

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; FURTHER PROVIDING FOR STANDARD
21 NONFORFEITURE LAW FOR INDIVIDUAL DEFERRED ANNUITIES AND FOR
22 TITLE INSURANCE AGENTS; FURTHER DEFINING "WET MARINE AND
23 TRANSPORTATION INSURANCE"; FURTHER PROVIDING FOR PLACEMENT OF
24 SURPLUS LINES INSURANCE, FOR REQUIREMENTS FOR ELIGIBLE
25 SURPLUS LINES INSURERS, FOR SURPLUS LINES LICENSEE'S DUTY TO
26 NOTIFY INSURED, FOR DECLARATIONS, FOR LICENSING OF SURPLUS
27 LINES LICENSEE, FOR RECORDS OF SURPLUS LINES LICENSEE, FOR
28 SUSPENSION, REVOCATION OR NONRENEWAL OF SURPLUS LINES

LICENSEE'S LICENSE AND FOR SERVICE OF PROCESS IN ACTIONS
AGAINST SURPLUS LINES INSURER; PROVIDING FOR FRATERNAL
BENEFIT SOCIETIES; AND MAKING A REPEAL.

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

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

~~Section 609. Licensing of agents.~~

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

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

~~(c) Examination.~~

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

1 ~~1978.~~

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

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

19 ~~Section 614. Penalties.~~

20 ~~* * *~~

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

30 ~~(1) Suspend or revoke or refuse to renew the license of~~

1 ~~the offending party or parties.~~

2 ~~(2) Impose a civil penalty of not more than [\$1,000]~~
3 ~~\$5,000 for each [and every] act in violation of the~~
4 ~~provisions of this act [by the party or parties].~~

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

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

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

13 * * *

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

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

27 * * *

28 SECTION 2. SECTION 320.1 OF THE ACT IS REPEALED.

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

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

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

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

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

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

SECTION 5. THE DEFINITION OF "WET MARINE AND TRANSPORTATION
INSURANCE" IN SECTION 1602 OF THE ACT, ADDED DECEMBER 18, 1992
(P.L.1519, NO.178), IS AMENDED TO READ:

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

* * *

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) [THE] WITH RESPECT TO PERSONAL LINES POLICIES OR CONTRACT FORMS, THE POLICY OR CONTRACT FORM USED BY THE INSURER DOES NOT DIFFER MATERIALLY FROM POLICIES OR CONTRACTS CUSTOMARILY USED BY ADMITTED INSURERS FOR THE KIND OF INSURANCE INVOLVED. [COVERAGE] PERSONAL LINES COVERAGE MAY BE PLACED IN AN ELIGIBLE SURPLUS LINES INSURER USING A UNIQUE FORM OR POLICY DESIGNED FOR THE KIND OF INSURANCE ONLY IF A COPY OF SUCH FORM IS FIRST FILED WITH THE DEPARTMENT BY THE SURPLUS LINES LICENSEE DESIRING TO USE IT [SIMULTANEOUSLY WITH THE AFFIDAVIT REQUIRED BY SECTION 1609]. THE FORM SHALL BE DEEMED APPROVED BY THE COMMISSIONER UNLESS WITHIN TEN (10) DAYS AFTER RECEIPT OF THE SAME, THE COMMISSIONER SHALL FIND THAT THE USE OF SUCH FORM WILL BE CONTRARY TO LAW OR PUBLIC POLICY.

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

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

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

(1) IS OF GOOD REPUTE AND FINANCIAL INTEGRITY.

(2) QUALIFIES UNDER ANY OF THE FOLLOWING SUBPARAGRAPHS:

(I) HAS POLICYHOLDER SURPLUS EQUAL TO OR GREATER THAN TWO
TIMES THE MINIMUM CAPITAL AND SURPLUS REQUIRED TO BE FULLY
LICENSED IN THIS COMMONWEALTH. TWO (2) YEARS FROM THE EFFECTIVE
DATE OF THIS ARTICLE IS GRANTED TO ALLOW THOSE NONADMITTED
INSURERS WHICH ARE ELIGIBLE SURPLUS LINES INSURERS ON THE
EFFECTIVE DATE OF THIS ARTICLE TO ACHIEVE THIS CAPITAL AND
SURPLUS REQUIREMENT. IF AN ALIEN INSURER, AS DEFINED BY THE ACT
OF DECEMBER 10, 1974 (P.L.804, NO.266), REFERRED TO AS THE ALIEN
INSURER DOMESTICATION LAW, IT SHALL MAINTAIN IN THE UNITED
STATES AN IRREVOCABLE TRUST FUND IN EITHER A NATIONAL BANK OR A
MEMBER OF THE FEDERAL RESERVE SYSTEM, IN AN AMOUNT NOT LESS THAN
THAT CURRENTLY REQUIRED BY THE NATIONAL ASSOCIATION OF INSURANCE
COMMISSIONERS' [NONADMITTED INSURERS INFORMATION OFFICE]
INTERNATIONAL INSURERS DEPARTMENT OR ITS SUCCESSOR FOR THE
PROTECTION OF ALL OF ITS POLICYHOLDERS IN THE UNITED STATES, AND
SUCH TRUST FUND CONSISTS OF CASH, SECURITIES, LETTERS OF CREDIT
OR INVESTMENTS OF SUBSTANTIALLY THE SAME CHARACTER AND QUALITY
AS THOSE WHICH ARE ELIGIBLE INVESTMENTS FOR ADMITTED INSURERS
AUTHORIZED TO WRITE LIKE KINDS OF INSURANCE IN THIS
COMMONWEALTH. SUCH TRUST FUND WILL BE IN ADDITION TO THE CAPITAL
AND SURPLUS REQUIRED IN THIS SUBPARAGRAPH AND SHALL HAVE AN
EXPIRATION DATE WHICH AT NO TIME SHALL BE LESS THAN FIVE (5)
YEARS.

(II) IS ANY LLOYD'S OR OTHER SIMILAR GROUP OF INSURERS WHICH

1 INCLUDES UNINCORPORATED INDIVIDUAL INSURERS THAT MAINTAINS A
2 TRUST FUND OF NOT LESS THAN FIFTY MILLION (\$50,000,000) DOLLARS
3 AS SECURITY TO THE FULL AMOUNT THEREOF FOR ALL POLICYHOLDERS AND
4 CREDITORS IN THE UNITED STATES OF EACH MEMBER OF THE GROUP. SUCH
5 TRUST FUNDS SHALL LIKEWISE COMPLY WITH THE TERMS AND CONDITIONS
6 ESTABLISHED IN SUBPARAGRAPH (I) FOR ALIEN INSURERS.

7 (III) IS AN INSURANCE EXCHANGE CREATED BY THE LAWS OF
8 INDIVIDUAL STATES THAT MAINTAINS CAPITAL AND SURPLUS OR THE
9 SUBSTANTIAL EQUIVALENT THEREOF OF NOT LESS THAN FIFTEEN MILLION
10 (\$15,000,000) DOLLARS IN THE AGGREGATE. FOR INSURANCE EXCHANGES
11 WHICH MAINTAIN FUNDS FOR THE PROTECTION OF ALL INSURANCE
12 EXCHANGE POLICYHOLDERS, EACH INDIVIDUAL SYNDICATE SHALL MAINTAIN
13 MINIMUM CAPITAL AND SURPLUS OR THE SUBSTANTIAL EQUIVALENT
14 THEREOF OF NOT LESS THAN ONE MILLION FIVE HUNDRED THOUSAND
15 (\$1,500,000) DOLLARS. IN THE EVENT THE INSURANCE EXCHANGE DOES
16 NOT MAINTAIN FUNDS FOR THE PROTECTION OF ALL INSURANCE EXCHANGE
17 POLICYHOLDERS, EACH INDIVIDUAL SYNDICATE SHALL MEET THE MINIMUM
18 CAPITAL AND SURPLUS REQUIREMENTS OF SUBPARAGRAPH (I).

19 (3) HAS PROVIDED TO THE DEPARTMENT A COPY OF ITS CURRENT
20 ANNUAL FINANCIAL STATEMENT CERTIFIED BY SUCH INSURER, SUCH
21 STATEMENT TO BE PROVIDED NO MORE THAN THIRTY (30) DAYS AFTER THE
22 DATE REQUIRED FOR FILING AN ANNUAL FINANCIAL STATEMENT IN ITS
23 DOMICILIARY JURISDICTION AND WHICH IS EITHER:

24 (I) CERTIFIED BY THE REGULATORY AUTHORITY IN THE DOMICILE OF
25 THE INSURER; OR

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

28 IN THE CASE OF AN INSURANCE EXCHANGE, THE STATEMENT MAY BE AN
29 AGGREGATE STATEMENT OF ALL UNDERWRITING SYNDICATES OPERATING
30 DURING THE PERIOD REPORTED.

1 (B) IN ADDITION TO MEETING THE REQUIREMENTS IN SUBSECTION
2 (A), A NONADMITTED INSURER SHALL BE AN ELIGIBLE SURPLUS LINES
3 INSURER IF IT APPEARS ON THE MOST RECENT LIST OF ELIGIBLE
4 SURPLUS LINES INSURERS PUBLISHED BY THE DEPARTMENT FROM TIME TO
5 TIME BUT AT LEAST SEMIANNUALLY. NOTHING IN THIS SECTION SHALL
6 REQUIRE THE DEPARTMENT TO PLACE OR MAINTAIN THE NAME OF ANY
7 NONADMITTED INSURER ON THE LIST OF ELIGIBLE SURPLUS LINES
8 INSURERS.

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

12 SECTION 1608. SURPLUS LINES LICENSEE'S DUTY TO NOTIFY
13 INSURED.--AT THE TIME OF PRESENTING A QUOTATION TO THE INSURED,
14 THE SURPLUS LINES LICENSEE SHALL PRESENT TO THE INSURED OR TO
15 THE PRODUCING BROKER WRITTEN NOTICE THAT THE INSURANCE OR A
16 PORTION THEREOF INVOLVES PLACEMENT WITH NONADMITTED INSURERS.
17 THE LICENSEE SHALL, EITHER DIRECTLY OR THROUGH THE PRODUCING
18 BROKER, GIVE NOTICE TO THE INSURED THAT:

19 (1) THE INSURER WITH WHICH THE LICENSEE PLACES THE INSURANCE
20 IS NOT LICENSED BY THE PENNSYLVANIA INSURANCE DEPARTMENT AND IS
21 SUBJECT TO ITS LIMITED REGULATION; AND

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

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

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

1 DEPARTMENT, DECLARING THAT:

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

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

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

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

12 THIS WRITTEN DECLARATION SHALL BE OPEN TO PUBLIC INSPECTION.

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

20 (3) IN A PARTICULAR TRANSACTION WHERE THE PRODUCING BROKER
21 AND SURPLUS LINES LICENSEE ARE ONE IN THE SAME ENTITY, HE SHALL
22 EXECUTE BOTH DECLARATIONS.

23 (B) SUBSECTION (A) SHALL NOT APPLY TO ANY INSURANCE WHICH
24 HAS BEEN PLACED CONTINUOUSLY WITH AN ELIGIBLE SURPLUS LINES
25 INSURER FOR A PERIOD OF AT LEAST THREE (3) CONSECUTIVE YEARS
26 IMMEDIATELY PRECEDING THE CURRENT PLACEMENT. HOWEVER, WITHIN
27 FORTY-FIVE (45) DAYS AFTER INSURANCE HAS BEEN PLACED WITH AN
28 ELIGIBLE SURPLUS LINES INSURER, THE SURPLUS LINES LICENSEE SHALL
29 FILE WITH THE DEPARTMENT HIS WRITTEN DECLARATION ON A FORM
30 PRESCRIBED BY THE DEPARTMENT.

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

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

(1) REMITTED THE LICENSE FEE TO THE DEPARTMENT.

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

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

[(4) FILED WITH THE DEPARTMENT AND MAINTAINED CONCURRENT WITH THE TERM OF THE LICENSE, IN FORCE AND UNIMPAIRED, A BOND IN FAVOR OF THE COMMONWEALTH OF PENNSYLVANIA IN THE PENAL SUM OF AT LEAST FIFTY THOUSAND (\$50,000) DOLLARS, AGGREGATE LIABILITY, WITH CORPORATE SURETIES APPROVED BY THE DEPARTMENT. THE BOND SHALL BE CONDITIONED THAT THE SURPLUS LINES LICENSEE WILL CONDUCT BUSINESS IN ACCORDANCE WITH THE PROVISIONS OF THIS ARTICLE AND WILL PROMPTLY REMIT THE TAXES AS PROVIDED BY LAW. NO BOND SHALL BE TERMINATED EXCEPT FOR NONPAYMENT OF PREMIUMS. TERMINATION NOTICE SHALL BE GIVEN TO THE SURPLUS LINES LICENSEE AND TO THE DEPARTMENT AT LEAST THIRTY (30) DAYS PRIOR TO THE TERMINATION DATE.]

(C) CORPORATIONS AND PARTNERSHIPS SHALL BE ELIGIBLE TO BE

1 RESIDENT OR NONRESIDENT SURPLUS LINES LICENSEES, UPON THE
2 FOLLOWING CONDITIONS:

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

7 (2) ONLY THOSE EMPLOYES [RESIDENT IN THIS COMMONWEALTH]
8 HOLDING A CERTIFICATE OF ELIGIBILITY MAY TRANSACT SURPLUS LINES
9 INSURANCE.

