Article - Insurance

§8–415.

(a) (1) After receiving a preliminary certificate of authority from the Commissioner, a society may solicit members for the purposes of completing its organization.

(2) Until the society complies with the requirements of subsection (b) of this section, the society may not:

(i) incur any liability other than for the return of an advance premium;

(ii) issue any certificate; or

(iii) pay, allow, or offer or promise to pay or allow any death or disability benefit.

(b) Each society shall:

(1) secure bona fide applications for death benefits in an aggregate amount of at least $500,000 on at least 500 lives;

(2) receive from each applicant evidence of insurability satisfactory to the society;

(3) have on file certificates of examination or acceptable declarations of insurability approved by the society's chief medical examiner;

(4) collect from each applicant the amount of at least one regular monthly premium under the society's table of rates as provided by the society's laws, and issue to each applicant a receipt for the amount received;

(5) collect premiums as provided in item (4) of this subsection in an aggregate amount of at least $150,000 and credit the premiums to the funds from which benefits are to be paid;

(6) establish at least ten subordinate lodges or branches into which the applicants are admitted;

(7) submit to the Commissioner, under the oath of the president, secretary, or an equivalent officer of the society, the name, address, date of admission, and amounts of benefits and premiums of each applicant, and the name and number of the subordinate branch of which the applicant is a member; and

(8) submit to the Commissioner, under oath of the treasurer or an equivalent officer of the society, a statement that at least 500 applicants have paid the premiums required by items (4) and (5) of this subsection.

(c) All advance premiums shall be held in trust during the period of organization and, if the society has not qualified for a certificate of authority within 1 year, the premiums shall be returned to the applicants.