Chapter 748

1981 REPLACEMENT PART

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DEFINITIONS

748.105 "Fraternal benefit society." "Fraternal benefit society" or "society" means any corporation, society, order or voluntary association, without capital stock, organized and carried on solely for the mutual benefit of its members and their beneficiaries, and not for profit, and having a lodge system with ritualistic form of work and representative form of government, and which provides for the payment of benefits in accordance with ORS 748.210. [Formerly 740 010]

748.110 "Lodge system." "Lodge system" means the operation of a fraternal benefit society with a supreme legislative or governing body and subordinate lodges or branches, by whatever name known, into which members are elected, initiated and admitted in accordance with its constitution, laws, rules, regulations, and prescribed ritualistic ceremonies, which subordinate lodges or branches are required by the laws of the society to hold regular meetings at least once each month [Formerly 740 020]

748.115 "Representative form of government." A fraternal benefit society shall provide in its constitution and laws for a representative form of government, which shall be deemed to exist only if.

(1) The society has a supreme legislative or governing body composed of representatives elected either by the members or by delegates elected directly or indirectly by the members. The constitution may provide for additional representatives but the elective representatives must constitute a majority in number and have not less than two-thirds of the votes nor less than the votes required to amend the constitution and laws.

(2) Meetings of the supreme body and elections of officers, representatives or delegates are held as often as once in four years.

(3) The society has a board of directors charged with the responsibility for managing its affairs in the interim between meetings of its supreme legislative or governing body, subject to control by such body and having powers and duties delegated to it in the constitution or laws of the society.

(4) The board of directors is elected by the supreme legislative or governing body, except in case of filling a vacancy in the interim between meetings of such body.

(5) The officers are elected either by the supreme legislative or governing body or by the board of directors.

(6) The members, officers, representatives or delegates may not vote by proxy [Formerly 740 030]

748.120 "Premium." As used in this chapter, "premium" means premium, rate or other required contribution by whatever name known [1967 c 359 §601]

ORGANIZATION AND CORPORATE PROCEDURES OF DOMESTIC SOCIETIES

748.135 Incorporation procedure for domestic society. (1) Seven or more persons who are citizens of the United States, a majority of whom are residents of this state, may form a fraternal benefit society by making, with their addresses, and acknowledging before some officer competent to take acknowledgment of deeds, articles of incorporation, in which shall be stated:

(a) The proposed corporate name of the society.

(b) The purposes for which the society is being formed Lawful social, intellectual, educational, charitable, benevolent, moral or religious advantages may be set forth among the purposes, but otherwise the powers may be

no more liberal than are granted by this chapter.

(c) The mode in which its corporate powers are to be exercised.

(d) The names, residences and official titles of all the officers, trustees, directors or other persons who are to have and exercise the general control and management of the affairs and funds of the society until their successors are elected by the supreme legislative or governing body.

(e) A plan for election of officers, directors and trustees by the supreme legislative or governing body within one year from the date of the certificate of authority.

(2) The incorporators shall file with the commissioner:

(a) The articles of incorporation.

(b) Certified copies of the constitution, laws, rules and regulations.

(c) Copies of all proposed forms of benefit certificates, applications therefor and circulars to be issued by the society.

(d) A bond in the sum of $5,000 with sureties approved by the commissioner conditioned upon the return of the advance premiums as required by ORS 748 145.

(e) Such further information as the commissioner considers necessary [Formerly 740 090]

748.140 Preliminary certificate of authority. (1) If the purposes of a domestic fraternal benefit society stated in its articles of incorporation conform to this chapter and all provisions of law have been complied with, the commissioner shall issue to the incorporators a preliminary certificate authorizing the society to solicit members as provided in ORS 748.145.

