION STANDARD PRESCRIBED IN THIS SECTION.  
THE COMMISSIONER MAY, IN HIS DISCRETION, VARY THE STANDARDS OF  
MORTALITY APPLICABLE TO ALL BENEFIT CONTRACTS ON SUBSTANDARD  
LIVES OR OTHER EXTRA HAZARDOUS LIVES BY ANY SOCIETY AUTHORIZED  
TO DO BUSINESS IN THIS COMMONWEALTH.

(E) EXCESS RESERVES.--ANY SOCIETY, WITH THE CONSENT OF THE

1 COMMISSIONER OF INSURANCE OF THE STATE OF DOMICILE OF THE  
2 SOCIETY AND UNDER SUCH CONDITIONS, IF ANY, WHICH THE  
3 COMMISSIONER MAY IMPOSE, MAY ESTABLISH AND MAINTAIN RESERVES ON  
4 ITS CERTIFICATES IN EXCESS OF THE RESERVES REQUIRED THEREUNDER,  
5 BUT THE CONTRACTUAL RIGHTS OF ANY BENEFIT MEMBER SHALL NOT BE  
6 AFFECTED THEREBY.

7 SECTION 2452. REPORTS.

8 (A) GENERAL RULE.--REPORTS SHALL BE FILED IN ACCORDANCE WITH  
9 THE PROVISIONS OF THIS SECTION.

10 (B) ANNUAL STATEMENT.--EVERY SOCIETY TRANSACTING BUSINESS IN  
11 THIS COMMONWEALTH SHALL ANNUALLY ON OR BEFORE MARCH 1, UNLESS  
12 FOR CAUSE SHOWN THE TIME HAS BEEN EXTENDED BY THE COMMISSIONER,  
13 FILE WITH THE COMMISSIONER A TRUE STATEMENT OF ITS FINANCIAL  
14 CONDITION, TRANSACTIONS AND AFFAIRS FOR THE PRECEDING CALENDAR  
15 YEAR AND SHALL PAY THE FEE PRESCRIBED IN SECTION 2161 FOR THE  
16 FILING. THE STATEMENT SHALL BE IN GENERAL FORM AND CONTEXT AS  
17 APPROVED BY A NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS,  
18 APPROVED BY THE INSURANCE DEPARTMENT, FOR FRATERNAL BENEFIT  
19 SOCIETIES AND AS SUPPLEMENTED BY ADDITIONAL INFORMATION REQUIRED  
20 BY THE COMMISSIONER.

21 (C) VALUATION OF CERTIFICATES.--AS PART OF THE ANNUAL  
22 STATEMENT REQUIRED IN THIS SECTION, EACH SOCIETY SHALL ON OR  
23 BEFORE MARCH 1 FILE WITH THE COMMISSIONER A VALUATION OF ITS  
24 CERTIFICATES IN FORCE ON DECEMBER 31 LAST PRECEDING. THE  
25 COMMISSIONER MAY IN HIS DISCRETION FOR CAUSE SHOWN EXTEND THE  
26 TIME FOR FILING THE VALUATION FOR NOT MORE THAN TWO CALENDAR  
27 MONTHS. THE VALUATION SHALL BE DONE IN ACCORDANCE WITH THE  
28 STANDARDS SPECIFIED IN SECTION 2451. THE VALUATION AND  
29 UNDERLYING DATA SHALL BE CERTIFIED BY A QUALIFIED ACTUARY.

30 (D) FAILURE TO FILE STATEMENT.--A SOCIETY NEGLECTING TO FILE

1 THE ANNUAL STATEMENT IN THE FORM AND WITHIN THE TIME PROVIDED BY  
2 THIS SECTION SHALL FORFEIT \$100 FOR EACH DAY DURING WHICH THAT  
3 NEGLECT CONTINUES AND, UPON NOTICE BY THE COMMISSIONER TO THAT  
4 EFFECT, ITS AUTHORITY TO DO BUSINESS IN THIS COMMONWEALTH SHALL  
5 CEASE WHILE THE DEFAULT CONTINUES.

6 SECTION 2453. ANNUAL LICENSE.

7 SOCIETIES WHICH ARE NOW AUTHORIZED TO TRANSACT BUSINESS IN  
8 THIS COMMONWEALTH MAY CONTINUE SUCH BUSINESS UNTIL APRIL 1,  
9 1993. THE AUTHORITY OF SUCH SOCIETIES AND ALL SOCIETIES  
10 HEREAFTER LICENSED MAY THEREAFTER BE RENEWED ANNUALLY BUT IN ALL  
11 CASES TO TERMINATE ON THE SUCCEEDING APRIL 1. HOWEVER, A LICENSE  
12 SO ISSUED SHALL CONTINUE IN FULL FORCE AND EFFECT UNTIL THE NEW  
13 LICENSE IS ISSUED OR SPECIFICALLY REFUSED. FOR EACH LICENSE OR  
14 RENEWAL THE SOCIETY SHALL PAY THE COMMISSIONER THE PRESCRIBED  
15 FEE. A DULY CERTIFIED COPY OR DUPLICATE OF SUCH LICENSE SHALL BE  
16 PRIMA FACIE EVIDENCE THAT THE LICENSEE IS A FRATERNAL BENEFIT  
17 SOCIETY WITHIN THE MEANING OF THIS ARTICLE.

