

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 645

(Senator Astle)

Finance

Health and Government Operations

**Fraternal Benefit Societies - Exemption for Mutual Aid Associations -
Clarification**

This bill specifies that the statutory exemption granted to fraternal benefit societies from regulation under the insurance laws of the State also includes an association comprising active duty, reserve, honorably discharged, and retired members of the Armed Forces or Sea Services of the United States that organized prior to 1880.

Fiscal Summary

State Effect: The bill does not directly affect State finances or operations.

Local Effect: The bill does not directly affect local finances or operations.

Small Business Effect: None.

Analysis

Current Law/Background: Except as otherwise specified, the insurance laws of the State do not apply to certain nonprofit lodges, societies, orders, or associations that provide certain types of life insurance, disability insurance, or survivor benefits to members. An order, society, or association that limits its membership to individuals engaged in one or more hazardous occupations in the same or similar lines of business is also exempted from the insurance laws of the State.

The Navy Mutual Aid Association (Navy Mutual) is a not-for-profit association and Congressionally chartered veterans service organization that provides approximately 95,920 members of the Sea Services (Navy, Marine Corps, Coast Guard, National

Oceanic and Atmospheric Administration, and the U.S. Public Health Service) with life insurance and survivor benefits. Navy Mutual was formed in 1879 and provides life insurance and annuities only to active duty, reserve, and retired members of the Sea Services and their families.

Additional Information

Prior Introductions: None.

Cross File: HB 537 (Delegate King) - Health and Government Operations.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - February 25, 2009
ncs/ljm

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