AN ACT

RELATING TO INSURANCE - RHODE ISLAND FRATERNAL CODE

Introduced By: Representatives Keable, and Kennedy

Date Introduced: February 13, 2014

Referred To: House Corporations

(Business Regulation)

It is enacted by the General Assembly as follows:

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

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

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

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

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

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

5. Any association, whether a fraternal benefit society or not, which was established and formed in conformity with the provisions of this chapter.
organized before 1880 and whose members are officers or enlisted, regular or reserve, active,
retired, or honorably discharged members of the Armed Forces or Sea services of the United
States, and a principal purpose of which is to provide insurance and other benefits to its members
and their dependents or beneficiaries.

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

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

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

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

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

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

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

This act would take effect upon passage.