18 SECTION 2454. EXAMINATION OF SOCIETIES.

19 (A) GENERAL RULE.--THE COMMISSIONER OR ANY PERSON HE MAY  
20 APPOINT MAY EXAMINE ANY DOMESTIC, FOREIGN OR ALIEN SOCIETY  
21 TRANSACTING OR APPLYING FOR ADMISSION TO TRANSACT BUSINESS IN  
22 THIS COMMONWEALTH IN THE SAME MANNER AS AUTHORIZED FOR  
23 EXAMINATION OF DOMESTIC, FOREIGN OR ALIEN INSURERS. REQUIREMENTS  
24 OF NOTICE AND AN OPPORTUNITY TO RESPOND BEFORE FINDINGS ARE MADE  
25 PUBLIC AS PROVIDED IN THE INSURANCE LAWS REGULATING INSURERS  
26 SHALL ALSO BE APPLICABLE TO THE EXAMINATION OF SOCIETIES.

27 (B) PAYMENT OF EXPENSES.--THE EXPENSE OF EACH EXAMINATION  
28 AND OF EACH VALUATION, INCLUDING COMPENSATION AND ACTUAL EXPENSE  
29 OF EXAMINERS, SHALL BE PAID BY THE SOCIETY EXAMINED OR WHOSE  
30 CERTIFICATES ARE VALUED UPON STATEMENTS FURNISHED BY THE

1 COMMISSIONER.

2 SECTION 2455. FOREIGN OR ALIEN SOCIETY; ADMISSION.

3 NO FOREIGN OR ALIEN SOCIETY SHALL TRANSACT BUSINESS IN THIS  
4 COMMONWEALTH WITHOUT A LICENSE ISSUED BY THE COMMISSIONER. ANY  
5 SUCH SOCIETY DESIRING ADMISSION TO THIS COMMONWEALTH SHALL  
6 COMPLY SUBSTANTIALLY WITH THE REQUIREMENTS AND LIMITATIONS OF  
7 THIS ARTICLE APPLICABLE TO DOMESTIC SOCIETIES. ANY SUCH SOCIETY  
8 MAY BE LICENSED TO TRANSACT BUSINESS IN THIS COMMONWEALTH UPON  
9 FILING THE FOLLOWING WITH THE COMMISSIONER AND UPON A SHOWING  
10 THAT ITS ASSETS ARE INVESTED IN ACCORDANCE WITH THE PROVISIONS  
11 OF THIS ARTICLE:

12 (1) A DULY CERTIFIED COPY OF ITS ARTICLES OF  
13 INCORPORATION.

14 (2) A COPY OF ITS BYLAWS, CERTIFIED BY ITS SECRETARY OR  
15 CORRESPONDING OFFICER.

16 (3) A POWER OF ATTORNEY TO THE COMMISSIONER AS  
17 PRESCRIBED IN THIS ARTICLE.

18 (4) A STATEMENT OF ITS BUSINESS UNDER OATH OF ITS  
19 PRESIDENT AND SECRETARY OR CORRESPONDING OFFICERS IN A FORM  
20 PRESCRIBED BY THE COMMISSIONER, DULY VERIFIED BY AN  
21 EXAMINATION MADE BY THE SUPERVISING INSURANCE OFFICIAL OF ITS  
22 HOME STATE OR OTHER STATE, TERRITORY, PROVINCE OR COUNTRY,  
23 SATISFACTORY TO THE COMMISSIONER.

24 (5) CERTIFICATION FROM THE PROPER OFFICIAL OF ITS HOME  
25 STATE, TERRITORY, PROVINCE OR COUNTRY THAT THE SOCIETY IS  
26 LEGALLY INCORPORATED AND LICENSED TO TRANSACT BUSINESS  
27 THEREIN.

28 (6) COPIES OF ITS CERTIFICATE FORMS.

29 (7) SUCH OTHER INFORMATION AS THE COMMISSIONER MAY DEEM  
30 NECESSARY.

SECTION 2456. INJUNCTION, LIQUIDATION AND RECEIVERSHIP OF  
DOMESTIC SOCIETY.