(2) The preliminary certificate shall be valid for one year from its date, or for such further period not exceeding one year as may be authorized by the commissioner upon cause shown. The articles of incorporation and all proceedings thereunder shall become null and void at the expiration of the preliminary certificate unless the society has completed its organization and received a certificate of authority as provided in ORS 748.150. [Formerly 740 100]

748.145 Soliciting members. (1) Upon receipt of a preliminary certificate a fraternal benefit society may solicit members for the purpose of completing its organization. It shall collect from each applicant for membership an advance premium of not less than one regular monthly premium in accordance with the table of rates provided by its constitution and laws, and shall issue to each applicant a receipt for the amount collected

(2) All money so collected shall be credited to the fund or funds from which benefits are to be paid, and no part may be used for expenses. During the period of organization the advance premiums shall be held in trust and, if the society has not qualified for a certificate of authority within one year, shall be returned to the applicants. [Formerly 740 110]

748.150 Certificate of authority, domestic society. (1) No domestic fraternal benefit society shall incur any liability other than for advance premiums under ORS 748.145 or issue any benefit certificate, or pay or allow, or offer or promise to pay or allow, to any person any death or disability benefit until it has received a certificate of authority from the commissioner A certificate will not be issued until:

(a) Bona fide applications for death benefit certificates have been secured upon at least 500 lives for at least $1,000 each, all such applicants for death benefits have furnished evidence of insurability satisfactory to the society, and certificates of examinations or acceptable declarations of insurability have been duly filed and approved by the chief medical examiner of the society

(b) Ten subordinate lodges or branches have been established into which the 500 applicants have been admitted.

(c) There has been submitted to the commissioner, under oath of the president and secretary or corresponding officers of the society, a list of such applicants, giving their names, addresses, date examined, date approved, date admitted, name and number of the subordinate branch of which each applicant is a member, amount of benefits to be granted and premiums therefor.

(d) It has been shown to the commissioner by the sworn statement of the treasurer or corresponding officer of the society that at least 500 applicants have each paid in cash at least one regular monthly premium, which premiums in the aggregate amount to at least $2,500

(2) The commissioner shall make such examination and require such further information as he deems advisable. Upon presenta-

tion of satisfactory evidence that the society has complied with all the provisions of law he shall issue to the society a certificate of authority to transact business pursuant to this chapter. [Formerly 740 120]

748.155 Constitution and laws. A domestic fraternal benefit society has the power to make and amend a constitution and laws for the government of the society, the admission of its members, the management of its affairs and the fixing and readjusting from time to time of the rates of contribution of its members. It has such other powers as are necessary and incidental to carrying into effect its objects and purposes. [Formerly 740 140]

748.160 Location of office; place of meetings. (1) The principal office of a domestic fraternal benefit society shall be located in this state.

(2) The meetings of the society's supreme body may be held in any state or province where the society has at least five subordinate branches, and all business transacted at such meetings shall be as valid in all respects as if such meetings were held in this state. [Formerly 740 040]

748.165 Merger of domestic society. (1) A domestic fraternal benefit society may consolidate or merge with another society by complying with the provisions of this section. It shall file with the commissioner:

(a) The written contract setting out in full the terms and conditions of the consolidation or merger.

(b) A sworn statement of the financial condition of each society by its president and secretary or corresponding officers.

(c) A certificate of such officers, duly verified under oath, that the consolidation or merger has been approved by a two-thirds vote of the supreme legislative or governing body of each society.

(d) Evidence that at least 60 days prior to the action of the supreme legislative or governing body of each society, the text of the contract was furnished to all members of each society either by mail or by publication in full in the official organ of each society.

(2) If the commissioner finds the financial statements to be correct and the contract to be in conformity with the provisions of this section, and that the consolidation or merger is just and equitable to the members of each society, he shall approve the contract and issue his certificate to that effect

(3) Upon such approval, the contract shall be in full force and effect unless any society which is a party to the contract is incorporated under the laws of any other state. In such event the consolidation or merger shall not become effective unless and until it has been approved as provided by the laws of such state and a certificate of such approval filed with the commissioner of this state. If the laws of such state contain no such provision, the consolidation or merger shall not become effective unless and until it has been approved by the insurance supervisory official of such state and a certificate of such approval filed with the commissioner of this state.