10 (D) EACH SURPLUS LINES LICENSE SHALL EXPIRE ON THE LAST DAY
11 OF FEBRUARY OF EACH YEAR AND SHALL BE RENEWED BEFORE MARCH 1 OF
12 EACH YEAR UPON PAYMENT OF THE ANNUAL FEE, IN COMPLIANCE WITH
13 OTHER PROVISIONS OF THIS SECTION. ANY SURPLUS LINES LICENSEE WHO
14 FAILS TO APPLY FOR RENEWAL OF A LICENSE BEFORE EXPIRATION OF THE
15 CURRENT LICENSE SHALL PAY A PENALTY OF TWO TIMES THE LICENSE FEE
16 AND BE SUBJECT TO OTHER PENALTIES AS PROVIDED BY LAW BEFORE HIS
17 LICENSE WILL BE RENEWED.

18 SECTION 1619. RECORDS OF SURPLUS LINES LICENSEE.--(A) EACH
19 SURPLUS LINES LICENSEE SHALL KEEP IN ITS OFFICE [IN THIS
20 COMMONWEALTH] A FULL AND TRUE RECORD OF EACH SURPLUS LINES
21 INSURANCE CONTRACT PLACED BY OR THROUGH IT, INCLUDING A COPY OF
22 THE POLICY, CERTIFICATE, COVER NOTE OR OTHER EVIDENCE OF
23 INSURANCE, SHOWING SUCH OF THE FOLLOWING ITEMS AS MAY BE
24 APPLICABLE:

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

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

27 (3) GROSS PREMIUM CHARGED.

28 (4) ANY RETURN PREMIUM PAID.

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

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

(7) NAME AND ADDRESS OF THE INSURED.

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

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

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

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

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

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

[(1) REMOVAL OF THE RESIDENT SURPLUS LINES LICENSEE'S OFFICE
FROM THIS COMMONWEALTH.

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

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

(4) FAILURE TO MAKE AND FILE REQUIRED REPORTS.

(5) FAILURE TO TRANSMIT REQUIRED TAX ON SURPLUS LINES

1 PREMIUMS.

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

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

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

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

10 SECTION 1624. SERVICE OF PROCESS IN ACTIONS AGAINST SURPLUS
11 LINES INSURER.--(A) AN ELIGIBLE SURPLUS LINES INSURER MAY BE
12 SUED UPON ANY CAUSE OF ACTION ARISING IN THIS COMMONWEALTH UNDER
13 ANY SURPLUS LINES INSURANCE CONTRACT MADE BY IT OR EVIDENCE OF
14 INSURANCE ISSUED OR DELIVERED BY THE SURPLUS LINES LICENSEE.
15 SERVICE OF PROCESS SHALL BE MADE PURSUANT TO THE PROCEDURES
16 PROVIDED BY 42 PA.C.S. CH. 53 SUBCH. B (RELATING TO INTERSTATE
17 AND INTERNATIONAL PROCEDURE). ANY SUCH [POLICY] SURPLUS LINES
18 INSURANCE CONTRACT OR EVIDENCE OF INSURANCE DELIVERED BY THE
19 SURPLUS LINES LICENSEE SHALL CONTAIN A PROVISION STATING THE
20 SUBSTANCE OF THIS SECTION AND DESIGNATING THE PERSON TO WHOM
21 PROCESS SHALL BE MAILED.

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

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

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

29 ARTICLE XXIV

30 FRATERNAL BENEFIT SOCIETIES

1 SUBARTICLE A

2 GENERAL PROVISIONS

3 SECTION 2401. SCOPE.

4 THIS ARTICLE DEALS WITH FRATERNAL BENEFIT SOCIETIES.

5 SECTION 2402. DEFINITIONS.

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

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

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

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

17 "COMMISSIONER." THE INSURANCE COMMISSIONER OF THE
18 COMMONWEALTH.

19 "DEPARTMENT." THE INSURANCE DEPARTMENT OF THE COMMONWEALTH.

20 "IMPAIRED." FOR A SOCIETY THAT DOES NOT WRITE VARIABLE
21 CONTRACTS, IMPAIRED MEANS WHENEVER THE SOCIETY'S ASSETS ARE LESS
22 THAN ITS TOTAL LIABILITIES. FOR A SOCIETY THAT DOES WRITE
23 VARIABLE CONTRACTS, IMPAIRED MEANS WHENEVER THE SOCIETY'S ASSETS
24 ARE LESS THAN ITS TOTAL LIABILITIES, PLUS THE REQUIRED SURPLUS
25 FOR A MUTUAL LIFE INSURER TO WRITE SUCH CONTRACTS.

26 "INSURANCE LAWS." LAWS AND REGULATIONS PERTAINING TO
27 INSURANCE COMPANIES.

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

30 "LODGE." SUBORDINATE MEMBER UNITS OF THE SOCIETY, KNOWN AS

1 CAMPS, COURTS, COUNCILS, BRANCHES OR BY ANY OTHER DESIGNATION.

2 "PREMIUMS." PREMIUMS, RATES, DUES OR OTHER REQUIRED
3 CONTRIBUTIONS BY WHATEVER NAME KNOWN, WHICH ARE PAYABLE UNDER
4 THE CERTIFICATE.

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

8 "SOCIETY." FRATERNAL BENEFIT SOCIETY, UNLESS OTHERWISE
9 INDICATED.

10 SECTION 2403. FRATERNAL BENEFIT SOCIETIES.

11 ANY INCORPORATED SOCIETY, ORDER OR SUPREME LODGE WITHOUT
12 CAPITAL STOCK, INCLUDING ONE EXEMPTED UNDER THE PROVISIONS OF
13 SECTION 2466(A)(2) WHETHER INCORPORATED OR NOT, CONDUCTED SOLELY
14 FOR THE BENEFIT OF ITS MEMBERS AND THEIR BENEFICIARIES AND NOT
15 FOR PROFIT, OPERATED ON A LODGE SYSTEM WITH OR WITHOUT
16 RITUALISTIC FORM OF WORK, HAVING A REPRESENTATIVE FORM OF
17 GOVERNMENT AND PROVIDING BENEFITS IN ACCORDANCE WITH THIS
18 ARTICLE IS DECLARED TO BE A FRATERNAL BENEFIT SOCIETY.

19 SECTION 2404. LODGE SYSTEM.

20 (A) GENERAL RULE.--A SOCIETY IS OPERATING ON THE LODGE
21 SYSTEM IF IT HAS A SUPREME GOVERNING BODY AND SUBORDINATE LODGES
22 INTO WHICH MEMBERS ARE ELECTED, INITIATED OR ADMITTED IN
23 ACCORDANCE WITH ITS LAWS, RULES AND RITUALS. SUBORDINATE LODGES
24 SHALL BE REQUIRED BY THE LAWS OF THE SOCIETY TO HOLD REGULAR
25 MEETINGS AT LEAST ONCE IN EACH QUARTER IN FURTHERANCE OF THE
26 PURPOSES OF THE SOCIETY.

27 (B) LODGES FOR CHILDREN.--A SOCIETY MAY, AT ITS OPTION,
28 ORGANIZE AND OPERATE LODGES FOR CHILDREN UNDER THE MINIMUM AGE
29 FOR ADULT MEMBERSHIP. MEMBERSHIP AND INITIATION IN LOCAL LODGES
30 SHALL NOT BE REQUIRED OF SUCH CHILDREN NOR SHALL THEY HAVE A

1 VOICE OR VOTE IN THE MANAGEMENT OF THE SOCIETY.

2 SECTION 2405. REPRESENTATIVE FORM OF GOVERNMENT.

3 A SOCIETY HAS A REPRESENTATIVE FORM OF GOVERNMENT WHEN THE
4 FOLLOWING CIRCUMSTANCES OCCUR:

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

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

22 (II) THE SUPREME GOVERNING BODY IS A BOARD COMPOSED
23 OF PERSONS ELECTED BY THE MEMBERS, EITHER DIRECTLY OR BY
24 THEIR REPRESENTATIVES IN INTERMEDIATE ASSEMBLIES, AND ANY
25 OTHER PERSONS PRESCRIBED IN THE SOCIETY'S LAWS. A SOCIETY
26 MAY PROVIDE FOR ELECTION OF THE BOARD BY MAIL. EACH TERM
27 OF A BOARD MEMBER MAY NOT EXCEED FOUR YEARS. VACANCIES ON
28 THE BOARD BETWEEN ELECTIONS MAY BE FILLED IN THE MANNER
29 PRESCRIBED BY THE SOCIETY'S LAWS. THOSE PERSONS ELECTED
30 TO THE BOARD SHALL CONSTITUTE A MAJORITY IN NUMBER AND

1 NOT LESS THAN THE NUMBER OF VOTES REQUIRED TO AMEND THE
2 SOCIETY'S LAWS. A PERSON FILLING THE UNEXPIRED TERM OF AN
3 ELECTED BOARD MEMBER SHALL BE CONSIDERED TO BE AN ELECTED
4 MEMBER. THE BOARD SHALL MEET AT LEAST QUARTERLY TO
5 CONDUCT THE BUSINESS OF THE SOCIETY.

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

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

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

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

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

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

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

21 THESE PURPOSES MAY BE CARRIED OUT DIRECTLY BY THE SOCIETY OR
22 INDIRECTLY THROUGH SUBSIDIARY CORPORATIONS OR AFFILIATED
23 ORGANIZATIONS.

24 (B) POWERS.--EVERY SOCIETY SHALL HAVE THE POWER TO ADOPT
25 LAWS AND RULES FOR THE GOVERNMENT OF THE SOCIETY, THE ADMISSION
26 OF ITS MEMBERS AND THE MANAGEMENT OF ITS AFFAIRS. THE SOCIETY
27 SHALL HAVE THE POWER TO CHANGE, ALTER, ADD TO OR AMEND SUCH LAWS
28 AND RULES AND SHALL HAVE SUCH OTHER POWERS AS ARE NECESSARY AND
29 INCIDENTAL TO CARRYING INTO EFFECT THE OBJECTS AND PURPOSES OF
30 THE SOCIETY.

1 (C) LIMITATIONS.--NO SOCIETY OR SUBSIDIARY CORPORATION OR
2 AFFILIATED ORGANIZATION THROUGH WHICH A SOCIETY CARRIES OUT ITS
3 PURPOSES SHALL OWN OR OPERATE A FUNERAL HOME OR UNDERTAKING
4 ESTABLISHMENT.

5 SUBARTICLE B

6 MEMBERSHIP

7 SECTION 2411. QUALIFICATIONS FOR MEMBERSHIP.

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

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

14 (2) THE PROCESS FOR ADMISSION TO MEMBERSHIP FOR EACH
15 MEMBERSHIP CLASS.

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

19 (B) SOCIAL MEMBERS.--A SOCIETY MAY ALSO ADMIT SOCIAL MEMBERS
20 WHO SHALL HAVE NO VOICE OR VOTE IN THE MANAGEMENT OF THE
21 INSURANCE AFFAIRS OF THE SOCIETY.

22 (C) MEMBERSHIP IS PERSONAL.--MEMBERSHIP RIGHTS IN THE
23 SOCIETY ARE PERSONAL TO THE MEMBER AND ARE NOT ASSIGNABLE.

24 SECTION 2412. OFFICE, MEETINGS, PUBLICATIONS AND GRIEVANCE
25 PROCEDURES.

26 (A) OFFICE AND MEETINGS.--THE PRINCIPAL OFFICE OF ANY
27 DOMESTIC SOCIETY SHALL BE LOCATED IN THIS COMMONWEALTH. THE
28 MEETINGS OF THE SUPREME GOVERNING BODY OF THE SOCIETY MAY BE
29 HELD IN ANY STATE OR COUNTRY ON THE NORTH AMERICAN CONTINENT OR
30 IN ANY OTHER LOCATION DETERMINED BY THE SUPREME GOVERNING BODY.

1 ALL BUSINESS TRANSACTED AT SUCH MEETINGS SHALL BE AS VALID IN
2 ALL RESPECTS AS IF THE MEETINGS WERE HELD IN THIS COMMONWEALTH.
3 THE MINUTES OF THE PROCEEDINGS OF THE SUPREME GOVERNING BODY AND
4 OF THE BOARD OF DIRECTORS SHALL BE IN THE ENGLISH LANGUAGE.

5 (B) PUBLICATIONS.--

6 (1) A SOCIETY MAY PROVIDE IN ITS LAWS FOR AN OFFICIAL
7 PUBLICATION IN WHICH ANY NOTICE, REPORT OR STATEMENT REQUIRED
8 BY LAW TO BE GIVEN TO MEMBERS, INCLUDING NOTICE OF ELECTION,
9 MAY BE PUBLISHED. ANY REQUIRED REPORTS, NOTICES AND
10 STATEMENTS SHALL BE PRINTED CONSPICUOUSLY IN THE PUBLICATION.
11 IF THE RECORDS OF A SOCIETY SHOW THAT TWO OR MORE MEMBERS
12 HAVE THE SAME MAILING ADDRESS, AN OFFICIAL PUBLICATION MAILED
13 TO ONE MEMBER IS DEEMED TO BE MAILED TO ALL MEMBERS AT THE
14 SAME ADDRESS UNLESS A MEMBER REQUESTS A SEPARATE COPY. THIS
15 PARAGRAPH SHALL NOT APPLY TO CERTIFICATE REQUIREMENTS,
16 REPORTS OR NOTICES IN CONNECTION WITH THE ISSUANCE OF
17 CERTIFICATES.