(A) NOTICE OF DEFICIENCIES AND SANCTIONS.--WHEN THE  
COMMISSIONER UPON INVESTIGATION FINDS THAT A DOMESTIC SOCIETY:

(1) HAS EXCEEDED ITS POWERS;

(2) HAS FAILED TO COMPLY WITH ANY PROVISION OF THIS  
ARTICLE;

(3) IS NOT FULFILLING ITS CONTRACTS IN GOOD FAITH;

(4) HAS A MEMBERSHIP OF LESS THAN 400 AFTER AN EXISTENCE  
OF ONE YEAR OR MORE;

(5) IS CONDUCTING BUSINESS FRAUDULENTLY OR IN A MANNER  
HAZARDOUS TO ITS MEMBERS, CREDITORS, THE PUBLIC OR THE  
BUSINESS; OR

(6) HAS BECOME IMPAIRED;

THE COMMISSIONER SHALL NOTIFY THE SOCIETY OF THE DEFICIENCY OR  
DEFICIENCIES AND STATE IN WRITING THE REASONS FOR HIS  
DISSATISFACTION. THE COMMISSIONER SHALL AT ONCE ISSUE A WRITTEN  
NOTICE TO THE SOCIETY REQUIRING THAT THE DEFICIENCY OR  
DEFICIENCIES WHICH EXIST ARE CORRECTED. AFTER THIS NOTICE THE  
SOCIETY SHALL HAVE A 30-DAY PERIOD IN WHICH TO COMPLY WITH THE  
COMMISSIONER'S REQUEST FOR CORRECTION, AND, IF THE SOCIETY FAILS  
TO COMPLY, THE COMMISSIONER SHALL NOTIFY THE SOCIETY OF THE  
FINDINGS OF NONCOMPLIANCE AND REQUIRE THE SOCIETY TO SHOW CAUSE  
ON A DATE NAMED WHY IT SHOULD NOT BE ENJOINED FROM CARRYING ON  
ANY BUSINESS UNTIL THE VIOLATION COMPLAINED OF SHALL HAVE BEEN  
CORRECTED OR WHY AN ACTION IN QUO WARRANTO SHOULD NOT BE  
COMMENCED AGAINST THE SOCIETY.

(B) ACTION BY ATTORNEY GENERAL.--IF ON THAT DATE THE SOCIETY  
DOES NOT PRESENT GOOD AND SUFFICIENT REASONS WHY IT SHOULD NOT  
BE SO ENJOINED OR WHY SUCH ACTION SHOULD NOT BE COMMENCED, THE

1 COMMISSIONER MAY PRESENT THE FACTS RELATING THERETO TO THE  
2 ATTORNEY GENERAL WHO SHALL, IF HE DEEMS THE CIRCUMSTANCES  
3 WARRANT, COMMENCE AN ACTION TO ENJOIN THE SOCIETY FROM  
4 TRANSACTING BUSINESS OR IN QUO WARRANTO.

5 (C) HEARING AND ORDER.--THE COURT SHALL THEREUPON NOTIFY THE  
6 OFFICERS OF THE SOCIETY OF A HEARING. IF AFTER A FULL HEARING IT  
7 APPEARS THAT THE SOCIETY SHOULD BE SO ENJOINED OR LIQUIDATED OR  
8 A RECEIVER APPOINTED, THE COURT SHALL ENTER THE NECESSARY ORDER.  
9 NO SOCIETY SO ENJOINED SHALL HAVE THE AUTHORITY TO DO BUSINESS  
10 UNTIL ALL OF THE FOLLOWING OCCUR:

11 (1) THE COMMISSIONER FINDS THAT THE VIOLATION COMPLAINED  
12 OF HAS BEEN CORRECTED.

13 (2) THE COSTS OF SUCH ACTION SHALL HAVE BEEN PAID BY THE  
14 SOCIETY IF THE COURT FINDS THAT THE SOCIETY WAS IN DEFAULT AS  
15 CHARGED.

16 (3) THE COURT HAS DISSOLVED ITS INJUNCTION.

17 (4) THE COMMISSIONER HAS REINSTATED THE CERTIFICATE OF  
18 AUTHORITY.

19 (D) LIQUIDATION.--IF THE COURT ORDERS THE SOCIETY  
20 LIQUIDATED, IT SHALL BE ENJOINED FROM CARRYING ON ANY FURTHER  
21 BUSINESS, WHEREUPON THE RECEIVER OF THE SOCIETY SHALL PROCEED AT  
22 ONCE TO TAKE POSSESSION OF THE BOOKS, PAPERS, MONEY AND OTHER  
23 ASSETS OF THE SOCIETY AND, UNDER THE DIRECTION OF THE COURT,  
24 PROCEED FORTHWITH TO CLOSE THE AFFAIRS OF THE SOCIETY AND TO  
25 DISTRIBUTE ITS FUNDS TO THOSE ENTITLED THERETO.