(4) Upon the consolidation or merger becoming effective, all the rights, franchises and interests of the consolidated or merged societies in and to every species of property, real, personal or mixed, and things in action thereunto belonging shall be vested in the society resulting from or remaining after the consolidation or merger without any other instrument, except that conveyances of real property may be evidenced by proper deeds, and the title to any real estate or interest therein, vested under the laws of this state in any of the societies consolidated or merged, shall not revert or be in any way impaired by reason of the consolidation or merger, but shall vest absolutely in the society resulting from or remaining after such consolidation or merger. [Formerly 740 510]

748.170 Conversion of domestic society into mutual insurer. A domestic fraternal benefit society may be converted into a mutual insurer by compliance with all the requirements of the Insurance Code, if the plan of conversion has been approved by the commissioner. The plan shall be prepared in writing setting forth in full the terms and conditions thereof. The board of directors shall submit the plan to the supreme legislative or governing body of the society at any regular or special meeting thereof, by giving a full, true and complete copy of the plan with the notice of such meeting. The notice shall be given as provided in the laws of the society for the convocation of a regular or special meeting of such body, as the case may be. The affirmative vote of two-thirds of all members of such body shall be necessary for the approval of the plan. No such conversion shall take effect unless and until approved by the commission-

er, who shall give such approval if he finds that the proposed change is in conformity with the requirements of law and not prejudicial to the certificate holders of the society. [1967 c 359 §609]

748.175 Amendments to articles, constitution and laws, domestic society. (1) A domestic society may amend its articles of incorporation, constitution or laws in accordance with the provisions thereof by action of its supreme legislative or governing body at any regular or special meeting thereof or, if its articles of incorporation, constitution or laws so provide, by referendum. Such referendum may be held in accordance with the provisions of its articles of incorporation, constitution or laws by the vote of the voting members of the society, by the vote of delegates or representatives of voting members or by the vote of local lodges or branches. No amendment submitted for adoption by referendum shall be adopted unless, within six months from the date of submission thereof, a majority of all of the voting members of the society shall have signified their consent to such amendment by one of the methods therein specified.

(2) No amendment to the articles of incorporation, constitution or laws of any domestic society shall take effect unless approved by the commissioner, who shall approve such amendment if he finds that it has been duly adopted and is not inconsistent with any requirement of the laws of this state or with the character, objects and purposes of the society. Unless the commissioner shall disapprove any such amendment within 60 days after its filing, such amendment shall be considered approved The approval or disapproval by the commissioner shall be in writing and mailed to the secretary or corresponding officer of the society at its principal office. In case the commissioner disapproves such amendment, the reasons therefor shall be stated in the notice.

(3) Within 90 days from the approval thereof by the commissioner, such amendment or a synopsis thereof shall be furnished to all members of the society, either by mail or by publication in full in the official organ of the society. [1967 c 359 §610]

FOREIGN AND ALIEN SOCIETIES

748.185 Authorization of foreign or alien society. (1) A foreign or alien fraternal benefit society may be authorized to transact business within this state upon filing with the commissioner:

(a) A certified copy of its charter or articles of incorporation.

(b) A copy of its constitution and laws certified by its secretary or corresponding officer.

(c) The name of its registered office or agent in this state for service of process as required by ORS 731.434.

(d) A statement of its business under oath of its president and secretary, or corresponding officers, in the form required by the commissioner, verified by an examination made by the supervising insurance official of its home state or other jurisdiction satisfactory to the commissioner.

(e) A certificate from the proper official of its home state, province or country that the society is legally incorporated and authorized to transact business therein.

(f) Copies of its certificate forms.

(g) Such other relevant information as the commissioner may consider necessary.

(2) The commissioner shall issue an applicant foreign or alien society a certificate of authority to do business in this state if satisfied that.

(a) It has its assets invested as required by the Insurance Code.

(b) It has the qualifications required of domestic societies organized under this chapter. [Formerly 740 160]

748.190 Amendments to articles, constitution and laws, foreign or alien society. Every foreign or alien society authorized to do business in this state shall file with the commissioner a certified copy of all amendments of, or additions to, its articles of incorporation, constitution or laws within 90 days after enactment. [1967 c 359 §612]

MEMBERSHIP, BENEFITS AND CONTRACTS GENERALLY

748.205 Qualifications for membership. (1) A society may admit to adult benefit membership any person not less than 15 years of age, nearest birthday, who has furnished evidence of insurability acceptable to the society. Any member who shall apply for additional benefits more than six months after becoming a benefit member shall furnish additional evidence of insurability acceptable to the society, unless such additional benefits are issued pursuant to an existing contract under the terms of which the member is entitled to purchase such additional benefits without furnishing evidence of insurability.

