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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO INSURANCE - FRATERNAL CODE

Introduced By: Senators Felag, DiPalma, Paiva Weed, and Ciccone

Date Introduced: February 12, 2013

Referred To: Senate Special Legislation and Veterans Affairs

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) Domestic societies which limit their membership to employees of a particular city or  
12 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) 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) 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) Societies exempted under the provisions of this section shall also be exempt from all  
22 other provisions of the insurance laws of this state.

23 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 - FRATERNAL CODE

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- 1           This act would exempt certain military associations organized before 1880 from the laws
- 2   regulating fraternal benefit societies.
- 3           This act would take effect upon passage.

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