

2014 -- S 2786

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LC004227
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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~~ that 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~~ that limit their membership to employees of a particular
12 city or town, designated firm, business house, or corporation ~~which~~ that provide for a death
13 benefit of not more than fifteen hundred dollars (\$1500) or disability benefits of not more than
14 twelve hundred 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~~ that provide for a death benefit of not more than fifteen hundred dollars
17 (\$1500) or for disability benefits of not more than twelve hundred dollars (\$1200) to any one
18 person in any one year, or both.

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

1 organized before 1880 and whose members are officers or enlisted, regular or reserve, active,
2 retired, or honorably discharged members of the ~~A~~armed ~~F~~forces or ~~S~~sea ~~S~~services of the United
3 States, and a principal purpose of which is to provide insurance and other benefits to its members
4 and their dependents or beneficiaries.

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

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

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

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

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

1 requirements ordered by the commissioner. Such orders shall be subject to judicial review
2 pursuant to ~~section~~ §27-25-36.

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

5 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

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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