(2) Any person admitted prior to attaining the full age of 21 years shall be bound by the terms of the application and certificate, and by all the laws and rules of the society, and shall be entitled to all the rights and privileges of membership, to the same extent as though the age of majority had been attained at the time of application.

(3) A society may also admit general or social members who shall have no voice or vote in the management of its insurance affairs. [1967 c 359 §613]

748.210 Benefits. (1) A society may provide for the payment of:

(a) Death benefits in any form;

(b) Endowment benefits;

(c) Annuity benefits;

(d) Temporary or permanent disability benefits as a result of sickness or accident;

(e) Hospital, medical or nursing benefits due to sickness or bodily infirmity or accident; and

(f) Monument or tombstone benefits to the memory of deceased members not exceeding in any case the sum of $300.

(2) Such benefits may be provided on the lives of members or, upon application of a member, on the lives of the member's family, including the member, the member's spouse and minor children, in the same or separate certificates. [1967 c 359 §614]

748.215 Benefits on lives of children. (1) A society may provide for benefits on the lives of children under the minimum age for adult membership but not over age 21 at time of application, upon the application of some adult person, as its laws or rules may provide. Such benefits shall be in accordance with the provisions of ORS 748.210 (1). A society may organize and operate branches for such children. Membership and initiation in local lodges shall not be required of such children, nor shall they have a voice in the management of the society.

(2) A society shall have power to provide for the designation and changing of designation of beneficiaries in the certificates providing for such benefits and to provide in all other respects for the regulation, government and control of such certificates and all rights, obligations and liabilities incident thereto and connected therewith. [1967 c 359 §615]

748.216 [Formerly 740 740; repealed by 1969 c.336 §21]

748.220 Beneficiaries. (1) A member shall have the right at all times to change his beneficiary or beneficiaries in accordance with the constitution, laws or rules of the society. A society by its constitution, laws or rules may limit the scope of beneficiaries and shall provide that no beneficiary shall have or obtain any vested interest in the proceeds of any certificate until the certificate has become due and payable in conformity with the provisions of the insurance contract.

(2) A society may make provision for the payment of funeral benefits to the extent of such portion of any payment under a certificate as might reasonably appear to be due to any person equitably entitled thereto by reason of having incurred expense occasioned by the burial of the member. The portion so paid shall not exceed $500.

(3) If, at the death of any member, there is no lawful beneficiary to whom the insurance benefits are payable, the amount of such benefits, except to the extent that funeral benefits may be paid as provided in subsection (2) of this section, shall be payable to the personal representative of the deceased member. [1967 c 359 §616]

748.225 Benefits exempt from execution. No money or other benefits, charity, relief or aid to be paid, provided or rendered by any fraternal benefit society is liable to attachment, garnishment or other process or is to be seized, taken, appropriated or applied by any legal or equitable process or operation of law to pay any debt or liability of a member or beneficiary or any other person who may have a right thereunder, either before or after payment by the society. [Formerly 740 640]

748.230 No personal liability. Officers and members of the supreme, grand or any subordinate body of any incorporated society shall not be individually liable for the payment of any benefits provided for by the society. [Formerly 740 200]

748.235 The contract; the certificate; society's laws incorporated. (1) A society shall issue to each benefit member a certificate specifying the amount of benefits provided thereby. The certificate, together with any riders or indorsements attached thereto, the charter or articles of incorporation, the constitution and laws of the society, the application for membership and declaration of insurability, if any, signed by the application, and all amendments to each thereof, shall constitute the agreement, as of the date of issuance, between the society and the member, and the certificate shall so state. A copy of the application for membership and of the declaration of insurability, if any, shall be indorsed upon or attached to the certificate.

(2) All statements purporting to be made by the member shall be representations and not warranties. Any waiver of this provision shall be void

(3) Any changes, additions or amendments to the charter or articles of incorporation, constitution or laws duly made or enacted subsequent to the issuance of the benefit certificate shall bind the member and his beneficiaries, and shall govern and control the agreement in all respects the same as though such changes, additions or amendments had been made prior to and were in force at the time of the application for membership, except that no change, addition or amendment shall destroy or diminish benefits which the society contracted to give the member as of the date of issuance.

(4) Copies of any of the documents constituting the agreement, certified by the secretary of the society or corresponding officer, shall be received as evidence of the terms and conditions thereof.