18 (2) NOT LATER THAN JUNE 1 OF EACH YEAR, A SYNOPSIS OF
19 THE SOCIETY'S ANNUAL STATEMENT PROVIDING AN EXPLANATION OF
20 THE FACTS CONCERNING THE CONDITION OF THE SOCIETY THEREBY
21 DISCLOSED SHALL BE PRINTED AND MAILED TO EACH BENEFIT MEMBER
22 OF THE SOCIETY OR, IN LIEU THEREOF, THE SYNOPSIS MAY BE
23 PUBLISHED IN THE SOCIETY'S OFFICIAL PUBLICATION.

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

26 SECTION 2413. PERSONAL LIABILITY.

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

30 (B) INDEMNIFICATION AND REIMBURSEMENT.--

1 (1) ANY PERSON MAY BE INDEMNIFIED AND REIMBURSED BY ANY
2 SOCIETY FOR EXPENSES REASONABLY INCURRED BY, AND LIABILITIES
3 IMPOSED UPON, THAT PERSON IN CONNECTION WITH OR ARISING OUT
4 OF ANY ACTION, SUIT OR PROCEEDING, WHETHER CIVIL, CRIMINAL,
5 ADMINISTRATIVE OR INVESTIGATIVE, OR THREAT THEREOF, IN WHICH
6 THAT PERSON MAY BE INVOLVED BY REASON OF THE FACT THAT THAT
7 PERSON IS OR WAS A DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF
8 THE SOCIETY OR OF ANY FIRM, CORPORATION OR ORGANIZATION WHICH
9 THE PERSON SERVED IN ANY CAPACITY AT THE REQUEST OF THE
10 SOCIETY.

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

12 (I) IN RELATION TO ANY MATTER IN AN ACTION, SUIT OR
13 PROCEEDING AS TO WHICH THE PERSON SHALL FINALLY BE
14 ADJUDGED TO BE OR HAVE BEEN GUILTY OF A BREACH OF A DUTY
15 AS A DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF THE SOCIETY;
16 OR

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

20 UNLESS, IN EITHER CASE, THE PERSON ACTED IN GOOD FAITH FOR A
21 PURPOSE THE PERSON REASONABLY BELIEVED TO BE IN OR NOT
22 OPPOSED TO THE BEST INTERESTS OF THE SOCIETY AND, IN A
23 CRIMINAL ACTION OR PROCEEDING, IN ADDITION, HAD NO REASONABLE
24 CAUSE TO BELIEVE THAT HIS CONDUCT WAS UNLAWFUL.

25 (3) THE DETERMINATION WHETHER THE CONDUCT OF SUCH PERSON
26 MET THE STANDARD REQUIRED IN ORDER TO JUSTIFY INDEMNIFICATION
27 AND REIMBURSEMENT IN RELATION TO ANY MATTER DESCRIBED IN
28 PARAGRAPH (2) MAY ONLY BE MADE BY THE SUPREME GOVERNING BODY
29 OR BOARD OF DIRECTORS BY A MAJORITY VOTE OF A QUORUM
30 CONSISTING OF PERSONS WHO WERE NOT PARTIES TO SUCH ACTION,

SUIT OR PROCEEDING OR BY A COURT OF COMPETENT JURISDICTION.
THE TERMINATION OF ANY ACTION, SUIT OR PROCEEDING BY
JUDGMENT, ORDER, SETTLEMENT, CONVICTION OR UPON A PLEA OF NO
CONTEST AS TO THAT PERSON SHALL NOT IN ITSELF CREATE A
CONCLUSIVE PRESUMPTION THAT THE PERSON DID NOT MEET THE
STANDARD OF CONDUCT REQUIRED IN ORDER TO JUSTIFY
INDEMNIFICATION AND REIMBURSEMENT. THE FOREGOING RIGHT OF
INDEMNIFICATION AND REIMBURSEMENT SHALL NOT BE EXCLUSIVE OF
OTHER RIGHTS TO WHICH THAT PERSON MAY BE ENTITLED AS A MATTER
OF LAW AND SHALL INURE TO THE BENEFIT OF THAT PERSON'S HEIRS,
EXECUTORS AND ADMINISTRATORS.

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

SECTION 2414. WAIVER.

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

SUBARTICLE C

GOVERNANCE

SECTION 2421. ORGANIZATION.

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

3 (B) ARTICLES OF INCORPORATION.--SEVEN OR MORE CITIZENS OF
4 THE UNITED STATES, A MAJORITY OF WHOM ARE CITIZENS OF THIS
5 COMMONWEALTH, WHO DESIRE TO FORM A FRATERNAL BENEFIT SOCIETY MAY
6 MAKE, SIGN AND ACKNOWLEDGE BEFORE SOME OFFICER COMPETENT TO TAKE
7 ACKNOWLEDGMENT OF DEEDS, ARTICLES OF INCORPORATION IN WHICH
8 SHALL BE STATED:

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

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

16 (3) THE NAMES AND RESIDENCES OF THE INCORPORATORS AND
17 THE NAMES, RESIDENCES AND OFFICIAL TITLES OF ALL THE
18 OFFICERS, TRUSTEES, DIRECTORS OR OTHER PERSONS WHO ARE TO
19 HAVE AND EXERCISE THE GENERAL CONTROL OF THE MANAGEMENT OF
20 THE AFFAIRS AND FUNDS OF THE SOCIETY FOR THE FIRST YEAR OR
21 UNTIL THE ENSUING ELECTION AT WHICH ALL THE OFFICERS SHALL BE
22 ELECTED BY THE SUPREME GOVERNING BODY, WHICH ELECTION SHALL
23 BE HELD NOT LATER THAN ONE YEAR FROM THE DATE OF ISSUANCE OF
24 THE PERMANENT CERTIFICATE OF AUTHORITY.

25 (C) FILING.--SUCH ARTICLES OF INCORPORATION, DULY CERTIFIED
26 COPIES OF THE SOCIETY'S BYLAWS AND RULES, COPIES OF ALL PROPOSED
27 FORMS OF CERTIFICATES AND APPLICATIONS THEREFOR AND CIRCULARS TO
28 BE ISSUED BY THE SOCIETY AND A BOND CONDITIONED UPON THE RETURN
29 TO APPLICANTS OF THE ADVANCED PAYMENTS IF THE ORGANIZATION IS
30 NOT COMPLETED WITHIN ONE YEAR SHALL BE FILED WITH THE

1 COMMISSIONER, WHO MAY REQUIRE SUCH FURTHER INFORMATION AS THE
2 COMMISSIONER DEEMS NECESSARY. THE BOND WITH SURETIES APPROVED BY
3 THE COMMISSIONER SHALL BE IN AN AMOUNT, NOT LESS THAN \$300,000
4 NOR MORE THAN \$1,500,000, AS REQUIRED BY THE COMMISSIONER. ALL
5 DOCUMENTS FILED SHALL BE IN THE ENGLISH LANGUAGE. IF THE
6 PURPOSES OF THE SOCIETY CONFORM TO THE REQUIREMENTS OF THIS
7 SUBARTICLE AND ALL PROVISIONS OF THE LAW HAVE BEEN COMPLIED
8 WITH, THE COMMISSIONER SHALL SO CERTIFY, RETAIN AND FILE THE
9 ARTICLES OF INCORPORATION AND FURNISH THE INCORPORATORS A
10 PRELIMINARY CERTIFICATE OF AUTHORITY AUTHORIZING THE SOCIETY TO
11 SOLICIT MEMBERS AS PROVIDED IN THIS SECTION.

12 (D) DURATION OF PRELIMINARY CERTIFICATE.--NO PRELIMINARY
13 CERTIFICATE OF AUTHORITY GRANTED UNDER THE PROVISIONS OF THIS
14 SECTION SHALL BE VALID AFTER ONE YEAR FROM ITS DATE OF ISSUANCE
15 OR AFTER A FURTHER PERIOD, NOT EXCEEDING ONE YEAR, AS MAY BE
16 AUTHORIZED BY THE COMMISSIONER UPON CAUSE SHOWN, UNLESS THE 500
17 APPLICANTS REQUIRED UNDER SUBSECTION (E) HAVE BEEN SECURED AND
18 THE ORGANIZATION HAS BEEN COMPLETED AS PROVIDED IN THIS SECTION.
19 THE ARTICLES OF INCORPORATION AND ALL OTHER PROCEEDINGS
20 THEREUNDER SHALL BECOME NULL AND VOID IN ONE YEAR FROM THE DATE
21 OF THE PRELIMINARY CERTIFICATE OF AUTHORITY OR AT THE EXPIRATION
22 OF THE EXTENDED PERIOD UNLESS THE SOCIETY SHALL HAVE COMPLETED
23 ITS ORGANIZATION AND RECEIVED A CERTIFICATE OF AUTHORITY TO DO
24 BUSINESS AS PROVIDED IN THIS SECTION.

25 (E) SOLICITATION OF MEMBERS.--UPON RECEIPT OF A PRELIMINARY
26 CERTIFICATE OF AUTHORITY FROM THE COMMISSIONER, THE SOCIETY MAY
27 SOLICIT MEMBERS FOR THE PURPOSE OF COMPLETING ITS ORGANIZATION,
28 SHALL COLLECT FROM EACH APPLICANT THE AMOUNT OF NOT LESS THAN
29 ONE REGULAR MONTHLY PREMIUM IN ACCORDANCE WITH ITS TABLE OF
30 RATES AND SHALL ISSUE TO EACH APPLICANT A RECEIPT FOR THE AMOUNT

1 COLLECTED. NO SOCIETY SHALL INCUR ANY LIABILITY OTHER THAN FOR
2 THE RETURN OF THE ADVANCE PREMIUM NOR ISSUE ANY CERTIFICATE NOR
3 PAY OR ALLOW OR OFFER OR PROMISE TO PAY OR ALLOW ANY BENEFIT TO
4 ANY PERSON UNTIL THE FOLLOWING CONDITIONS ARE MET:

5 (1) ACTUAL BONA FIDE APPLICATIONS FOR BENEFITS
6 AGGREGATING AT LEAST \$500,000 HAVE BEEN SECURED ON NOT LESS
7 THAN 500 APPLICANTS, AND ANY NECESSARY EVIDENCE OF
8 INSURABILITY HAS BEEN FURNISHED TO AND APPROVED BY THE
9 SOCIETY.

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

12 (3) THERE HAS BEEN SUBMITTED TO THE COMMISSIONER UNDER
13 OATH OF THE PRESIDENT OR SECRETARY OR CORRESPONDING OFFICER
14 OF THE SOCIETY A LIST OF THE APPLICANTS, GIVING THE NAME AND
15 ADDRESS OF EACH, THE DATE EACH WAS ADMITTED, THE NAME AND
16 NUMBER OF THE SUBORDINATE LODGE OF WHICH EACH APPLICANT IS A
17 MEMBER AND THE AMOUNT OF BENEFITS TO BE GRANTED AND PREMIUMS
18 FOR EACH APPLICANT.

19 (4) IT SHALL HAVE BEEN SHOWN TO THE COMMISSIONER BY
20 SWORN STATEMENT OF THE TREASURER OR CORRESPONDING OFFICER OF
21 THE SOCIETY THAT AT LEAST 500 APPLICANTS HAVE EACH PAID IN
22 CASH AT LEAST ONE REGULAR MONTHLY PREMIUM AS PROVIDED IN THIS
23 SUBSECTION, WHICH PREMIUMS IN THE AGGREGATE SHALL AMOUNT TO
24 AT LEAST \$150,000. THESE ADVANCE PREMIUMS SHALL BE HELD IN
25 TRUST DURING THE PERIOD OF ORGANIZATION AND IF THE SOCIETY
26 HAS NOT QUALIFIED FOR A CERTIFICATE OF AUTHORITY WITHIN ONE
27 YEAR AS PROVIDED IN THIS SECTION THE PREMIUMS SHALL BE
28 RETURNED TO THE APPLICANTS.

29 (5) THE COMMISSIONER MAY MAKE SUCH EXAMINATION AND
30 REQUIRE SUCH FURTHER INFORMATION AS THE COMMISSIONER DEEMS

1 ADVISABLE. UPON PRESENTATION OF SATISFACTORY EVIDENCE THAT
2 THE SOCIETY HAS COMPLIED WITH ALL THE PROVISIONS OF LAW, THE
3 COMMISSIONER SHALL ISSUE TO THE SOCIETY A CERTIFICATE OF
4 AUTHORITY TO THAT EFFECT AND TO THE EFFECT THAT THE SOCIETY
5 IS AUTHORIZED TO TRANSACT BUSINESS PURSUANT TO THE PROVISIONS
6 OF THIS SUBARTICLE. THE CERTIFICATE OF AUTHORITY SHALL BE
7 PRIMA FACIE EVIDENCE OF THE EXISTENCE OF THE SOCIETY AT THE
8 DATE OF THE CERTIFICATE. THE COMMISSIONER SHALL CAUSE A
9 RECORD OF THE CERTIFICATE OF AUTHORITY TO BE MADE. A
10 CERTIFIED COPY OF THE RECORD MAY BE GIVEN IN EVIDENCE WITH
11 LIKE EFFECT AS THE ORIGINAL CERTIFICATE OF AUTHORITY.

