

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1516 Session of
1983

INTRODUCED BY MRKONIC, WARGO, SEVENTY, BATTISTO, MISCEVICH,
CALTAGIRONE, DAWIDA, GAMBLE, OLASZ, BROUJOS, MICHLOVIC,
WOZNIAK, KASUNIC, DeLUCA, MARKOSEK, KOSINSKI, DUFFY AND
RAPPAPORT, OCTOBER 3, 1983

REFERRED TO COMMITTEE ON INSURANCE, OCTOBER 3, 1983

AN ACT

1 Amending the act of July 29, 1977 (P.L.105, No.38), entitled "An
2 act providing for the establishment, organization, operation
3 and termination of fraternal benefit societies; imposing
4 additional powers and duties on the Insurance Department and
5 Insurance Commissioner and providing penalties for
6 violations," further providing where meetings of domestic
7 societies may be held and the effect of such meetings;
8 extending the time during which domestic societies may defer
9 loans; further providing for the investment of assets; and
10 extending the time during which the department must visit and
11 examine domestic societies.

12 The General Assembly of the Commonwealth of Pennsylvania
13 hereby enacts as follows:

14 Section 1. Sections 213 and 412 of the act of July 29, 1977
15 (P.L.105, No.38), known as the Fraternal Benefit Society Code,
16 are amended to read:

17 Section 213. Location of office.

18 The principal office of any domestic society shall be located
19 in this Commonwealth. The meetings of its supreme legislative or
20 governing body may be held in any state[, district, province or
21 territory wherein such society has at least five subordinate

1 branches] or country on the North American Continent and all
2 business transacted at such meetings shall be as valid in all
3 respects as if such meetings were held in this Commonwealth.

4 Section 412. Loan value of certificate.

5 There shall be a provision for a loan value at any time after
6 three full years' premiums have been paid and while no premium
7 is in default beyond the grace period of payment.

8 In the case of any certificate issued on or after the
9 effective date of this act, the loan provision shall provide
10 that the society will advance, on proper assignment or pledge of
11 the certificate, and on the sole security thereof, at a
12 specified rate of interest, a sum equal to, or at the option of
13 the member entitled thereto, less than, the cash surrender value
14 at the end of the current certificate year as required by
15 section 302 and that the society may deduct from such loan value
16 (in addition to any indebtedness deducted in determining such
17 value) any unpaid balance of the premium for the current
18 certificate year, and may collect interest in advance on the
19 loan to the end of the current certificate year. The society
20 shall reserve the right to defer such loan, except any made to
21 pay premiums to the society, for [60 days] six months after
22 application therefore is made. This section shall not apply to
23 term insurance.

24 Section 2. The act is amended by adding a section to read:

25 Section 802.1. Additional powers.

26 In addition to the investment of assets as prescribed in
27 section 802 or any other laws of this Commonwealth, a fraternal
28 benefit society may purchase, receive, hold and convey real
29 estate or any interest therein for the purpose of maintenance or
30 construction of camps or recreational areas with necessary

1 facilities for its members. Such assets shall be shown on the
2 annual statement at cost in the year acquired and may not exceed
3 5% of other admitted assets of the society.

4 Section 3. Section 814 of the act is amended to read:

5 Section 814. Visitation and examination.

6 The commissioner, or any person he may appoint, shall have
7 the power of visitation and examination into the affairs of any
8 domestic society and he shall make such examination at least
9 once in every [three] four years. He may employ assistants for
10 the purpose of such examination, and he, or any person he may
11 appoint, shall have free access to all books, papers and
12 documents that relate to the business of the society. The
13 minutes of the proceedings of the supreme legislative or
14 governing body and of the board of directors or corresponding
15 body of a society shall be in the English language. In making
16 any such examination, the commissioner may summon and qualify as
17 witnesses under oath and examine its officers, agents and
18 employees or other persons in relation to the affairs,
19 transactions and condition of the society. A summary of the
20 report of the commissioner and such recommendations or
21 statements of the commissioner as may accompany such report,
22 shall be read at the first meeting of the board of directors or
23 corresponding body of the society following the receipt thereof,
24 and if directed so to do by the commissioner, shall also be read
25 at the first meeting of the supreme legislative or governing
26 body of the society following receipt thereof. A copy of the
27 report, recommendations, and statements of the commissioner
28 shall be furnished by the society to each member of such board
29 of directors or other governing body. The expense of each
30 examination and of each valuation, including compensation and

1 actual expense of examiners, shall be paid by the society
2 examined or whose certificates are valued, upon statements
3 furnished by the commissioner.

4 Section 4. This act shall take effect immediately.