(5) A society shall provide in its constitution or laws that if its reserves as to all or any class of certificates become impaired its board of directors or corresponding body may require that there shall be paid by the member to the society the amount of the member's equitable proportion of such deficiency as ascertained by its board, and that if the payment is not made it shall stand as an indebtedness against the certificate and draw interest not to exceed five percent per annum compounded annually. [Formerly 740.650]

748.240 No waiver of society's laws. The constitution and laws of a fraternal benefit society may provide that no subordinate body, or any of its subordinate officers or members, shall have the power or authority to waive any of the provisions of the laws and constitution of the society. Such a provision shall be binding on the society and every member and beneficiary of a member. [Formerly 740 660]

LIFE INSURANCE AND HEALTH INSURANCE BENEFIT CERTIFICATES

748.305 Basis of nonforfeiture benefits and other options. (1) A society may grant paid-up nonforfeiture benefits, cash surrender values, certificate loans and such other options as its laws permit. As to certificates issued on and after June 8, 1967, a society shall grant at least one paid-up nonforfeiture benefit, except in the case of pure endowment, annuity or reversionary annuity contracts, reducing term insurance contracts or contracts of term insurance of uniform amount of 15 years or less expiring before age 66.

(2) (a) In the case of certificates other than those for which reserves are computed on one of the tables specified for life insurance benefits in ORS 733.123, the value of every paid-up nonforfeiture benefit and the amount of any cash surrender value, loan or other option granted shall not be less, except as provided in paragraph (b) of this subsection, than the excess, if any, of item (A) over item (B) as follows:

(A) The reserve under the certificate determined on the basis specified in the certificate.

(B) The sum of any indebtedness to the society on the certificate, including interest due and accrued, and a surrender charge equal to two and one-half percent of the face amount of the certificate, which, in the case of insurance on the lives of children, shall be the ultimate face amount of the certificate, if death benefits provided therein are graded.

(b) In the case of such certificates issued on a substandard basis or the reserves for which are computed on the American Men Ultimate Table of Mortality, the term of any extended insurance benefit granted and ac-

companying pure endowment, if any, may be computed on rates of mortality not greater than 130 percent of those shown by the mortality table specified in the certificate for the computation of the reserve.

(3) In the case of certificates for which reserves are computed on one of the tables specified for life insurance benefits in ORS 733.123, every paid-up nonforfeiture benefit and the amount of any cash surrender value, loan or other option granted shall not be less than the corresponding amount ascertained in accordance with the provisions of the Insurance Code applicable to insurers issuing policies containing like insurance benefits based upon such table. [1967 c 359 §621]

748.310 Society's laws. A life insurance benefit certificate shall contain a statement regarding the incorporation of the constitution and laws of the society in the agreement between the society and the member, in accordance with ORS 748.235. [1967 c 359 §622]

748.315 Title. A life insurance benefit certificate shall contain a title clearly and correctly describing the form of certificate. [1967 c 359 §623]

748.320 Statement of premium. A life insurance benefit certificate shall contain a provision stating the amount of rates, premiums or other required contributions, by whatever name known, which are payable by the insured under the certificate. [1967 c 359 §624]

748.325 Grace period. A life insurance benefit certificate shall contain a provision that the member is entitled to a grace period of not less than a full month, or 30 days at the option of the society, in which the payment of any premium after the first may be made During such grace period the certificate shall continue in full force, but in case the certificate becomes a claim during the grace period before the overdue payment is made, the amount of such overdue payment or payments may be deducted in any settlement under the certificate. [1967 c 359 §625]

748.330 Reinstatement. A life insurance benefit certificate shall contain a provision that the member shall be entitled to have the certificate reinstated at any time within three years from the due date of a premium in default, unless the certificate has been completely terminated through the application of a nonforfeiture benefit, cash surrender value or certificate loan, upon the production of evidence of insurability satisfactory to the society and the payment of all overdue premiums and any other indebtedness to the society upon the certificate, together with interest on such premiums and such indebtedness, if any, at a rate not exceeding six percent per annum compounded annually [1967 c 359 §626]