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

14 (1) ANY SOCIETY ORGANIZED PRIOR TO APRIL 6, 1893, UNDER
15 ANY STATUTE OF THIS COMMONWEALTH WHICH WAS ENGAGED IN DOING
16 BUSINESS IN THIS COMMONWEALTH ON THAT DATE. AFTER FEBRUARY
17 12, 1993, ANY SUCH SOCIETY MAY EXERCISE ALL THE RIGHTS
18 CONFERRED BY THIS ARTICLE AND ALL THE RIGHTS, POWERS,
19 PRIVILEGES AND EXEMPTIONS NOW EXERCISED OR POSSESSED BY IT
20 UNDER ITS CHARTER OR ARTICLES OF INCORPORATION OR ARTICLES OF
21 ASSOCIATION, AND NEITHER ITS EXISTENCE AS A CORPORATION NOR
22 ITS RIGHTS TO EXERCISE ANY CORPORATE RIGHTS VESTED IN IT BY
23 VIRTUE OF ITS PAST INCORPORATION SHALL BE AFFECTED BY
24 ANYTHING CONTAINED IN THIS ARTICLE.

25 (2) ANY FRATERNAL BENEFIT SOCIETY INCORPORATED UNDER THE
26 PROVISIONS OF THE ACT OF APRIL 6, 1893 (P.L.10, NO.6), THE
27 ACT OF MAY 20, 1921 (P.L.916, NO.324), THE ACT OF JULY 17,
28 1935 (P.L.1092, NO.357) OR THE ACT OF JULY 29, 1977 (P.L.105,
29 NO.38), RELATING TO FRATERNAL BENEFIT SOCIETIES. FOR THE
30 PURPOSES OF THIS ARTICLE, A CORPORATION WHICH IS EXEMPT FROM

1 THE REQUIREMENTS OF THIS SECTION BY REASON OF PARAGRAPH (1)
2 SHALL BE DEEMED TO BE A HOLDER OF A CERTIFICATE OF AUTHORITY
3 ISSUED UNDER THIS ARTICLE.

4 (G) REINCORPORATION NOT REQUIRED.--ANY INCORPORATED SOCIETY
5 AUTHORIZED TO TRANSACT BUSINESS IN THIS COMMONWEALTH ON FEBRUARY
6 12, 1993, SHALL NOT BE REQUIRED TO REINCORPORATE.
7 SECTION 2422. AMENDMENTS TO LAWS.

8 (A) GENERAL RULE.--A DOMESTIC SOCIETY MAY AMEND ITS LAWS IN
9 ACCORDANCE WITH THE PROVISIONS THEREOF BY ACTION OF ITS SUPREME
10 GOVERNING BODY AT ANY REGULAR OR SPECIAL MEETING THEREOF OR, IF
11 ITS LAWS SO PROVIDE, BY REFERENDUM. THE REFERENDUM MAY BE HELD
12 IN ACCORDANCE WITH THE PROVISIONS OF ITS LAWS BY THE VOTE OF THE
13 VOTING MEMBERS OF THE SOCIETY, BY THE VOTE OF DELEGATES OR
14 REPRESENTATIVES OF VOTING MEMBERS OR BY THE VOTE OF LOCAL
15 LODGES. A SOCIETY MAY PROVIDE FOR VOTING BY MAIL. NO AMENDMENT
16 SUBMITTED FOR ADOPTION BY REFERENDUM SHALL BE ADOPTED UNLESS
17 WITHIN SIX MONTHS FROM THE DATE OF SUBMISSION THEREOF A MAJORITY
18 OF THE MEMBERS VOTING SHALL HAVE SIGNIFIED THEIR CONSENT TO THE
19 AMENDMENT BY ONE OF THE METHODS SPECIFIED IN THIS SECTION. A
20 SOCIETY HAVING A DIRECT ELECTION FORM OF ORGANIZATION AS
21 DESCRIBED IN SECTION 2405(1)(II) MAY AMEND ITS CONSTITUTION OR
22 ARTICLES OF INCORPORATION ONLY BY REFERENDUM.

23 (B) APPROVAL OF AMENDMENT.--NO AMENDMENT TO THE LAWS OF ANY
24 DOMESTIC SOCIETY SHALL TAKE EFFECT UNLESS APPROVED BY THE
25 COMMISSIONER, WHO SHALL APPROVE THE AMENDMENT IF THE
26 COMMISSIONER FINDS THAT IT HAS BEEN DULY ADOPTED AND IS NOT
27 INCONSISTENT WITH ANY REQUIREMENT OF THE LAWS OF THIS
28 COMMONWEALTH OR WITH THE CHARACTER, OBJECTS AND PURPOSES OF THE
29 SOCIETY. UNLESS THE COMMISSIONER SHALL DISAPPROVE THE AMENDMENT
30 WITHIN 60 DAYS AFTER THE FILING, THE AMENDMENT SHALL BE

1 CONSIDERED APPROVED. THE APPROVAL OR DISAPPROVAL OF THE
2 COMMISSIONER SHALL BE IN WRITING AND SHALL BE MAILED TO THE
3 SECRETARY OR CORRESPONDING OFFICER OF THE SOCIETY AT ITS
4 PRINCIPAL OFFICE. IF THE COMMISSIONER DISAPPROVES THE AMENDMENT,
5 THE REASONS FOR THE DISAPPROVAL SHALL BE STATED IN THE WRITTEN
6 NOTICE.

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

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

22 (E) CERTIFIED COPIES AS EVIDENCE.--PRINTED COPIES OF THE
23 LAWS AS AMENDED, CERTIFIED BY THE SECRETARY OR CORRESPONDING
24 OFFICER OF THE SOCIETY, SHALL BE PRIMA FACIE EVIDENCE OF THE
25 LEGAL ADOPTION.

26 SECTION 2423. INSTITUTIONS.

27 A SOCIETY MAY CREATE, MAINTAIN AND OPERATE OR MAY ESTABLISH
28 ORGANIZATIONS TO OPERATE NOT-FOR-PROFIT INSTITUTIONS TO FURTHER
29 THE PURPOSES PERMITTED BY SECTION 2406(A)(2). THESE INSTITUTIONS
30 MAY FURNISH SERVICES FREE OR AT A REASONABLE CHARGE. ANY REAL OR

1 PERSONAL PROPERTY OWNED, HELD OR LEASED BY THE SOCIETY FOR THIS
2 PURPOSE SHALL BE REPORTED IN EVERY ANNUAL STATEMENT BUT SHALL
3 NOT BE ALLOWED AS AN ADMITTED ASSET OF THE SOCIETY EXCEPT AS
4 PROVIDED IN SECTION 2441(B).

5 SECTION 2424. REINSURANCE.

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

22 (B) REINSURANCE BY ANOTHER SOCIETY.--NOTWITHSTANDING THE
23 LIMITATION IN SUBSECTION (A), A SOCIETY MAY REINSURE THE RISKS
24 OF ANOTHER SOCIETY IN A CONSOLIDATION OR MERGER APPROVED BY THE
25 COMMISSIONER UNDER SECTION 2425.

26 SECTION 2425. CONSOLIDATIONS AND MERGERS.

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

30 (1) A CERTIFIED COPY OF THE WRITTEN CONTRACT CONTAINING

1 IN FULL THE TERMS AND CONDITIONS OF THE CONSOLIDATION OR
2 MERGER.

3 (2) A SWORN STATEMENT BY THE PRESIDENT AND SECRETARY OR
4 CORRESPONDING OFFICERS OF EACH SOCIETY SHOWING THE FINANCIAL
5 CONDITION OF THE SOCIETY ON A DATE FIXED BY THE COMMISSIONER
6 BUT NOT EARLIER THAN DECEMBER 31 NEXT PRECEDING THE DATE OF
7 THE CONTRACT.

8 (3) A CERTIFICATE OF THE OFFICERS, DULY VERIFIED BY
9 THEIR RESPECTIVE OATHS, THAT THE CONSOLIDATION OR MERGER HAS
10 BEEN APPROVED BY A TWO-THIRDS VOTE OF THE SUPREME GOVERNING
11 BODY OF EACH SOCIETY, WHICH VOTE HAD BEEN CONDUCTED AT A
12 REGULAR OR SPECIAL MEETING OF EACH BODY OR, IF THE SOCIETY'S
13 LAWS PERMIT, BY MAIL.

14 (4) EVIDENCE THAT AT LEAST 60 DAYS PRIOR TO THE ACTION
15 OF THE SUPREME GOVERNING BODY OF EACH SOCIETY, THE TEXT OF
16 THE CONTRACT WAS FURNISHED TO ALL MEMBERS OF EACH SOCIETY
17 EITHER BY MAIL OR BY PUBLICATION IN FULL IN THE OFFICIAL
18 PUBLICATION OF EACH SOCIETY.

19 (B) APPROVAL BY COMMISSIONER.--IF THE COMMISSIONER FINDS
20 THAT THE CONTRACT IS IN CONFORMITY WITH THE PROVISIONS OF THIS
21 SECTION, THAT THE FINANCIAL STATEMENTS ARE CORRECT AND THAT THE
22 CONSOLIDATION OR MERGER IS JUST AND EQUITABLE TO THE MEMBERS OF
23 EACH SOCIETY, THE COMMISSIONER SHALL APPROVE THE CONTRACT AND
24 ISSUE A CERTIFICATE TO THAT EFFECT. UPON THIS APPROVAL, THE
25 CONTRACT SHALL BE IN FULL FORCE AND EFFECT UNLESS ANY SOCIETY
26 WHICH IS A PARTY TO THE CONTRACT IS INCORPORATED UNDER THE LAWS
27 OF ANY OTHER STATE OR TERRITORY. IN SUCH EVENT THE CONSOLIDATION
28 OR MERGER SHALL NOT BECOME EFFECTIVE UNLESS AND UNTIL IT HAS
29 BEEN APPROVED AS PROVIDED BY THE LAWS OF THAT STATE OR TERRITORY
30 AND A CERTIFICATE OF THE APPROVAL FILED WITH THE COMMISSIONER OF

1 THIS COMMONWEALTH, OR, IF THE LAWS OF THAT STATE OR TERRITORY
2 CONTAIN NO SUCH PROVISION, THEN THE CONSOLIDATION OR MERGER
3 SHALL NOT BECOME EFFECTIVE UNLESS AND UNTIL IT HAS BEEN APPROVED
4 BY THE COMMISSIONER OF INSURANCE OF THAT STATE OR TERRITORY AND
5 A CERTIFICATE OF THE APPROVAL FILED WITH THE COMMISSIONER OF
6 THIS COMMONWEALTH.

7 (C) VESTING OF RIGHTS AND LIABILITIES.--WHEN THE
8 CONSOLIDATION OR MERGER BECOMES EFFECTIVE AS PROVIDED IN THIS
9 SECTION, ALL THE RIGHTS, FRANCHISES AND INTERESTS OF THE
10 CONSOLIDATED OR MERGED SOCIETIES IN AND TO EVERY SPECIES OF
11 PROPERTY, REAL, PERSONAL OR MIXED, AND THINGS IN ACTION
12 THEREUNTO BELONGING SHALL BE VESTED IN THE SOCIETY RESULTING
13 FROM OR REMAINING AFTER THE CONSOLIDATION OR MERGER WITHOUT ANY
14 OTHER INSTRUMENT, EXCEPT THAT CONVEYANCES OF REAL PROPERTY MAY
15 BE EVIDENCED BY PROPER DEEDS, AND THE TITLE TO ANY REAL ESTATE
16 OR INTEREST THEREIN VESTED UNDER THE LAWS OF THIS COMMONWEALTH
17 IN ANY OF THE SOCIETIES CONSOLIDATED OR MERGED SHALL NOT REVERT
18 OR BE IN ANY WAY IMPAIRED BY REASON OF THE CONSOLIDATION OR
19 MERGER BUT SHALL VEST ABSOLUTELY IN THE SOCIETY RESULTING FROM
20 OR REMAINING AFTER THE CONSOLIDATION OR MERGER.

21 (D) EFFECT OF AFFIDAVIT.--THE AFFIDAVIT OF ANY OFFICER OF
22 THE SOCIETY OR OF ANYONE AUTHORIZED BY IT TO MAIL ANY NOTICE OR
23 DOCUMENT, STATING THAT SUCH NOTICE OR DOCUMENT HAS BEEN DULY
24 ADDRESSED AND MAILED, SHALL BE PRIMA FACIE EVIDENCE THAT THE
25 NOTICE OR DOCUMENT HAS BEEN FURNISHED THE ADDRESSEES.