26 (E) VALIDITY OF ACTION AND APPOINTMENT OF RECEIVER.--NO  
27 ACTION UNDER THIS SECTION SHALL BE RECOGNIZED IN ANY COURT OF  
28 THIS COMMONWEALTH UNLESS BROUGHT BY THE ATTORNEY GENERAL UPON  
29 REQUEST OF THE COMMISSIONER. WHENEVER A RECEIVER IS TO BE  
30 APPOINTED FOR A DOMESTIC SOCIETY, THE COURT SHALL APPOINT THE



1 COMMISSIONER AS THE RECEIVER.

2 (F) APPLICABILITY TO VOLUNTARY DISSOLUTION.--THE PROVISIONS  
3 OF THIS SECTION RELATING TO HEARING BY THE COMMISSIONER, ACTION  
4 BY THE ATTORNEY GENERAL AT THE REQUEST OF THE COMMISSIONER,  
5 HEARING BY THE COURT, INJUNCTION AND RECEIVERSHIP SHALL BE  
6 APPLICABLE TO A SOCIETY WHICH SHALL VOLUNTARILY DETERMINE TO  
7 DISCONTINUE BUSINESS.

8 SECTION 2457. SUSPENSION, REVOCATION OR REFUSAL OF LICENSE OF  
9 FOREIGN OR ALIEN SOCIETY.

10 (A) NOTICE OF DEFICIENCIES AND SANCTIONS.--WHEN THE  
11 COMMISSIONER UPON INVESTIGATION FINDS THAT A FOREIGN OR ALIEN  
12 SOCIETY TRANSACTING OR APPLYING TO TRANSACT BUSINESS IN THIS  
13 COMMONWEALTH:

14 (1) HAS EXCEEDED ITS POWERS;

15 (2) HAS FAILED TO COMPLY WITH ANY OF THE PROVISIONS OF  
16 THIS ARTICLE;

17 (3) IS NOT FULFILLING ITS CONTRACTS IN GOOD FAITH; OR

18 (4) IS CONDUCTING ITS BUSINESS FRAUDULENTLY OR IN A  
19 MANNER HAZARDOUS TO ITS MEMBERS OR CREDITORS OR THE PUBLIC;

20 THE COMMISSIONER SHALL NOTIFY THE SOCIETY OF SUCH DEFICIENCY OR  
21 DEFICIENCIES AND STATE IN WRITING THE REASONS FOR HIS  
22 DISSATISFACTION. THE COMMISSIONER SHALL AT ONCE ISSUE A WRITTEN  
23 NOTICE TO THE SOCIETY REQUIRING THAT THE DEFICIENCY OR  
24 DEFICIENCIES WHICH EXIST ARE CORRECTED. AFTER SUCH NOTICE THE  
25 SOCIETY SHALL HAVE A 30-DAY PERIOD IN WHICH TO COMPLY WITH THE  
26 COMMISSIONER'S REQUEST FOR CORRECTION, AND, IF THE SOCIETY FAILS  
27 TO COMPLY, THE COMMISSIONER SHALL NOTIFY THE SOCIETY OF THE  
28 FINDINGS OF NONCOMPLIANCE AND REQUIRE THE SOCIETY TO SHOW CAUSE  
29 ON A DATE NAMED WHY ITS LICENSE SHOULD NOT BE SUSPENDED, REVOKED  
30 OR REFUSED. IF ON THAT DATE THE SOCIETY DOES NOT PRESENT GOOD

1 AND SUFFICIENT REASON WHY ITS AUTHORITY TO DO BUSINESS IN THIS  
2 COMMONWEALTH SHOULD NOT BE SUSPENDED, REVOKED OR REFUSED, THE  
3 COMMISSIONER MAY SUSPEND OR REFUSE THE LICENSE OF THE SOCIETY TO  
4 DO BUSINESS IN THIS COMMONWEALTH UNTIL SATISFACTORY EVIDENCE IS  
5 FURNISHED TO THE COMMISSIONER THAT THE SUSPENSION OR REFUSAL  
6 SHOULD BE WITHDRAWN OR THE COMMISSIONER MAY REVOKE THE AUTHORITY  
7 OF THE SOCIETY TO DO BUSINESS IN THIS COMMONWEALTH.

