

2014 -- S 2786

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO INSURANCE - RHODE ISLAND FRATERNAL CODE

Introduced By: Senators Bates, and Picard

Date Introduced: March 25, 2014

Referred To: Senate Commerce

(Business Regulation)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-25-38 of the General Laws in Chapter 27-25 entitled "Rhode  
2 Island Fraternal Code" is hereby amended to read as follows:

3 **27-25-38. Exemption of certain societies.** -- (a) Nothing contained in this chapter shall  
4 be construed as to affect or apply to:

5 (1) Grand or subordinate lodges of societies, orders, or associations now doing business  
6 in this state which provide benefits exclusively through local or subordinate lodges;

7 ~~(2) Orders, societies, or associations which admit to membership only persons engaged~~  
8 ~~in one or more crafts or hazardous occupations, in the same or similar lines of business, insuring~~  
9 ~~only their own members and their families, and the ladies' societies or ladies' auxiliaries to those~~  
10 ~~orders, societies, or associations;~~

11 ~~(3)~~(2) Domestic societies which limit their membership to employees of a particular city  
12 or town, designated firm, business house, or corporation which provide for a death benefit of not  
13 more than fifteen hundred dollars (\$1500) or disability benefits of not more than twelve hundred  
14 dollars (\$1200) to any person in any one year, or both; or

15 ~~(4)~~(3) Domestic societies or associations of a purely religious, charitable, or benevolent  
16 description, which provide for a death benefit of not more than fifteen hundred dollars (\$1500) or  
17 for disability benefits of not more than twelve hundred dollars (\$1200) to any one person in any  
18 one year, or both.

19 ~~(5)~~(4) Any association, whether a fraternal benefit society or not, which was organized

1 before 1880 and whose members are officers or enlisted, regular or reserve, active, retired, or  
2 honorably discharged members of the Armed Forces or Sea Services of the United States, and a  
3 principal purpose of which is to provide insurance and other benefits to its members and their  
4 dependents or beneficiaries.

5 (b) Any society or association described in subdivision (a)(3) or (a)(4) of this section  
6 which provides for death or disability benefits for which benefit certificates are issued, and any  
7 society or association included in subdivision (a)(4) of this section which has more than fifteen  
8 hundred (1500) members, shall not be exempted from the provisions of this chapter but shall  
9 comply with all of its requirements.

10 (c) No society which, by the provisions of this section, is exempt from the requirements  
11 of this chapter, except any society described in subdivision (a)(2) of this section, shall give or  
12 allow, or promise to give or allow, to any person any compensation for procuring new members.

13 (d) Every society which provides for benefits in case of death or disability resulting  
14 solely from accident, and which does not obligate itself to pay natural death or sick benefits, shall  
15 have all of the privileges and be subject to all the applicable provisions and regulations of this  
16 chapter except that the provisions of this chapter relating to medical examination, valuations of  
17 benefit certificates, and incontestability, shall not apply to the society.

18 (e) The commissioner of insurance may require from any society or association, by  
19 examination or otherwise, any information that will enable the commissioner to determine  
20 whether the society or association is exempt from the provisions of this chapter.

21 (f) Each association that is exempted from insurance regulation under subdivision (a)(5)  
22 of this section shall annually, on or before the first day of May, file with the commissioner a true  
23 and complete financial statement audited by an independent certified public accountant or  
24 accounting firm of its financial condition, transactions and affairs for the preceding calendar year  
25 and pay a fee of ten dollars (\$10.00) for filing the same. Such an association may be required to  
26 file quarterly financial statements upon request by the insurance commissioner, due on or before  
27 forty-five (45) days after the quarter ending. Annual and quarterly statements shall be available  
28 for inspection by the public. If, in the opinion of the commissioner, such an association has not  
29 maintained assets sufficient to meet its liabilities and the minimum capital and surplus  
30 requirements set forth in section 27-2-5, the commissioner may order such association to increase  
31 its capital and surplus. If the association is unable to satisfy such order, the commissioner may  
32 order such association to cease and desist from assuming any additional liabilities in this state  
33 until such time as the association is able to satisfy the capital and surplus requirements ordered by  
34 the commissioner. Such orders shall be subject to judicial review pursuant to section 27-25-36.

1           (g) Societies exempted under the provisions of this section shall also be exempt from all  
2 other provisions of the insurance laws of this state.

3           SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO INSURANCE - RHODE ISLAND FRATERNAL CODE

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1           This act would remove the exemption to the provisions of the Rhode Island Fraternal  
2 Code granted to orders, societies, or associations which admit to membership only persons  
3 engaged in one or more crafts or hazardous occupations, in the same or similar lines of business,  
4 insuring only their own members and their families, and the ladies' societies or ladies' auxiliaries  
5 to those orders, societies, or associations.

6           This act would take effect upon passage.

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