26 SECTION 2426. CONVERSION OF FRATERNAL BENEFIT SOCIETY INTO
27 MUTUAL LIFE INSURANCE COMPANY.

28 ANY DOMESTIC FRATERNAL BENEFIT SOCIETY MAY BE CONVERTED AND
29 LICENSED AS A MUTUAL LIFE INSURANCE COMPANY BY COMPLIANCE WITH
30 ALL THE REQUIREMENTS OF THIS ACT IF THE PLAN OF CONVERSION HAS

1 BEEN APPROVED BY THE COMMISSIONER. A PLAN OF CONVERSION SHALL BE
2 PREPARED IN WRITING BY THE BOARD OF DIRECTORS SETTING FORTH IN
3 FULL THE TERMS AND CONDITIONS OF CONVERSION. THE AFFIRMATIVE
4 VOTE OF TWO-THIRDS OF ALL MEMBERS OF THE SUPREME GOVERNING BODY
5 AT A REGULAR OR SPECIAL MEETING SHALL BE NECESSARY FOR THE
6 APPROVAL OF SUCH PLAN. NO CONVERSION SHALL TAKE EFFECT UNLESS
7 AND UNTIL APPROVED BY THE COMMISSIONER WHO MAY GIVE APPROVAL IF
8 THE COMMISSIONER FINDS THAT THE PROPOSED CHANGE IS IN CONFORMITY
9 WITH THE REQUIREMENTS OF LAW AND NOT PREJUDICIAL TO THE
10 CERTIFICATE HOLDERS OF THE SOCIETY.

11 SECTION 2427. DOMESTICATION.

12 (A) FILING REQUIREMENTS.--A FOREIGN OR ALIEN SOCIETY
13 AUTHORIZED TO DO BUSINESS IN THIS COMMONWEALTH MAY BECOME A
14 DOMESTIC SOCIETY BY FILING WITH THE COMMISSIONER IN THE ENGLISH
15 LANGUAGE:

16 (1) ARTICLES OF DOMESTICATION WHICH SHALL SET FORTH THE
17 NAME OF THE SOCIETY, THE ADDRESS, INCLUDING STREET AND
18 NUMBER, OF ITS PRINCIPAL OFFICE IN THIS COMMONWEALTH AND ANY
19 OTHER PROVISIONS OF ITS CURRENT ARTICLES OF INCORPORATION
20 THAT THE SOCIETY DESIRES TO RETAIN.

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

24 (3) A BRIEF STATEMENT OF THE PURPOSE OR PURPOSES FOR
25 WHICH IT IS TO BE DOMESTICATED, WHICH SHALL BE A PURPOSE OR
26 PURPOSES FOR WHICH A DOMESTIC SOCIETY MAY BE INCORPORATED
27 UNDER THIS SUBARTICLE.

28 (4) A CERTIFICATE OF THE PRESIDENT AND SECRETARY OF THE
29 SOCIETY DULY VERIFIED BY THEIR RESPECTIVE OATHS THAT THE
30 DOMESTICATION HAS BEEN APPROVED IN ACCORDANCE WITH THE

1 CONSTITUTION AND BYLAWS OF THE SOCIETY AS REQUIRED BY
2 APPLICABLE LAWS AND REGULATIONS OF THE DOMICILIARY
3 JURISDICTION.

4 (B) APPROVAL BY COMMISSIONER.--IF THE COMMISSIONER FINDS
5 THAT THE FILING BY THE SOCIETY IS IN PROPER ORDER, THAT THE
6 SOCIETY COMPLIES WITH THE REQUIREMENTS FOR ISSUING A CERTIFICATE
7 OF AUTHORITY TO A DOMESTIC SOCIETY, THAT THE SOCIETY WILL
8 MAINTAIN ITS PRINCIPAL OFFICE IN PENNSYLVANIA AND THAT THE
9 DOMESTICATION IS IN THE BEST INTEREST OF THE MEMBERS OF THE
10 SOCIETY, THE COMMISSIONER SHALL APPROVE THE ARTICLES OF
11 DOMESTICATION AND ISSUE A CERTIFICATE TO THAT EFFECT.

12 (C) EFFECT OF DOMESTICATION.--UPON APPROVAL OF THE ARTICLES
13 OF DOMESTICATION BY THE COMMISSIONER, THE SOCIETY SHALL
14 THEREAFTER BECOME A DOMESTIC SOCIETY AND SHALL BE SUBJECT TO ALL
15 THE LAWS OF THIS COMMONWEALTH APPLICABLE TO DOMESTIC SOCIETIES.

16 SUBARTICLE D

17 CONTRACTUAL BENEFITS

18 SECTION 2431. BENEFITS.

19 (A) GENERAL RULE.--A SOCIETY AUTHORIZED TO DO BUSINESS IN
20 THIS COMMONWEALTH MAY PROVIDE THE FOLLOWING CONTRACTUAL BENEFITS
21 IN ANY FORM:

22 (1) DEATH BENEFITS.

23 (2) ENDOWMENT BENEFITS.

24 (3) ANNUITY BENEFITS.

25 (4) TEMPORARY OR PERMANENT DISABILITY BENEFITS.

26 (5) HOSPITAL, MEDICAL OR NURSING BENEFITS.

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

30 (B) ELIGIBLE MEMBERS.--A SOCIETY SHALL SPECIFY IN ITS RULES

1 THOSE PERSONS WHO MAY BE ISSUED OR COVERED BY THE CONTRACTUAL
2 BENEFITS IN SUBSECTION (A), CONSISTENT WITH PROVIDING BENEFITS
3 TO MEMBERS AND THEIR DEPENDENTS. A SOCIETY MAY PROVIDE BENEFITS
4 ON THE LIVES OF CHILDREN UNDER THE MINIMUM AGE FOR ADULT
5 MEMBERSHIP UPON APPLICATION OF AN ADULT PERSON.
6 SECTION 2432. BENEFICIARIES.

7 (A) DESIGNATION.--THE OWNER OF A BENEFIT CONTRACT SHALL HAVE
8 THE RIGHT AT ALL TIMES TO CHANGE THE BENEFICIARY OR
9 BENEFICIARIES IN ACCORDANCE WITH THE LAWS OR RULES OF THE
10 SOCIETY UNLESS THE OWNER WAIVES THIS RIGHT BY SPECIFICALLY
11 REQUESTING IN WRITING THAT THE BENEFICIARY DESIGNATION BE
12 IRREVOCABLE. A SOCIETY MAY, THROUGH ITS LAWS OR RULES, LIMIT THE
13 SCOPE OF BENEFICIARY DESIGNATIONS AND SHALL PROVIDE THAT NO
14 REVOCABLE BENEFICIARY SHALL HAVE OR OBTAIN ANY VESTED INTEREST
15 IN THE PROCEEDS OF ANY CERTIFICATE UNTIL THE CERTIFICATE HAS
16 BECOME DUE AND PAYABLE IN CONFORMITY WITH THE PROVISIONS OF THE
17 BENEFIT CONTRACT.

18 (B) PAYMENT OF FUNERAL BENEFITS.--A SOCIETY MAY MAKE
19 PROVISION FOR THE PAYMENT OF FUNERAL BENEFITS TO THE EXTENT OF
20 THAT PORTION OF ANY PAYMENT UNDER A CERTIFICATE AS MIGHT
21 REASONABLY APPEAR TO BE DUE TO ANY PERSON EQUITABLY ENTITLED
22 THERE TO BY REASON OF HAVING INCURRED EXPENSE OCCASIONED BY THE
23 BURIAL OF THE MEMBER, PROVIDED THE PORTION SO PAID SHALL NOT
24 EXCEED THE SUM OF \$2,000.

25 (C) ABSENCE OF BENEFICIARY.--IF AT THE DEATH OF ANY PERSON
26 INSURED UNDER A BENEFIT CONTRACT THERE IS NO LAWFUL BENEFICIARY
27 TO WHOM THE PROCEEDS SHALL BE PAYABLE, THE AMOUNT OF THE
28 BENEFIT, EXCEPT TO THE EXTENT THAT FUNERAL BENEFITS MAY BE PAID
29 AS PROVIDED IN THIS SECTION, SHALL BE PAYABLE TO THE PERSONAL
30 REPRESENTATIVE OF THE DECEASED INSURED, OR, IF NONE, THEN

1 PAYMENT MAY BE MADE IN ACCORDANCE WITH 20 PA.C.S. § 3101(D)
2 (RELATING TO PAYMENTS TO FAMILY AND FUNERAL DIRECTORS). IF THE
3 OWNER OF THE CERTIFICATE IS OTHER THAN THE INSURED, THE PROCEEDS
4 SHALL BE PAYABLE TO THE OWNER.

5 SECTION 2433. BENEFITS NOT ATTACHABLE.

6 NO MONEY OR OTHER BENEFIT, CHARITY, RELIEF OR AID TO BE PAID,
7 PROVIDED OR RENDERED BY ANY SOCIETY SHALL BE LIABLE TO
8 ATTACHMENT, GARNISHMENT OR OTHER PROCESS OR TO BE SEIZED, TAKEN,
9 APPROPRIATED OR APPLIED BY ANY LEGAL OR EQUITABLE PROCESS OR
10 OPERATION OF LAW TO PAY ANY DEBT OR LIABILITY OF A MEMBER OR
11 BENEFICIARY, OR ANY OTHER PERSON WHO MAY HAVE A RIGHT
12 THEREUNDER, EITHER BEFORE OR AFTER PAYMENT BY THE SOCIETY.

13 SECTION 2434. BENEFIT CONTRACT.

14 (A) GENERAL RULE.--EVERY SOCIETY AUTHORIZED TO DO BUSINESS
15 IN THIS COMMONWEALTH SHALL ISSUE TO EACH OWNER OF A BENEFIT
16 CONTRACT A CERTIFICATE SPECIFYING THE AMOUNT OF BENEFITS
17 PROVIDED BY THE CONTRACT. THE CERTIFICATE, TOGETHER WITH ANY
18 RIDERS OR ENDORSEMENTS ATTACHED TO IT, THE LAWS OF THE SOCIETY,
19 THE APPLICATION FOR MEMBERSHIP, THE APPLICATION FOR INSURANCE
20 AND DECLARATION OF INSURABILITY, IF ANY, SIGNED BY THE
21 APPLICANT, AND ALL AMENDMENTS TO EACH THEREOF, SHALL CONSTITUTE
22 THE BENEFIT CONTRACT AS OF THE DATE OF ISSUANCE BETWEEN THE
23 SOCIETY AND THE OWNER, AND THE CERTIFICATE SHALL SO STATE. THE
24 SOCIETY SHALL MAINTAIN A COPY OF ITS LAWS AT EACH LODGE FOR
25 INSPECTION BY THE BENEFIT MEMBER AND SHALL FURNISH A COPY TO
26 EACH BENEFIT MEMBER UPON REQUEST. A COPY OF THE APPLICATION FOR
27 INSURANCE AND DECLARATION OF INSURABILITY, IF ANY, SHALL BE
28 ENDORSED UPON OR ATTACHED TO THE CERTIFICATE. ALL STATEMENTS ON
29 THE APPLICATION SHALL BE REPRESENTATIONS AND NOT WARRANTIES. ANY
30 WAIVER OF THIS PROVISION SHALL BE VOID.

1 (B) EFFECT OF SUBSEQUENT CHANGES.--ANY CHANGES, ADDITIONS OR
2 AMENDMENTS TO THE LAWS OF THE SOCIETY DULY MADE OR ENACTED
3 SUBSEQUENT TO THE ISSUANCE OF THE CERTIFICATE SHALL BIND THE
4 OWNER AND THE BENEFICIARIES AND SHALL GOVERN AND CONTROL THE
5 BENEFIT CONTRACT IN ALL RESPECTS THE SAME AS IF THE CHANGES,
6 ADDITIONS OR AMENDMENTS HAD BEEN MADE PRIOR TO AND WERE IN FORCE
7 AT THE TIME OF THE APPLICATION FOR INSURANCE, EXCEPT THAT NO
8 CHANGE, ADDITION OR AMENDMENT SHALL DESTROY OR DIMINISH BENEFITS
9 WHICH THE SOCIETY CONTRACTED TO GIVE THE OWNER AS OF THE DATE OF
10 ISSUANCE.

11 (C) EFFECT ON MINORITY.--ANY PERSON UPON WHOSE LIFE A
12 BENEFIT CONTRACT IS ISSUED PRIOR TO ATTAINING THE AGE OF
13 MAJORITY SHALL BE BOUND BY THE TERMS OF THE APPLICATION AND
14 CERTIFICATE AND BY ALL THE LAWS AND RULES OF THE SOCIETY TO THE
15 SAME EXTENT AS THOUGH THE AGE OF MAJORITY HAD BEEN ATTAINED AT
16 THE TIME OF APPLICATION.

17 (D) PAYMENT OF DEFICIENCIES.--A SOCIETY SHALL PROVIDE IN ITS
18 LAWS THAT IF ITS RESERVES AS TO ALL OR ANY CLASS OF CERTIFICATES
19 BECOME IMPAIRED, ITS BOARD OF DIRECTORS OR CORRESPONDING BODY
20 MAY REQUIRE THAT THERE SHALL BE PAID BY THE OWNER TO THE SOCIETY
21 THE AMOUNT OF THE OWNER'S EQUITABLE PROPORTION OF SUCH
22 DEFICIENCY AS ASCERTAINED BY ITS BOARD, AND IF THE PAYMENT IS
23 NOT MADE:

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

27 (2) IN LIEU OF OR IN COMBINATION WITH PARAGRAPH (1), THE
28 OWNER MAY ACCEPT A PROPORTIONATE REDUCTION IN BENEFITS UNDER
29 THE CERTIFICATE.