8 (B) EXISTING CONTRACTS UNAFFECTED.--NOTHING CONTAINED IN  
9 THIS SECTION SHALL BE TAKEN OR CONSTRUED AS PREVENTING ANY SUCH  
10 SOCIETY FROM CONTINUING IN GOOD FAITH ALL CONTRACTS MADE IN THIS  
11 COMMONWEALTH DURING THE TIME THE SOCIETY WAS LEGALLY AUTHORIZED  
12 TO TRANSACT BUSINESS IN THIS COMMONWEALTH.

13 SECTION 2458. INJUNCTION.

14 NO APPLICATION OR PETITION FOR INJUNCTION AGAINST ANY  
15 DOMESTIC, FOREIGN OR ALIEN SOCIETY, OR LODGE THEREOF, RESPECTING  
16 ANY MATTER PERTAINING TO A REGULATORY LAW ADMINISTERED BY THE  
17 COMMISSIONER SHALL BE RECOGNIZED IN ANY COURT OF THIS  
18 COMMONWEALTH UNLESS MADE BY THE ATTORNEY GENERAL UPON REQUEST OF  
19 THE COMMISSIONER.

20 SECTION 2459. LICENSING OF AGENTS.

21 (A) GENERAL RULE.--AGENTS OF SOCIETIES SHALL BE LICENSED IN  
22 ACCORDANCE WITH THE INSURANCE LAWS REGULATING THE LICENSING,  
23 REVOCATION, SUSPENSION OR TERMINATION OF LICENSE OF RESIDENT AND  
24 NONRESIDENT AGENTS.

25 (B) EXEMPTIONS FROM LICENSURE.--NO EXAMINATION OR LICENSE  
26 SHALL BE REQUIRED OF ANY REGULAR SALARIED OFFICER, EMPLOYEE OR  
27 MEMBER OF A LICENSED SOCIETY WHO DEVOTES SUBSTANTIALLY ALL OF  
28 HIS SERVICES TO ACTIVITIES OTHER THAN THE SOLICITATION OF  
29 FRATERNAL INSURANCE CONTRACTS FROM THE PUBLIC AND WHO RECEIVES  
30 FOR THE SOLICITATION OF SUCH CONTRACTS NO COMMISSION OR OTHER

1 COMPENSATION DIRECTLY DEPENDENT UPON THE AMOUNT OF BUSINESS  
2 OBTAINED.

3 (C) EXAMINATION.--

4 (1) ANY PERSON WHO IN THE PRECEDING CALENDAR YEAR HAS  
5 SOLICITED AND PROCURED LIFE INSURANCE CONTRACTS ON BEHALF OF  
6 ANY SOCIETY IN AN AMOUNT OF INSURANCE IN EXCESS OF \$200,000  
7 OR, IN THE CASE OF ANY OTHER KIND OR KINDS OF INSURANCE WHICH  
8 THE SOCIETY MIGHT WRITE, ON THE PERSONS OF MORE THAN 25  
9 INDIVIDUALS AND WHO HAS RECEIVED OR WILL RECEIVE A COMMISSION  
10 OR OTHER COMPENSATION THEREFOR SHALL BE REQUIRED TO TAKE AN  
11 EXAMINATION. NO EXAMINATION SHALL BE REQUIRED OF ANY AGENT  
12 WHO WAS IN THE SERVICE OF A SOCIETY ON JANUARY 28, 1978.

13 (2) BEGINNING JULY 1, 2007, AND EVERY FIVE YEARS  
14 THEREAFTER, THE COMMISSIONER SHALL REVIEW THE MONETARY LIMIT  
15 CONTAINED IN THIS SUBSECTION AND MAY ADJUST THE AMOUNT. THE  
16 ADJUSTMENT SHALL NOT EXCEED THE PERCENTAGE CHANGE IN THE  
17 CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U) FOR THE  
18 PENNSYLVANIA, NEW JERSEY, DELAWARE AND MARYLAND AREA,  
19 OFFICIALLY REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR,  
20 BUREAU OF LABOR STATISTICS, FOR THE PERIOD SINCE THE LAST  
21 ADJUSTMENT UNDER THIS SUBSECTION. ANY ADJUSTMENT TO THE  
22 AMOUNT SHALL BE PUBLISHED AS A NOTICE IN THE PENNSYLVANIA  
23 BULLETIN.

24 (D) LIMITATION.--NO SOCIETY DOING BUSINESS IN THIS  
25 COMMONWEALTH SHALL PAY ANY COMMISSION OR OTHER COMPENSATION TO  
26 ANY PERSON FOR ANY SERVICES IN OBTAINING IN THIS COMMONWEALTH  
27 ANY NEW CONTRACT OF LIFE, ACCIDENT OR HEALTH INSURANCE, OR ANY  
28 NEW ANNUITY CONTRACT, EXCEPT TO A LICENSED FRATERNAL INSURANCE  
29 AGENT OF THAT SOCIETY.

