

## Article - Insurance

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§8-402.

(a) (1) An incorporated society, order, or supreme lodge without capital stock is deemed to be a fraternal benefit society if it:

(i) is conducted solely for the benefit of its members and their beneficiaries;

(ii) is not conducted for profit;

(iii) is operated on a lodge system with ritualistic form of work;

(iv) has a representative form of government; and

(v) provides for benefits to be paid in accordance with this subtitle.

(2) An incorporated or unincorporated society, order, or supreme lodge without capital stock that is exempted under § 8-404(a)(2) of this subtitle is deemed to be a fraternal benefit society.

(b) A society is deemed to be operating on a lodge system if it operates under a system by which the society:

(1) has a supreme legislative or governing body and subordinate lodges or branches, by whatever name known;

(2) by its laws, requires the subordinate lodges or branches to hold regular meetings at least once each month in furtherance of the purposes of the society; and

(3) elects, initiates, or admits members in accordance with its laws, rituals, and rules.

(c) A society is deemed to have a representative form of government if:

(1) (i) the society provides in its laws for a supreme legislative or governing body composed of:

1. representatives elected by the members of the society or by delegates elected directly or indirectly by the members; and

2. any other individuals required by the laws of the society;

(ii) election of delegates may be accomplished by mail;

(iii) the elected representatives of the society:

1. are a majority of the supreme legislative or governing body;  
2. have at least two-thirds of the votes; and  
3. have at least the number of votes required to amend the laws of the society;

(iv) at least once every 4 years:  
1. the supreme legislative or governing body of the society meets; and  
2. officers, representatives, or delegates of the society are elected;

(v) each insured member is eligible for election to act or serve as a delegate to the meeting;

(vi) the society has a board of directors that:  
1. is responsible for the management of the affairs of the society between meetings of the supreme legislative or governing body;  
2. is subject to control by the supreme legislative or governing body;

3. except when a vacancy is filled between meetings of the supreme legislative or governing body, is elected by the supreme legislative or governing body; and

4. has powers and duties delegated by the laws of the society;

(vii) the officers of the society are elected by the supreme legislative or governing body or by the board of directors; and

(viii) the members, officers, representatives, or delegates of the society may not vote by proxy; or

(2) (i) the society provides in its laws for a supreme legislative or governing body composed of:

1. a board composed of individuals elected by the members, either directly or by their representatives in intermediate assemblies; and

2. any other individuals required by the laws of the society;

(ii) election of the board may be accomplished by mail;

(iii) the term of an elected board member may not exceed 4 years;

(iv) the individuals elected to the board:

1. are a majority of the board; and
2. have at least the number of votes required to amend the laws of the society;

(v) vacancies on the board between elections are filled as prescribed by the laws of the society;

(vi) an individual filling the unexpired term of an elected board member is considered to be an elected member; and

(vii) the board meets at least quarterly to conduct the business of the society.

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