30 THE SOCIETY MAY SPECIFY THE MANNER OF THE ELECTION AND WHICH

1 ALTERNATIVE IS TO BE PRESUMED IF NO ELECTION IS MADE.

2 (E) CERTIFIED COPIES AS EVIDENCE.--COPIES OF ANY OF THE
3 DOCUMENTS MENTIONED IN THIS SECTION, CERTIFIED BY THE SECRETARY
4 OR CORRESPONDING OFFICER OF THE SOCIETY, SHALL BE RECEIVED IN
5 EVIDENCE OF THE TERMS AND CONDITIONS THEREOF.

6 (F) CONTENT.--NO CERTIFICATE, APPLICATION, RIDER OR
7 ENDORSEMENT USED IN CONNECTION THEREWITH SHALL BE DELIVERED OR
8 ISSUED FOR DELIVERY IN THIS COMMONWEALTH UNLESS THE FORM
9 CONTAINS PROVISIONS REQUIRED FOR LIKE FORMS ISSUED BY LIFE,
10 ACCIDENT AND HEALTH INSURERS IN THIS COMMONWEALTH AND A COPY OF
11 THE FORM HAS BEEN FILED WITH AND APPROVED BY THE COMMISSIONER IN
12 THE MANNER PROVIDED FOR LIKE POLICIES ISSUED BY LIFE, ACCIDENT
13 AND HEALTH INSURERS IN THIS COMMONWEALTH. EVERY LIFE, ACCIDENT,
14 HEALTH OR DISABILITY INSURANCE CERTIFICATE, EVERY ANNUITY
15 CERTIFICATE AND EVERY APPLICATION, RIDER OR ENDORSEMENT USED IN
16 CONNECTION THEREWITH APPROVED PRIOR TO FEBRUARY 12, 1993, SHALL
17 BE BROUGHT INTO COMPLIANCE WITH THIS SUBARTICLE BY FEBRUARY 12,
18 1994.

19 (G) PREMIUM GRACE PERIOD.--THE CERTIFICATE MAY CONTAIN A
20 PROVISION FOR A GRACE PERIOD FOR PAYMENT OF PREMIUMS OF ONE FULL
21 MONTH IN ITS CERTIFICATES.

22 (H) ADDITIONAL PROVISIONS.--THE CERTIFICATE SHALL ALSO
23 CONTAIN THE FOLLOWING:

24 (1) A PROVISION STATING THE AMOUNT OF PREMIUMS WHICH ARE
25 PAYABLE UNDER THE CERTIFICATE AND A PROVISION RECITING OR
26 SETTING FORTH THE SUBSTANCE OF ANY SECTIONS OF THE SOCIETY'S
27 LAWS OR RULES IN FORCE AT THE TIME OF ISSUANCE OF THE
28 CERTIFICATE WHICH IF VIOLATED WILL RESULT IN THE TERMINATION
29 OR REDUCTION OF BENEFITS PAYABLE UNDER THE CERTIFICATE.

30 (2) A PROVISION THAT ANY MEMBER EXPELLED OR SUSPENDED,

1 EXCEPT FOR NONPAYMENT OF A PREMIUM OR WITHIN THE CONTESTABLE
2 PERIOD FOR MATERIAL MISREPRESENTATION IN THE APPLICATION FOR
3 MEMBERSHIP OR INSURANCE, SHALL HAVE THE PRIVILEGE OF
4 MAINTAINING THE CERTIFICATE IN FORCE BY CONTINUING PAYMENT OF
5 THE REQUIRED PREMIUM.

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

21 (I) TRANSFER OF CONTROL OR OWNERSHIP.--BENEFIT CONTRACTS
22 ISSUED ON THE LIVES OF PERSONS BELOW THE SOCIETY'S MINIMUM AGE
23 FOR ADULT MEMBERSHIP MAY PROVIDE FOR TRANSFER OF CONTROL OR
24 OWNERSHIP TO THE INSURED AT AN AGE SPECIFIED IN THE CERTIFICATE.
25 A SOCIETY MAY REQUIRE APPROVAL OF AN APPLICATION FOR MEMBERSHIP
26 IN ORDER TO EFFECT THIS TRANSFER AND MAY PROVIDE IN ALL OTHER
27 RESPECTS FOR THE REGULATION, GOVERNMENT AND CONTROL OF THE
28 CERTIFICATES AND ALL RIGHTS, OBLIGATIONS AND LIABILITIES
29 INCIDENT THERETO AND CONNECTED THEREWITH. OWNERSHIP RIGHTS PRIOR
30 TO THE TRANSFER SHALL BE SPECIFIED IN THE CERTIFICATE.

1 (J) ASSIGNMENT.--A SOCIETY MAY SPECIFY THE TERMS AND
2 CONDITIONS ON WHICH BENEFIT CONTRACTS MAY BE ASSIGNED.
3 SECTION 2435. NONFORFEITURE BENEFITS, CASH SURRENDER VALUES,
4 CERTIFICATE LOANS AND OTHER OPTIONS.

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

10 (B) NEW CERTIFICATES.--FOR LIFE CERTIFICATES ISSUED AFTER
11 FEBRUARY 11, 1994, FOR WHICH RESERVES ARE COMPUTED ON THE
12 COMMISSIONER'S 1941 STANDARD ORDINARY MORTALITY TABLE, THE
13 COMMISSIONER'S 1941 STANDARD INDUSTRIAL TABLE OR THE
14 COMMISSIONER'S 1958 STANDARD ORDINARY MORTALITY TABLE OR THE
15 COMMISSIONER'S 1980 STANDARD MORTALITY TABLE, OR ANY MORE RECENT
16 TABLE MADE APPLICABLE TO LIFE INSURERS, EVERY PAID-UP
17 NONFORFEITURE BENEFIT AND THE AMOUNT OF ANY CASH SURRENDER
18 VALUE, LOAN OR OTHER OPTION GRANTED SHALL NOT BE LESS THAN THE
19 CORRESPONDING AMOUNT ASCERTAINED IN ACCORDANCE WITH THE LAWS OF
20 THIS COMMONWEALTH APPLICABLE TO LIFE INSURERS ISSUING POLICIES
21 CONTAINING LIKE BENEFITS BASED UPON SUCH TABLES. FOR ANNUITY
22 CERTIFICATES ISSUED AFTER FEBRUARY 11, 1994, EVERY PAID-UP
23 ANNUITY BENEFIT, CASH SURRENDER VALUE OR DEATH BENEFIT SHALL NOT
24 BE LESS THAN THE CORRESPONDING AMOUNT IN ACCORDANCE WITH THE
25 LAWS OF THIS COMMONWEALTH APPLICABLE TO LIFE INSURERS ISSUING
26 POLICIES CONTAINING LIKE BENEFITS.

27 SUBARTICLE E

28 FINANCIAL

29 SECTION 2441. INVESTMENTS.

30 (A) GENERAL RULE.--A SOCIETY SHALL INVEST ITS FUNDS ONLY IN

1 INVESTMENTS AUTHORIZED BY THE LAWS OF THIS COMMONWEALTH FOR THE
2 INVESTMENT OF ASSETS OF LIFE INSURERS AND SUBJECT TO THE
3 LIMITATIONS THEREON. ANY FOREIGN OR ALIEN SOCIETY PERMITTED OR
4 SEEKING TO DO BUSINESS IN THIS COMMONWEALTH WHICH INVESTS ITS
5 FUNDS IN ACCORDANCE WITH THE LAWS OF THE STATE, DISTRICT,
6 TERRITORY, COUNTRY OR PROVINCE IN WHICH IT IS INCORPORATED SHALL
7 BE HELD TO MEET THE REQUIREMENTS OF THIS SECTION FOR THE
8 INVESTMENT OF FUNDS.

9 (B) REAL ESTATE.--IN ADDITION TO THE INVESTMENT OF ASSETS AS
10 PRESCRIBED IN THIS SECTION OR ANY OTHER LAWS OF THIS
11 COMMONWEALTH, A FRATERNAL BENEFIT SOCIETY MAY PURCHASE, RECEIVE,
12 HOLD AND CONVEY REAL ESTATE OR ANY INTEREST THEREIN FOR THE
13 PURPOSE OF MAINTENANCE OR CONSTRUCTION OF CAMPS OR RECREATIONAL
14 AREAS WITH NECESSARY FACILITIES FOR ALL ITS MEMBERS. THESE
15 ASSETS SHALL BE SHOWN ON THE ANNUAL STATEMENT AT COST IN THE
16 YEAR ACQUIRED AND MAY NOT EXCEED 5% OF OTHER ADMITTED ASSETS OF
17 THE SOCIETY.

18 SECTION 2442. FUNDS.

19 (A) GENERAL RULE.--ALL ASSETS SHALL BE HELD, INVESTED AND
20 DISBURSED FOR THE USE AND BENEFIT OF THE SOCIETY, AND NO MEMBER
21 OR BENEFICIARY SHALL HAVE OR ACQUIRE INDIVIDUAL RIGHTS THEREIN
22 OR BECOME ENTITLED TO ANY APPORTIONMENT ON THE SURRENDER OF ANY
23 PART THEREOF, EXCEPT AS PROVIDED IN THE BENEFIT CONTRACT.

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

27 (C) SEPARATE ACCOUNTS.--A SOCIETY MAY, PURSUANT TO
28 RESOLUTION OF ITS SUPREME GOVERNING BODY, ESTABLISH AND OPERATE
29 ONE OR MORE SEPARATE ACCOUNTS AND ISSUE CONTRACTS ON A VARIABLE
30 BASIS, SUBJECT TO THE INSURANCE LAWS REGULATING LIFE INSURERS

1 ESTABLISHING THOSE ACCOUNTS AND ISSUING THOSE CONTRACTS. TO THE
2 EXTENT THE SOCIETY DEEMS IT NECESSARY IN ORDER TO COMPLY WITH
3 ANY APPLICABLE FEDERAL OR STATE LAWS OR ANY RULES ISSUED
4 THEREUNDER, THE SOCIETY MAY:

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

7 (2) FOR PERSONS HAVING BENEFICIAL INTERESTS THEREIN,
8 PROVIDE SPECIAL VOTING AND OTHER RIGHTS, INCLUDING, WITHOUT
9 LIMITATION, SPECIAL RIGHTS AND PROCEDURES RELATING TO
10 INVESTMENT POLICY, INVESTMENT ADVISORY SERVICES, SELECTION OF
11 CERTIFIED PUBLIC ACCOUNTANTS AND SELECTION OF A COMMITTEE TO
12 MANAGE THE BUSINESS AND AFFAIRS OF THE ACCOUNT.

13 (3) ISSUE CONTRACTS ON A VARIABLE BASIS TO WHICH SECTION
14 2434(B) AND (D) SHALL NOT APPLY.

15 SUBARTICLE F

16 REGULATION

17 SECTION 2451. VALUATION.

18 (A) EXISTING CERTIFICATES.--THE MINIMUM RESERVES FOR
19 CERTIFICATES ISSUED PRIOR TO FEBRUARY 12, 1994, SHALL BE THOSE
20 PROVIDED BY THE LAWS APPLICABLE IMMEDIATELY PRIOR TO FEBRUARY
21 12, 1993.

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

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

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

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

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

20 (E) EXCESS RESERVES.--ANY SOCIETY, WITH THE CONSENT OF THE
21 COMMISSIONER OF INSURANCE OF THE STATE OF DOMICILE OF THE
22 SOCIETY AND UNDER SUCH CONDITIONS, IF ANY, WHICH THE
23 COMMISSIONER MAY IMPOSE, MAY ESTABLISH AND MAINTAIN RESERVES ON
24 ITS CERTIFICATES IN EXCESS OF THE RESERVES REQUIRED THEREUNDER,
25 BUT THE CONTRACTUAL RIGHTS OF ANY BENEFIT MEMBER SHALL NOT BE
26 AFFECTED THEREBY.

27 SECTION 2452. REPORTS.

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

30 (B) ANNUAL STATEMENT.--EVERY SOCIETY TRANSACTING BUSINESS IN

1 THIS COMMONWEALTH SHALL ANNUALLY ON OR BEFORE MARCH 1, UNLESS
2 FOR CAUSE SHOWN THE TIME HAS BEEN EXTENDED BY THE COMMISSIONER,
3 FILE WITH THE COMMISSIONER A TRUE STATEMENT OF ITS FINANCIAL
4 CONDITION, TRANSACTIONS AND AFFAIRS FOR THE PRECEDING CALENDAR
5 YEAR AND SHALL PAY THE FEE PRESCRIBED IN SECTION 2161 FOR THE
6 FILING. THE STATEMENT SHALL BE IN GENERAL FORM AND CONTEXT AS
7 APPROVED BY A NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS,
8 APPROVED BY THE INSURANCE DEPARTMENT, FOR FRATERNAL BENEFIT
9 SOCIETIES AND AS SUPPLEMENTED BY ADDITIONAL INFORMATION REQUIRED
10 BY THE COMMISSIONER.