30 SECTION 2460. UNFAIR METHODS OF COMPETITION AND UNFAIR AND

1                   DECEPTIVE ACTS AND PRACTICES.

2           EVERY SOCIETY AUTHORIZED TO DO BUSINESS IN THIS COMMONWEALTH  
3 SHALL BE SUBJECT TO THE PROVISIONS OF THE ACT OF JULY 22, 1974  
4 (P.L.589, NO.205), KNOWN AS THE UNFAIR INSURANCE PRACTICES ACT,  
5 BUT NOTHING IN THAT ACT SHALL BE CONSTRUED AS APPLYING TO OR  
6 AFFECTING THE RIGHT OF ANY SOCIETY TO DETERMINE ITS ELIGIBILITY  
7 REQUIREMENTS FOR MEMBERSHIP BY REASON OF COMMON BOND OR BE  
8 CONSTRUED AS APPLYING TO OR AFFECTING THE OFFERING OF BENEFITS  
9 EXCLUSIVELY TO MEMBERS OR PERSONS ELIGIBLE FOR MEMBERSHIP IN THE  
10 SOCIETY BY A SUBSIDIARY CORPORATION OR AFFILIATED ORGANIZATION  
11 ORGANIZED TO CARRY OUT THE PURPOSES SET FORTH IN SECTION  
12 2406(A)(2).

13 SECTION 2461. FEES.

14           THE COMMISSIONER SHALL CHARGE AND COLLECT FEES FROM FRATERNAL  
15 BENEFIT SOCIETIES AS SET FORTH IN SECTION 612-A OF THE ACT OF  
16 APRIL 9, 1929 (P.L.177, NO.175), KNOWN AS THE ADMINISTRATIVE  
17 CODE OF 1929. ALL FEES COLLECTED SHALL BE PAID DAILY INTO THE  
18 STATE TREASURY.

19 SECTION 2462. TAXATION.

20           EVERY SOCIETY ORGANIZED OR LICENSED UNDER THIS ARTICLE IS  
21 HEREBY DECLARED TO BE A CHARITABLE AND BENEVOLENT INSTITUTION,  
22 AND ALL OF ITS FUNDS SHALL BE EXEMPT FROM ALL AND EVERY  
23 COMMONWEALTH, COUNTY, DISTRICT, MUNICIPAL AND SCHOOL TAX OTHER  
24 THAN TAXES ON REAL ESTATE AND OFFICE EQUIPMENT.

25 SECTION 2463. REVIEW.

26           ALL DECISIONS AND FINDINGS OF THE COMMISSIONER MADE UNDER THE  
27 PROVISIONS OF THIS ARTICLE SHALL BE SUBJECT TO REVIEW BY PROPER  
28 PROCEEDINGS IN ANY COURT OF COMPETENT JURISDICTION IN THIS  
29 COMMONWEALTH.

30 SECTION 2464. PENALTIES.

1       (A) FALSE STATEMENTS.--IT SHALL BE PROHIBITED FOR ANY PERSON  
2 TO WILLFULLY MAKE A FALSE OR FRAUDULENT STATEMENT IN OR RELATING  
3 TO AN APPLICATION FOR MEMBERSHIP OR FOR THE PURPOSE OF OBTAINING  
4 MONEY FROM OR A BENEFIT IN ANY SOCIETY.

5       (B) FILING OF FALSE STATEMENT.--ANY PERSON WHO WILLFULLY  
6 MAKES A FALSE OR FRAUDULENT STATEMENT IN ANY VERIFIED REPORT OR  
7 DECLARATION UNDER OATH REQUIRED OR AUTHORIZED BY THIS ARTICLE OR  
8 OF ANY MATERIAL FACT OR THING CONTAINED IN A SWORN STATEMENT  
9 CONCERNING THE DEATH OR DISABILITY OF A MEMBER FOR THE PURPOSE  
10 OF PROCURING PAYMENT OF A BENEFIT NAMED IN THE CERTIFICATE  
11 COMMITTS PERJURY AND SHALL BE SUBJECT TO THE PENALTIES THEREFOR  
12 PRESCRIBED BY LAW.

13       (C) SOLICITATION BY NONLICENSED SOCIETY.--A PERSON WHO  
14 SOLICITS MEMBERSHIP FOR OR IN ANY MANNER ASSISTS IN PROCURING  
15 MEMBERSHIP IN ANY SOCIETY NOT LICENSED TO DO BUSINESS IN THIS  
16 COMMONWEALTH COMMITTS A SUMMARY OFFENSE AND SHALL, UPON  
17 CONVICTION, BE SENTENCED TO PAY A FINE OF NOT LESS THAN \$500 NOR  
18 MORE THAN \$1,000.