748.335 Nonforfeiture benefits. A life insurance benefit certificate, except in the case of pure endowment, annuity or reversionary annuity contracts, reducing term insurance contracts, or contracts of term insurance of uniform amount of 15 years or less expiring before age 66, shall contain a provision that, in the event of default in payment of any premium after three full years' premiums have been paid or after premiums for a lesser period have been paid if the contract so provides, the society will grant, upon proper request not later than 60 days after the due date of the premium in default, a paid-up nonforfeiture benefit on the plan stipulated in the certificate, effective as of such due date, of such value as specified in ORS 748.305. The certificate may provide, if the society's laws so specify or if the member may so elect prior to the expiration of the grace period of any overdue premium, that default shall not occur so long as premiums can be paid under the provisions of an arrangement for automatic premium loan as set forth in the certificate [1967 c 359 §627]

748.340 Automatic nonforfeiture benefit. A life insurance benefit certificate shall contain a provision that one paid-up nonforfeiture benefit as specified in the certificate shall become effective automatically unless the member elects another available paid-up nonforfeiture benefit not later than 60 days after the due date of the premium in default. [1967 c 359 §628]

748.345 Statement of nonforfeiture benefit basis. A life insurance benefit certificate shall contain a statement of the mortality table and rate of interest used in determining all paid-up nonforfeiture benefits and cash surrender options available under the certificate, and a brief general statement of the method used in calculating such benefits. [1967 c 359 §629]

748.350 Table of nonforfeiture values. A life insurance benefit certificate shall contain a table showing the amount of every paid-up nonforfeiture benefit and cash surren-

der option available under the certificate on each certificate anniversary either during the first 20 certificate years or during the term of the certificate, whichever is shorter. [1967 c 359 §630]

748.355 Incontestability. A life insurance benefit certificate shall contain a provision that the certificate shall be incontestable after it has been in force during the lifetime of the member for a period of two years from its date of issue, except for nonpayment of premiums, violation of the provisions of the certificate relating to military, aviation, or naval service and violation of the provisions relating to suspension or expulsion as substantially set forth in the certificate. At the option of the society, supplemental provisions relating to benefits in the event of temporary or permanent disability or hospitalization, and provisions which grant additional insurance specifically against death by accident or accidental means, may also be excepted. The certificate shall be incontestable on the ground of suicide after it has been in force during the lifetime of the member for a period of two years from date of issue. The certificate may provide, as to statements made to procure reinstatement, that the society shall have the right to contest a reinstated certificate within a period of two years from date of reinstatement with the same exceptions as provided in this section. [1967 c 359 §631]

748.360 Misstatement of age or sex. A life insurance benefit certificate shall contain a provision that in case the age or sex of the member or of any other person is considered in determining the premium, and it is found at any time before final settlement under the certificate that the age or sex has been misstated, and the discrepancy and premium involved have not been adjusted, the amount payable shall be such as the premium would have purchased at the correct age and sex; but if the correct age or sex was not an insurable age or sex under the society's charter or laws, only the premiums paid to the society, less any payments previously made to the member, shall be returned or, at the option of the society, the amount payable under the certificate shall be such as the premium would have purchased at the correct age and sex according to the society's promulgated rates and any extension thereof based on actuarial principles. [1967 c 359 §632]

748.365 Recitation of certain provisions of society's laws. A life insurance benefit certificate shall contain a provision or provisions which recite fully, or which set forth the substance of, all sections of the charter, constitution, laws, rules or regulations of the society, in force at the time of issuance of the certificate, the violation of which will result in the termination or reduction of the benefits payable under the certificate. [1967 c 359 §633]

748.370 Effect of expulsion from society. A life insurance benefit certificate shall contain, if the constitution or laws of the society provide for expulsion or suspension of a member, a provision that any member so expelled or suspended, except for nonpayment of a premium or within the contestable period for material misrepresentations in such member's application for membership, shall have the privilege of maintaining his insurance in force by continuing payment of the required premium. [1967 c 359 §634]

748.375 Prohibited provisions. No life insurance benefit certificate shall contain any of the following provisions:

(1) A provision limiting the time within which any action at law or in equity may be commenced to less than two years after the cause of action accrues.

(2) A provision by which the certificate purports to be issued or to take effect more than six months before the original application for the certificate was made, except in case of transfer from one form of certificate to another in connection with which the member is to receive credit for any reserve accumulation under the form of certificate from which the transfer is made.