11 (C) VALUATION OF CERTIFICATES.--AS PART OF THE ANNUAL
12 STATEMENT REQUIRED IN THIS SECTION, EACH SOCIETY SHALL ON OR
13 BEFORE MARCH 1 FILE WITH THE COMMISSIONER A VALUATION OF ITS
14 CERTIFICATES IN FORCE ON DECEMBER 31 LAST PRECEDING. THE
15 COMMISSIONER MAY IN HIS DISCRETION FOR CAUSE SHOWN EXTEND THE
16 TIME FOR FILING THE VALUATION FOR NOT MORE THAN TWO CALENDAR
17 MONTHS. THE VALUATION SHALL BE DONE IN ACCORDANCE WITH THE
18 STANDARDS SPECIFIED IN SECTION 2451. THE VALUATION AND
19 UNDERLYING DATA SHALL BE CERTIFIED BY A QUALIFIED ACTUARY.

20 (D) FAILURE TO FILE STATEMENT.--A SOCIETY NEGLECTING TO FILE
21 THE ANNUAL STATEMENT IN THE FORM AND WITHIN THE TIME PROVIDED BY
22 THIS SECTION SHALL FORFEIT \$100 FOR EACH DAY DURING WHICH THAT
23 NEGLECT CONTINUES AND, UPON NOTICE BY THE COMMISSIONER TO THAT
24 EFFECT, ITS AUTHORITY TO DO BUSINESS IN THIS COMMONWEALTH SHALL
25 CEASE WHILE THE DEFAULT CONTINUES.

26 SECTION 2453. ANNUAL LICENSE.

27 SOCIETIES WHICH ARE NOW AUTHORIZED TO TRANSACT BUSINESS IN
28 THIS COMMONWEALTH MAY CONTINUE SUCH BUSINESS UNTIL APRIL 1,
29 1993. THE AUTHORITY OF SUCH SOCIETIES AND ALL SOCIETIES
30 HEREAFTER LICENSED MAY THEREAFTER BE RENEWED ANNUALLY BUT IN ALL

1 CASES TO TERMINATE ON THE SUCCEEDING APRIL 1. HOWEVER, A LICENSE
2 SO ISSUED SHALL CONTINUE IN FULL FORCE AND EFFECT UNTIL THE NEW
3 LICENSE IS ISSUED OR SPECIFICALLY REFUSED. FOR EACH LICENSE OR
4 RENEWAL THE SOCIETY SHALL PAY THE COMMISSIONER THE PRESCRIBED
5 FEE. A DULY CERTIFIED COPY OR DUPLICATE OF SUCH LICENSE SHALL BE
6 PRIMA FACIE EVIDENCE THAT THE LICENSEE IS A FRATERNAL BENEFIT
7 SOCIETY WITHIN THE MEANING OF THIS ARTICLE.

8 SECTION 2454. EXAMINATION OF SOCIETIES.

9 (A) GENERAL RULE.--THE COMMISSIONER OR ANY PERSON HE MAY
10 APPOINT MAY EXAMINE ANY DOMESTIC, FOREIGN OR ALIEN SOCIETY
11 TRANSACTING OR APPLYING FOR ADMISSION TO TRANSACT BUSINESS IN
12 THIS COMMONWEALTH IN THE SAME MANNER AS AUTHORIZED FOR
13 EXAMINATION OF DOMESTIC, FOREIGN OR ALIEN INSURERS. REQUIREMENTS
14 OF NOTICE AND AN OPPORTUNITY TO RESPOND BEFORE FINDINGS ARE MADE
15 PUBLIC AS PROVIDED IN THE INSURANCE LAWS REGULATING INSURERS
16 SHALL ALSO BE APPLICABLE TO THE EXAMINATION OF SOCIETIES.

17 (B) PAYMENT OF EXPENSES.--THE EXPENSE OF EACH EXAMINATION
18 AND OF EACH VALUATION, INCLUDING COMPENSATION AND ACTUAL EXPENSE
19 OF EXAMINERS, SHALL BE PAID BY THE SOCIETY EXAMINED OR WHOSE
20 CERTIFICATES ARE VALUED UPON STATEMENTS FURNISHED BY THE
21 COMMISSIONER.

22 SECTION 2455. FOREIGN OR ALIEN SOCIETY; ADMISSION.

23 NO FOREIGN OR ALIEN SOCIETY SHALL TRANSACT BUSINESS IN THIS
24 COMMONWEALTH WITHOUT A LICENSE ISSUED BY THE COMMISSIONER. ANY
25 SUCH SOCIETY DESIRING ADMISSION TO THIS COMMONWEALTH SHALL
26 COMPLY SUBSTANTIALLY WITH THE REQUIREMENTS AND LIMITATIONS OF
27 THIS ARTICLE APPLICABLE TO DOMESTIC SOCIETIES. ANY SUCH SOCIETY
28 MAY BE LICENSED TO TRANSACT BUSINESS IN THIS COMMONWEALTH UPON
29 FILING THE FOLLOWING WITH THE COMMISSIONER AND UPON A SHOWING
30 THAT ITS ASSETS ARE INVESTED IN ACCORDANCE WITH THE PROVISIONS

1 OF THIS ARTICLE:

2 (1) A DULY CERTIFIED COPY OF ITS ARTICLES OF
3 INCORPORATION.

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

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

8 (4) A STATEMENT OF ITS BUSINESS UNDER OATH OF ITS
9 PRESIDENT AND SECRETARY OR CORRESPONDING OFFICERS IN A FORM
10 PRESCRIBED BY THE COMMISSIONER, DULY VERIFIED BY AN
11 EXAMINATION MADE BY THE SUPERVISING INSURANCE OFFICIAL OF ITS
12 HOME STATE OR OTHER STATE, TERRITORY, PROVINCE OR COUNTRY,
13 SATISFACTORY TO THE COMMISSIONER.

14 (5) CERTIFICATION FROM THE PROPER OFFICIAL OF ITS HOME
15 STATE, TERRITORY, PROVINCE OR COUNTRY THAT THE SOCIETY IS
16 LEGALLY INCORPORATED AND LICENSED TO TRANSACT BUSINESS
17 THEREIN.

18 (6) COPIES OF ITS CERTIFICATE FORMS.

19 (7) SUCH OTHER INFORMATION AS THE COMMISSIONER MAY DEEM
20 NECESSARY.

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

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

25 (1) HAS EXCEEDED ITS POWERS;

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

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

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

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

4 (6) HAS BECOME IMPAIRED;
5 THE COMMISSIONER SHALL NOTIFY THE SOCIETY OF THE DEFICIENCY OR
6 DEFICIENCIES AND STATE IN WRITING THE REASONS FOR HIS
7 DISSATISFACTION. THE COMMISSIONER SHALL AT ONCE ISSUE A WRITTEN
8 NOTICE TO THE SOCIETY REQUIRING THAT THE DEFICIENCY OR
9 DEFICIENCIES WHICH EXIST ARE CORRECTED. AFTER THIS NOTICE THE
10 SOCIETY SHALL HAVE A 30-DAY PERIOD IN WHICH TO COMPLY WITH THE
11 COMMISSIONER'S REQUEST FOR CORRECTION, AND, IF THE SOCIETY FAILS
12 TO COMPLY, THE COMMISSIONER SHALL NOTIFY THE SOCIETY OF THE
13 FINDINGS OF NONCOMPLIANCE AND REQUIRE THE SOCIETY TO SHOW CAUSE
14 ON A DATE NAMED WHY IT SHOULD NOT BE ENJOINED FROM CARRYING ON
15 ANY BUSINESS UNTIL THE VIOLATION COMPLAINED OF SHALL HAVE BEEN
16 CORRECTED OR WHY AN ACTION IN QUO WARRANTO SHOULD NOT BE
17 COMMENCED AGAINST THE SOCIETY.

18 (B) ACTION BY ATTORNEY GENERAL.--IF ON THAT DATE THE SOCIETY
19 DOES NOT PRESENT GOOD AND SUFFICIENT REASONS WHY IT SHOULD NOT
20 BE SO ENJOINED OR WHY SUCH ACTION SHOULD NOT BE COMMENCED, THE
21 COMMISSIONER MAY PRESENT THE FACTS RELATING THERETO TO THE
22 ATTORNEY GENERAL WHO SHALL, IF HE DEEMS THE CIRCUMSTANCES
23 WARRANT, COMMENCE AN ACTION TO ENJOIN THE SOCIETY FROM
24 TRANSACTING BUSINESS OR IN QUO WARRANTO.

25 (C) HEARING AND ORDER.--THE COURT SHALL THEREUPON NOTIFY THE
26 OFFICERS OF THE SOCIETY OF A HEARING. IF AFTER A FULL HEARING IT
27 APPEARS THAT THE SOCIETY SHOULD BE SO ENJOINED OR LIQUIDATED OR
28 A RECEIVER APPOINTED, THE COURT SHALL ENTER THE NECESSARY ORDER.
29 NO SOCIETY SO ENJOINED SHALL HAVE THE AUTHORITY TO DO BUSINESS
30 UNTIL ALL OF THE FOLLOWING OCCUR:

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

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

6 (3) THE COURT HAS DISSOLVED ITS INJUNCTION.

7 (4) THE COMMISSIONER HAS REINSTATED THE CERTIFICATE OF
8 AUTHORITY.

9 (D) LIQUIDATION.--IF THE COURT ORDERS THE SOCIETY
10 LIQUIDATED, IT SHALL BE ENJOINED FROM CARRYING ON ANY FURTHER
11 BUSINESS, WHEREUPON THE RECEIVER OF THE SOCIETY SHALL PROCEED AT
12 ONCE TO TAKE POSSESSION OF THE BOOKS, PAPERS, MONEY AND OTHER
13 ASSETS OF THE SOCIETY AND, UNDER THE DIRECTION OF THE COURT,
14 PROCEED FORTHWITH TO CLOSE THE AFFAIRS OF THE SOCIETY AND TO
15 DISTRIBUTE ITS FUNDS TO THOSE ENTITLED THERETO.

16 (E) VALIDITY OF ACTION AND APPOINTMENT OF RECEIVER.--NO
17 ACTION UNDER THIS SECTION SHALL BE RECOGNIZED IN ANY COURT OF
18 THIS COMMONWEALTH UNLESS BROUGHT BY THE ATTORNEY GENERAL UPON
19 REQUEST OF THE COMMISSIONER. WHENEVER A RECEIVER IS TO BE
20 APPOINTED FOR A DOMESTIC SOCIETY, THE COURT SHALL APPOINT THE
21 COMMISSIONER AS THE RECEIVER.

22 (F) APPLICABILITY TO VOLUNTARY DISSOLUTION.--THE PROVISIONS
23 OF THIS SECTION RELATING TO HEARING BY THE COMMISSIONER, ACTION
24 BY THE ATTORNEY GENERAL AT THE REQUEST OF THE COMMISSIONER,
25 HEARING BY THE COURT, INJUNCTION AND RECEIVERSHIP SHALL BE
26 APPLICABLE TO A SOCIETY WHICH SHALL VOLUNTARILY DETERMINE TO
27 DISCONTINUE BUSINESS.

28 SECTION 2457. SUSPENSION, REVOCATION OR REFUSAL OF LICENSE OF
29 FOREIGN OR ALIEN SOCIETY.

30 (A) NOTICE OF DEFICIENCIES AND SANCTIONS.--WHEN THE

1 COMMISSIONER UPON INVESTIGATION FINDS THAT A FOREIGN OR ALIEN
2 SOCIETY TRANSACTING OR APPLYING TO TRANSACT BUSINESS IN THIS
3 COMMONWEALTH:

4 (1) HAS EXCEEDED ITS POWERS;

5 (2) HAS FAILED TO COMPLY WITH ANY OF THE PROVISIONS OF
6 THIS ARTICLE;

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

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

10 THE COMMISSIONER SHALL NOTIFY THE SOCIETY OF SUCH DEFICIENCY OR
11 DEFICIENCIES AND STATE IN WRITING THE REASONS FOR HIS
12 DISSATISFACTION. THE COMMISSIONER SHALL AT ONCE ISSUE A WRITTEN
13 NOTICE TO THE SOCIETY REQUIRING THAT THE DEFICIENCY OR
14 DEFICIENCIES WHICH EXIST ARE CORRECTED. AFTER SUCH NOTICE THE
15 SOCIETY SHALL HAVE A 30-DAY PERIOD IN WHICH TO COMPLY WITH THE
16 COMMISSIONER'S REQUEST FOR CORRECTION, AND, IF THE SOCIETY FAILS
17 TO COMPLY, THE COMMISSIONER SHALL NOTIFY THE SOCIETY OF THE
18 FINDINGS OF NONCOMPLIANCE AND REQUIRE THE SOCIETY TO SHOW CAUSE
19 ON A DATE NAMED WHY ITS LICENSE SHOULD NOT BE SUSPENDED, REVOKED
20 OR REFUSED. IF ON THAT DATE THE SOCIETY DOES NOT PRESENT GOOD
21 AND SUFFICIENT REASON WHY ITS AUTHORITY TO DO BUSINESS IN THIS
22 COMMONWEALTH SHOULD NOT BE SUSPENDED, REVOKED OR REFUSED, THE
23 COMMISSIONER MAY SUSPEND OR REFUSE THE LICENSE OF THE SOCIETY TO
24 DO BUSINESS IN THIS COMMONWEALTH UNTIL SATISFACTORY EVIDENCE IS
25 FURNISHED TO THE COMMISSIONER THAT THE SUSPENSION OR REFUSAL
26 SHOULD BE WITHDRAWN OR THE COMMISSIONER MAY REVOKE THE AUTHORITY
27 OF THE SOCIETY TO DO BUSINESS IN THIS COMMONWEALTH.