19       (D) PENALTY FOR OTHER VIOLATION.--A PERSON WHO WILLFULLY  
20 VIOLATES, NEGLECTS OR REFUSES TO COMPLY WITH THE PROVISIONS OF  
21 THIS ARTICLE FOR WHICH A PENALTY IS NOT OTHERWISE PRESCRIBED,  
22 COMMITTS A SUMMARY OFFENSE AND SHALL, UPON CONVICTION, BE  
23 SENTENCED TO PAY A FINE OF NOT MORE THAN \$500. UPON SATISFACTORY  
24 EVIDENCE OF A VIOLATION OF ANY PROVISION OF THIS ARTICLE, THE  
25 COMMISSIONER HAS THE DISCRETION, IN LIEU OF SEEKING CRIMINAL  
26 PROSECUTION, TO PURSUE ANY ONE OR MORE OF THE FOLLOWING COURSES  
27 OF ACTION:

28               (1) SUSPEND OR REVOKE OR REFUSE TO RENEW THE LICENSE OF  
29 THE OFFENDING PARTY OR PARTIES.

30               (2) IMPOSE A CIVIL PENALTY OF NOT MORE THAN \$5,000 FOR

1     EACH ACT IN VIOLATION OF THE PROVISIONS OF THIS ARTICLE.

2     SECTION 2465.   APPLICABILITY OF INSURANCE LAWS.

3     EXCEPT AS PROVIDED IN THIS ARTICLE, SOCIETIES SHALL BE  
4     GOVERNED BY THIS ARTICLE AND SHALL BE EXEMPT FROM ALL OTHER  
5     PROVISIONS OF THE INSURANCE LAWS OF THIS COMMONWEALTH UNLESS  
6     THEY ARE EXPRESSLY DESIGNATED THEREIN OR UNLESS IT IS  
7     SPECIFICALLY MADE APPLICABLE BY THIS ARTICLE.

8     SECTION 2466.   EXEMPTION OF CERTAIN SOCIETIES.

9     (A)   GENERAL RULE.--NOTHING CONTAINED IN THIS ARTICLE SHALL  
10    BE SO CONSTRUED AS TO AFFECT OR APPLY TO:

11         (1)   GRAND OR SUBORDINATE LODGES OF SOCIETIES, ORDERS OR  
12         ASSOCIATIONS NOW DOING BUSINESS IN THIS COMMONWEALTH WHICH  
13         PROVIDE BENEFITS EXCLUSIVELY THROUGH LOCAL OR SUBORDINATE  
14         LODGES.

15         (2)   ORDERS, SOCIETIES OR ASSOCIATIONS WHICH ADMIT TO  
16         MEMBERSHIP ONLY PERSONS ENGAGED IN ONE OR MORE CRAFTS OR  
17         HAZARDOUS OCCUPATIONS, IN THE SAME OR SIMILAR LINES OF  
18         BUSINESS, INSURING ONLY THEIR OWN MEMBERS AND THEIR FAMILIES,  
19         AND THE LADIES' SOCIETIES OR LADIES' AUXILIARIES TO SUCH  
20         ORDERS, SOCIETIES OR ASSOCIATIONS.

21         (3)   DOMESTIC SOCIETIES WHICH LIMIT THEIR MEMBERSHIP TO  
22         EMPLOYEES OF A PARTICULAR CITY OR TOWN, DESIGNATED FIRM,  
23         BUSINESS HOUSE OR CORPORATION WHICH PROVIDE FOR A DEATH  
24         BENEFIT OF NOT MORE THAN \$400 OR DISABILITY BENEFITS OF NOT  
25         MORE THAN \$350 TO ANY PERSON IN ANY ONE YEAR, OR BOTH.

26         (4)   DOMESTIC SOCIETIES OR ASSOCIATIONS OF A PURELY  
27         RELIGIOUS, CHARITABLE OR BENEVOLENT DESCRIPTION WHICH PROVIDE  
28         FOR A DEATH BENEFIT OF NOT MORE THAN \$400 OR FOR DISABILITY  
29         BENEFITS OF NOT MORE THAN \$350 TO ANY ONE PERSON IN ANY ONE  
30         YEAR, OR BOTH.

1       (B) EXCLUSIONS FROM EXEMPTION.--ANY SOCIETY OR ASSOCIATION  
2       DESCRIBED IN SUBSECTION (A)(3) OR (4) WHICH PROVIDES FOR DEATH  
3       OR DISABILITY BENEFITS FOR WHICH BENEFIT CERTIFICATES ARE ISSUED  
4       AND ANY SOCIETY OR ASSOCIATION INCLUDED IN SUBSECTION (A)(4)  
5       WHICH HAS MORE THAN 1,000 MEMBERS SHALL NOT BE EXEMPTED FROM THE  
6       PROVISIONS OF THIS ARTICLE BUT SHALL COMPLY WITH ALL  
7       REQUIREMENTS THEREOF.

