

CF SB 568

By: Delegates Pendergrass and Turner, Turner, Donoghue, and Frank

Introduced and read first time: February 10, 1997

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 18, 1997

CHAPTER ____

1 AN ACT concerning

2 **Insurance - Fraternal Benefit Societies - Exempted Societies**

3 FOR the purpose of exempting a certain type of fraternal benefit society from certain
4 provisions of the fraternal benefit society and insurance laws; providing for the
5 effective date of this Act; and generally relating to fraternal benefit societies.

6 BY repealing and reenacting, with amendments,

7 Article - Insurance

8 Section 8-404(a)

9 Annotated Code of Maryland

10 (1995 Volume and 1996 Supplement)

11 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - Insurance**

15 8-404.

16 (a) Except as provided in this section, this subtitle and the other insurance laws of
17 the State do not apply to:

18 (1) a grand or subordinate lodge or society, order, or association that:

19 (i) was doing business in the State on December 31, 1963;

20 (ii) provides benefits exclusively through local or subordinate lodges;

21 and

22 (iii) does not issue benefit certificates;

2

1 (2) an order, society, or association that:

2 (i) 1. limits its membership to individuals engaged in one or more
3 crafts or hazardous occupations in the same or similar lines of business; ~~OR~~

4 ~~2. HAS A PURELY RELIGIOUS PURPOSE AND PROVIDED~~
5 ~~HEALTH AND ACCIDENT BENEFITS ON AND BEFORE JANUARY 1, 1997; and~~

6 (ii) ~~2.~~ insures only its members and their families and dependents;
7 OR

8 (II) 1. AS TO INDIVIDUAL HEALTH INSURANCE POLICIES,
9 OFFERS THOSE POLICIES IN THIS STATE ONLY TO MEMBERS OF THE MENNONITE
10 CHURCH AND THEIR DEPENDENTS AND FAMILIES;

11 2. WAS FORMED AS A FRATERNAL BENEFIT SOCIETY
12 UNDER THE LAWS OF THE STATE OF INDIANA PRIOR TO JANUARY 1, 1966 FOR THE
13 PURPOSE OF PROVIDING MUTUAL AID IN AFFILIATION WITH THE MENNONITE
14 CHURCH; AND

15 3. IS REGISTERED AS A FOREIGN CORPORATION UNDER §
16 7-202 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE; OR

17 (III) 1. AS TO INDIVIDUAL LIFE INSURANCE POLICIES, OFFERS
18 THOSE POLICIES IN THIS STATE ONLY TO MEMBERS OF THE MENNONITE CHURCH
19 AND THEIR DEPENDENTS AND FAMILIES;

20 2. WAS FORMED AS A FRATERNAL BENEFIT SOCIETY
21 UNDER THE LAWS OF THE STATE OF INDIANA PRIOR TO JANUARY 1, 1966 FOR THE
22 PURPOSE OF PROVIDING MUTUAL AID IN AFFILIATION WITH THE MENNONITE
23 CHURCH; AND

24 3. IS REGISTERED AS A FOREIGN CORPORATION UNDER §
25 7-202 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE;

26 (3) a society or auxiliary of an order, society, or association described in
27 item (2) of this subsection;

28 (4) a domestic society that:

29 (i) limits its membership to employees of a particular municipal area
30 or a designated firm, business house, or corporation;

31 (ii) provides for individual death benefits not exceeding \$400 per year
32 or disability benefits not exceeding \$350 per year or both; and

33 (iii) does not issue benefit certificates; and

34 (5) a domestic society or association that:

35 (i) has a purely religious, charitable, or benevolent purpose;

36 (ii) provides for individual death benefits not exceeding \$400 per year
37 or disability benefits not exceeding \$350 per year or both;

3

1 (iii) does not issue benefit certificates; and

2 (iv) has a membership of not more than 1,000 individuals.

3 SECTION 2. AND BE IT FURTHER ENACTED, That the provisions of §
4 8-404(a)(2)(iii) of the Insurance Article, as enacted by Section 1 of this Act, shall take
5 effect October 1, 1998.

6 SECTION 2- 3. AND BE IT FURTHER ENACTED, That, subject to the
7 provisions of Section 2 of this Act, this Act shall take effect October 1, 1997.