28 (B) EXISTING CONTRACTS UNAFFECTED.--NOTHING CONTAINED IN
29 THIS SECTION SHALL BE TAKEN OR CONSTRUED AS PREVENTING ANY SUCH
30 SOCIETY FROM CONTINUING IN GOOD FAITH ALL CONTRACTS MADE IN THIS

1 COMMONWEALTH DURING THE TIME THE SOCIETY WAS LEGALLY AUTHORIZED
2 TO TRANSACT BUSINESS IN THIS COMMONWEALTH.

3 SECTION 2458. INJUNCTION.

4 NO APPLICATION OR PETITION FOR INJUNCTION AGAINST ANY
5 DOMESTIC, FOREIGN OR ALIEN SOCIETY, OR LODGE THEREOF, RESPECTING
6 ANY MATTER PERTAINING TO A REGULATORY LAW ADMINISTERED BY THE
7 COMMISSIONER SHALL BE RECOGNIZED IN ANY COURT OF THIS
8 COMMONWEALTH UNLESS MADE BY THE ATTORNEY GENERAL UPON REQUEST OF
9 THE COMMISSIONER.

10 SECTION 2459. LICENSING OF AGENTS.

11 (A) GENERAL RULE.--AGENTS OF SOCIETIES SHALL BE LICENSED IN
12 ACCORDANCE WITH THE INSURANCE LAWS REGULATING THE LICENSING,
13 REVOCATION, SUSPENSION OR TERMINATION OF LICENSE OF RESIDENT AND
14 NONRESIDENT AGENTS.

15 (B) EXEMPTIONS FROM LICENSURE.--NO EXAMINATION OR LICENSE
16 SHALL BE REQUIRED OF ANY REGULAR SALARIED OFFICER, EMPLOYEE OR
17 MEMBER OF A LICENSED SOCIETY WHO DEVOTES SUBSTANTIALLY ALL OF
18 HIS SERVICES TO ACTIVITIES OTHER THAN THE SOLICITATION OF
19 FRATERNAL INSURANCE CONTRACTS FROM THE PUBLIC AND WHO RECEIVES
20 FOR THE SOLICITATION OF SUCH CONTRACTS NO COMMISSION OR OTHER
21 COMPENSATION DIRECTLY DEPENDENT UPON THE AMOUNT OF BUSINESS
22 OBTAINED.

23 (C) EXAMINATION.--

24 (1) ANY PERSON WHO IN THE PRECEDING CALENDAR YEAR HAS
25 SOLICITED AND PROCURED LIFE INSURANCE CONTRACTS ON BEHALF OF
26 ANY SOCIETY IN AN AMOUNT OF INSURANCE IN EXCESS OF \$200,000
27 OR, IN THE CASE OF ANY OTHER KIND OR KINDS OF INSURANCE WHICH
28 THE SOCIETY MIGHT WRITE, ON THE PERSONS OF MORE THAN 25
29 INDIVIDUALS AND WHO HAS RECEIVED OR WILL RECEIVE A COMMISSION
30 OR OTHER COMPENSATION THEREFOR SHALL BE REQUIRED TO TAKE AN

1 EXAMINATION. NO EXAMINATION SHALL BE REQUIRED OF ANY AGENT
2 WHO WAS IN THE SERVICE OF A SOCIETY ON JANUARY 28, 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 ADJUST THE AMOUNT. THE
6 ADJUSTMENT SHALL NOT EXCEED THE PERCENTAGE CHANGE IN THE
7 CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U) FOR THE
8 PENNSYLVANIA, NEW JERSEY, DELAWARE AND MARYLAND AREA,
9 OFFICIALLY REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR,
10 BUREAU OF LABOR STATISTICS, FOR THE PERIOD SINCE THE LAST
11 ADJUSTMENT UNDER THIS SUBSECTION. ANY ADJUSTMENT TO THE
12 AMOUNT SHALL BE PUBLISHED AS A NOTICE IN THE PENNSYLVANIA
13 BULLETIN.

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 2460. UNFAIR METHODS OF COMPETITION AND UNFAIR AND
21 DECEPTIVE ACTS AND PRACTICES.

22 EVERY SOCIETY AUTHORIZED TO DO BUSINESS IN THIS COMMONWEALTH
23 SHALL BE SUBJECT TO THE PROVISIONS OF THE ACT OF JULY 22, 1974
24 (P.L.589, NO.205), KNOWN AS THE UNFAIR INSURANCE PRACTICES ACT,
25 BUT NOTHING IN THAT ACT SHALL BE CONSTRUED AS APPLYING TO OR
26 AFFECTING THE RIGHT OF ANY SOCIETY TO DETERMINE ITS ELIGIBILITY
27 REQUIREMENTS FOR MEMBERSHIP BY REASON OF COMMON BOND OR BE
28 CONSTRUED AS APPLYING TO OR AFFECTING THE OFFERING OF BENEFITS
29 EXCLUSIVELY TO MEMBERS OR PERSONS ELIGIBLE FOR MEMBERSHIP IN THE
30 SOCIETY BY A SUBSIDIARY CORPORATION OR AFFILIATED ORGANIZATION

1 ORGANIZED TO CARRY OUT THE PURPOSES SET FORTH IN SECTION
2 2406(A)(2).
3 SECTION 2461. FEES.

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

9 SECTION 2462. TAXATION.

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

15 SECTION 2463. REVIEW.

16 ALL DECISIONS AND FINDINGS OF THE COMMISSIONER MADE UNDER THE
17 PROVISIONS OF THIS ARTICLE SHALL BE SUBJECT TO REVIEW BY PROPER
18 PROCEEDINGS IN ANY COURT OF COMPETENT JURISDICTION IN THIS
19 COMMONWEALTH.

20 SECTION 2464. PENALTIES.

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

25 (B) FILING OF FALSE STATEMENT.--ANY PERSON WHO WILLFULLY
26 MAKES A FALSE OR FRAUDULENT STATEMENT IN ANY VERIFIED REPORT OR
27 DECLARATION UNDER OATH REQUIRED OR AUTHORIZED BY THIS ARTICLE OR
28 OF ANY MATERIAL FACT OR THING CONTAINED IN A SWORN STATEMENT
29 CONCERNING THE DEATH OR DISABILITY OF A MEMBER FOR THE PURPOSE
30 OF PROCURING PAYMENT OF A BENEFIT NAMED IN THE CERTIFICATE

1 COMMITTS PERJURY AND SHALL BE SUBJECT TO THE PENALTIES THEREFOR
2 PRESCRIBED BY LAW.

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

9 (D) PENALTY FOR OTHER VIOLATION.--A PERSON WHO WILLFULLY
10 VIOLATES, NEGLECTS OR REFUSES TO COMPLY WITH THE PROVISIONS OF
11 THIS ARTICLE FOR WHICH A PENALTY IS NOT OTHERWISE PRESCRIBED,
12 COMMITTS A SUMMARY OFFENSE AND SHALL, UPON CONVICTION, BE
13 SENTENCED TO PAY A FINE OF NOT MORE THAN \$500. UPON SATISFACTORY
14 EVIDENCE OF A VIOLATION OF ANY PROVISION OF THIS ARTICLE, THE
15 COMMISSIONER HAS THE DISCRETION, IN LIEU OF SEEKING CRIMINAL
16 PROSECUTION, TO PURSUE ANY ONE OR MORE OF THE FOLLOWING COURSES
17 OF ACTION:

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

20 (2) IMPOSE A CIVIL PENALTY OF NOT MORE THAN \$5,000 FOR
21 EACH ACT IN VIOLATION OF THE PROVISIONS OF THIS ARTICLE.

22 SECTION 2465. APPLICABILITY OF INSURANCE LAWS.

23 EXCEPT AS PROVIDED IN THIS ARTICLE, SOCIETIES SHALL BE
24 GOVERNED BY THIS ARTICLE AND SHALL BE EXEMPT FROM ALL OTHER
25 PROVISIONS OF THE INSURANCE LAWS OF THIS COMMONWEALTH UNLESS
26 THEY ARE EXPRESSLY DESIGNATED THEREIN OR UNLESS IT IS
27 SPECIFICALLY MADE APPLICABLE BY THIS ARTICLE.

28 SECTION 2466. EXEMPTION OF CERTAIN SOCIETIES.

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

1 (1) GRAND OR SUBORDINATE LODGES OF SOCIETIES, ORDERS OR
2 ASSOCIATIONS NOW DOING BUSINESS IN THIS COMMONWEALTH WHICH
3 PROVIDE BENEFITS EXCLUSIVELY THROUGH LOCAL OR SUBORDINATE
4 LODGES.

5 (2) ORDERS, SOCIETIES OR ASSOCIATIONS WHICH ADMIT TO
6 MEMBERSHIP ONLY PERSONS ENGAGED IN ONE OR MORE CRAFTS OR
7 HAZARDOUS OCCUPATIONS, IN THE SAME OR SIMILAR LINES OF
8 BUSINESS, INSURING ONLY THEIR OWN MEMBERS AND THEIR FAMILIES,
9 AND THE LADIES' SOCIETIES OR LADIES' AUXILIARIES TO SUCH
10 ORDERS, SOCIETIES OR ASSOCIATIONS.

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

16 (4) DOMESTIC SOCIETIES OR ASSOCIATIONS OF A PURELY
17 RELIGIOUS, CHARITABLE OR BENEVOLENT DESCRIPTION WHICH PROVIDE
18 FOR A DEATH BENEFIT OF NOT MORE THAN \$400 OR FOR DISABILITY
19 BENEFITS OF NOT MORE THAN \$350 TO ANY ONE PERSON IN ANY ONE
20 YEAR, OR BOTH.

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

28 (C) LIMITATION OR COMPENSATION PAYMENTS.--NO SOCIETY WHICH,
29 BY THE PROVISIONS OF THIS SECTION, IS EXEMPT FROM THE
30 REQUIREMENTS OF THIS ARTICLE, EXCEPT ANY SOCIETY DESCRIBED IN

1 SUBSECTION (A)(2), SHALL GIVE OR ALLOW, OR PROMISE TO GIVE OR
2 ALLOW, TO ANY PERSON ANY COMPENSATION FOR PROCURING NEW MEMBERS.

3 (D) ACCIDENTAL BENEFITS.--EVERY SOCIETY WHICH PROVIDES FOR
4 BENEFITS IN CASE OF DEATH OR DISABILITY RESULTING SOLELY FROM
5 ACCIDENT AND WHICH DOES NOT OBLIGATE ITSELF TO PAY NATURAL DEATH
6 OR SICK BENEFITS SHALL HAVE ALL OF THE PRIVILEGES AND BE SUBJECT
7 TO ALL THE APPLICABLE PROVISIONS AND REGULATIONS OF THIS
8 SUBARTICLE EXCEPT THAT THE PROVISIONS THEREOF RELATING TO
9 MEDICAL EXAMINATION, VALUATIONS OF BENEFIT CERTIFICATES AND
10 INCONTESTABILITY SHALL NOT APPLY TO SUCH SOCIETY.

11 (E) SUBMISSION OF INFORMATION.--THE COMMISSIONER MAY REQUIRE
12 FROM ANY SOCIETY OR ASSOCIATION, BY EXAMINATION OR OTHERWISE,
13 SUCH INFORMATION AS WILL ENABLE THE COMMISSIONER TO DETERMINE
14 WHETHER THE SOCIETY OR ASSOCIATION IS EXEMPT FROM THE PROVISIONS
15 OF THIS SUBARTICLE.

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

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

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

25 (1) ORDERS, REGULATIONS AND POLICIES UNDER THE FRATERNAL
26 BENEFIT SOCIETIES CODE WHICH ARE IN EFFECT ON THE EFFECTIVE
27 DATE OF SECTION (REPEAL OF FRATERNAL BENEFIT SOCIETIES CODE)
28 SHALL REMAIN IN EFFECT UNTIL REVOKED, VACATED, AMENDED OR
29 MODIFIED UNDER ARTICLE XXIV OF THE ACT.

30 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3), ANY DIFFERENCE

1 IN LANGUAGE BETWEEN ARTICLE XXIV OF THE ACT AND THE FRATERNAL
2 BENEFIT SOCIETIES CODE IS INTENDED ONLY TO CONFORM TO THE
3 STYLE OF THE ACT AND IS NOT INTENDED TO CHANGE OR AFFECT THE
4 LEGISLATIVE INTENT, JUDICIAL CONSTRUCTION OR ADMINISTRATION
5 AND IMPLEMENTATION OF THE FRATERNAL BENEFIT SOCIETIES CODE.

6 (3) PARAGRAPH (2) DOES NOT APPLY TO THE FOLLOWING
7 PROVISIONS:

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

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

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

11 (1) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT
12 IMMEDIATELY:

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

14 (II) THIS SECTION.

15 (2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT IN 60
16 DAYS.