8       (C) LIMITATION OR COMPENSATION PAYMENTS.--NO SOCIETY WHICH,  
9       BY THE PROVISIONS OF THIS SECTION, IS EXEMPT FROM THE  
10       REQUIREMENTS OF THIS ARTICLE, EXCEPT ANY SOCIETY DESCRIBED IN  
11       SUBSECTION (A)(2), SHALL GIVE OR ALLOW, OR PROMISE TO GIVE OR  
12       ALLOW, TO ANY PERSON ANY COMPENSATION FOR PROCURING NEW MEMBERS.

13       (D) ACCIDENTAL BENEFITS.--EVERY SOCIETY WHICH PROVIDES FOR  
14       BENEFITS IN CASE OF DEATH OR DISABILITY RESULTING SOLELY FROM  
15       ACCIDENT AND WHICH DOES NOT OBLIGATE ITSELF TO PAY NATURAL DEATH  
16       OR SICK BENEFITS SHALL HAVE ALL OF THE PRIVILEGES AND BE SUBJECT  
17       TO ALL THE APPLICABLE PROVISIONS AND REGULATIONS OF THIS  
18       SUBARTICLE EXCEPT THAT THE PROVISIONS THEREOF RELATING TO  
19       MEDICAL EXAMINATION, VALUATIONS OF BENEFIT CERTIFICATES AND  
20       INCONTESTABILITY SHALL NOT APPLY TO SUCH SOCIETY.

21       (E) SUBMISSION OF INFORMATION.--THE COMMISSIONER MAY REQUIRE  
22       FROM ANY SOCIETY OR ASSOCIATION, BY EXAMINATION OR OTHERWISE,  
23       SUCH INFORMATION AS WILL ENABLE THE COMMISSIONER TO DETERMINE  
24       WHETHER THE SOCIETY OR ASSOCIATION IS EXEMPT FROM THE PROVISIONS  
25       OF THIS SUBARTICLE.

26       (F) EXEMPTION FROM INSURANCE LAWS.--SOCIETIES EXEMPTED UNDER  
27       THE PROVISIONS OF THIS SECTION SHALL ALSO BE EXEMPT FROM ALL  
28       OTHER PROVISIONS OF THE INSURANCE LAWS OF THIS COMMONWEALTH.

29       SECTION 10. THE ACT OF DECEMBER 14, 1992 (P.L.835, NO.134),  
30       KNOWN AS THE FRATERNAL BENEFIT SOCIETIES CODE, IS REPEALED.

1 SECTION 11. THE ADDITION OF ARTICLE XXIV OF THE ACT IS A  
2 CONTINUATION OF THE ACT OF DECEMBER 14, 1992 (P.L.835, NO.134),  
3 KNOWN AS THE FRATERNAL BENEFIT SOCIETIES CODE. THE FOLLOWING  
4 APPLY:

5 (1) ORDERS, REGULATIONS AND POLICIES UNDER THE FRATERNAL  
6 BENEFIT SOCIETIES CODE WHICH ARE IN EFFECT ON THE EFFECTIVE  
7 DATE OF SECTION (REPEAL OF FRATERNAL BENEFIT SOCIETIES CODE)  
8 SHALL REMAIN IN EFFECT UNTIL REVOKED, VACATED, AMENDED OR  
9 MODIFIED UNDER ARTICLE XXIV OF THE ACT.

10 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3), ANY DIFFERENCE  
11 IN LANGUAGE BETWEEN ARTICLE XXIV OF THE ACT AND THE FRATERNAL  
12 BENEFIT SOCIETIES CODE IS INTENDED ONLY TO CONFORM TO THE  
13 STYLE OF THE ACT AND IS NOT INTENDED TO CHANGE OR AFFECT THE  
14 LEGISLATIVE INTENT, JUDICIAL CONSTRUCTION OR ADMINISTRATION  
15 AND IMPLEMENTATION OF THE FRATERNAL BENEFIT SOCIETIES CODE.

16 (3) PARAGRAPH (2) DOES NOT APPLY TO THE FOLLOWING  
17 PROVISIONS:

18 (I) SECTION 2459(C) OF THE ACT.

19 (II) SECTION 2464(D) OF THE ACT.

20 SECTION 12. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

21 (1) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT  
22 IMMEDIATELY:

23 (I) THE AMENDMENT OF SECTION 410C OF THE ACT.

24 (II) THIS SECTION.

25 (2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT IN 60  
26 DAYS.