(3) A provision for forfeiture of the certificate for failure to repay any loan thereon or to pay interest on such loan while the total indebtedness, including interest, is less than the loan value of the certificate. [1967 c 359 §635]

748.380 Health insurance benefit certificates. A health insurance benefit certificate shall meet the requirements of ORS 743.402 to 743.498 except as provided by the commissioner pursuant to ORS 743.051. [1967 c 359 §636]

GROUP INSURANCE

748.405 Prerequisites to issuance of group insurance. A fraternal benefit society may provide in its laws, in addition to other benefits provided for therein, for the issuance of group benefit certificates if on the date when it enters upon such business it has admitted assets which are greater than the sum of its accrued liabilities and reserves under all of its certificates when valued according to standards required for certificates issued after June 8, 1967. [Formerly 740 810]

748.410 Group insurance plans. (1) Group benefit certificates may provide for the payment of benefits in the event of the death, or death and disability, of:

(a) Persons engaged in a common enterprise or employment.

(b) The employes of any employer.

(2) Group certificates may be issued with or without medical examination and without limitation as to age.

(3) The society shall organize such persons or employes into a lodge or lodges with officers selected in the same manner as officers of other lodges and subject to the provisions of the laws of the society.

(4) Not less than 50 persons may be admitted to membership under one group without medical examination. [Formerly 740 820]

748.415 Who may make payments; percentage of employes required in certain groups. (1) The monthly or other payments to be made to the society on or for any group benefit certificate may be made by the employer, or by the employer and employes jointly, or as provided in the contract.

(2) When such payments are made by the employer and the employes jointly and the benefits under the group certificate are offered to all eligible employes of the employer, not less than 75 percent of the employes must be included under the group certificate. [Formerly 740 840]

748.420 Certificate provisions required by other states. (1) A group certificate, when issued in this state by any foreign or alien society, may contain, when issued, any provision required by the laws of the state or country under which the society is organized.

(2) Group certificates issued in other states or countries by a domestic society may contain any provision required by the laws of such state or country. [Formerly 740.850]

748.425 Individual members in group lodge. Other persons may, if so provided in the laws of a society, become members of a lodge organized under ORS 748.410 subsequent to its organization and be initiated into and hold membership in such lodge, and individual benefit certificates may be issued to them. Such lodges shall in all other respects be subject to the laws of the society. [Formerly 740 860]

748.430 Discontinuance of group or individual membership. If any group certificate is canceled, discontinued, or not renewed, or if any individual member of a group ceases to be a member of the group, the members of such group or any such individual member may be permitted to continue membership in the society for the same amount of protection at the required rate of monthly or other payments and in all other respects as provided in the laws of the society. [1967 c 359 §642]

GENERAL PROVISIONS

748.505 Funds. (1) All assets of a fraternal benefit society shall be held, invested and disbursed for the use and benefit of the society, and no member or beneficiary shall have or acquire individual rights therein or become entitled to any apportionment or the surrender of any part thereof, except as provided in the contract.

(2) A society may create, maintain, invest, disburse and apply any special fund or funds necessary to carry out any purpose permitted by the laws of such society.

(3) Every society, the admitted assets of which are less than the sum of its accrued liabilities and reserves under all of its certificates when valued according to standards required for certificates issued after June 8, 1967, shall, in every provision of the laws of the society for payments by members of such society, in whatever form made, distinctly state the purpose of the same and the proportion thereof which may be used for expenses, and no part of the money collected for mortuary or disability purposes or the net accretions thereto shall be used for expenses. [1967 c 359 §643]

748.510 Operation of other institutions. (1) It shall be lawful for a society to create, maintain and operate charitable, be-

nevolent or educational institutions for the benefit of its members and their families and dependents, and for the benefit of children insured by the society For such purpose it may own, hold or lease personal property or real property located within or without this state, with necessary buildings thereon. Such property shall be reported in the annual statement but shall not be allowed as an admitted asset of the society.

(2) Maintenance, treatment and proper attention in any such institution may be furnished free or a reasonable charge may be made, but no such institution shall be operated for profit. The society shall maintain a separate accounting of any income and disbursements under this section and report them in its annual statement.

(3) No society shall own or operate funeral homes or undertaking establishments. [1967 c 359 §644]

748.515 Annual statement to members. A fraternal benefit society shall mail to each benefit member of the society not later than June 1 of each year a synopsis of its annual statement providing an explanation of the facts concerning the condition of the society thereby disclosed. In lieu of such mailing, the synopsis may be published in the society's official publication. [1967 c 359 §645]

748.520 Valuation of certificates. (1) As a part of the annual statement filed in accordance with ORS 731.574, a fraternal benefit society shall file with the commissioner a valuation of its certificates in force.

(2) Such report of valuation shall show, as reserve liabilities, the difference between the present midyear value of the promised benefits provided in the certificates of such society in force and the present midyear value of the future net premiums as the same are in practice actually collected, not including therein any value for the right to make extra assessments, and not including any amount by which the present midyear value of future net premiums exceeds the present midyear value of promised benefits on individual certificates.

(3) At the option of the society, in lieu of the valuation described in subsection (2) of this section, the valuation may show the net tabular value. Such net tabular value shall:

(a) As to certificates issued prior to June 8, 1967, be determined in accordance with the provisions of law applicable immediately prior to June 8, 1967; and

(b) As to certificates issued on or after June 8, 1967, be not less than the reserves determined according to the Commissioners Reserve Valuation Method, as defined in ORS 733.127.

(4) The reserve liabilities shall be properly adjusted in the event that the midyear or tabular values are not appropriate.

(5) The present value of deferred payments due under incurred claims or matured certificates shall be deemed a liability of the society and shall be computed in accordance with the minimum valuation standards prescribed for such certificates.

(6) The valuation of certificates and underlying data shall be certified by a competent actuary or, at the expense of the society, verified by an actuary of the insurance supervisory authority of the state of domicile of the society. [1967 c 359 §646, 1981 c.609 §22]

748.525 Minimum valuation standards for certificates issued prior to June 8, 1967. The minimum standards of valuation for certificates issued prior to June 8, 1967, shall be those provided by the law applicable immediately prior to June 8, 1967, but not lower than the standards used in the calculating of rates for such certificates. [1967 c 359 §647]

748.530 Minimum valuation standards for certificates issued on or after certain dates. (1) Except as provided in subsection (2) of this section, the minimum standards of valuation for certificates issued on or after June 8, 1967, shall be three and one-half percent interest or, in the case of certificates issued on or after September 13, 1975, and prior to January 1, 1986, four percent interest, and the following tables:

(a) For certificates of life insurance—the American Men Ultimate Table of Mortality, with Bowerman's or Davis' Extension thereof or, with the consent of the commissioner, the Commissioners 1941 Standard Ordinary Mortality Table, the Commissioners 1941 Standard Industrial Mortality Table, the Commissioners 1958 Standard Ordinary Mortality Table or the Commissioners 1961 Standard Industrial Mortality Table, using actual age of the insured for male risks and an age not more than three years younger than the actual age of the insured for female risks.

(b) For annuity and pure endowment certificates, excluding any disability and accidental death benefits in such

certificates—the 1937 Standard Annuity Mortality Table, the Annuity Mortality Table for 1949, Ultimate, or the 1971 Individual Annuity Mortality Table, or any modification of these tables approved by the commissioner.

(c) For total and permanent disability benefits in or supplementary to life insurance certificates—Hunter's Disability Table, or the Class III Disability Table (1926) modified to conform to the contractual waiting period, or the tables of Period 2 disablement rates and the 1930 to 1950 termination rates of the 1952 Disability Study of the Society of Actuaries with due regard to the type of benefit. Any such table shall, for active lives, be combined with a mortality table permitted for calculating the reserves for life insurance certificates.

(d) For accidental death benefits in or supplementary to life insurance certificates—the Inter-Company Double Indemnity Mortality Table or the 1959 Accidental Death Benefits Table. Either table shall be combined with a mortality table permitted for calculating the reserves for life insurance certificates.

(2) In the case of certificates issued on or after September 13, 1975, a fraternal benefit society may value its certificates in accordance with the valuation standards provided in ORS chapter 733 for policies issued by insurers. [1967 c 359 §648, 1975 c 324 §1]

748.535 Other standards of valuation. (1) The commissioner may, in his discretion, accept other standards of valuation if he finds that the reserves produced thereby will not be less in the aggregate than reserves computed in accordance with the minimum valuation standard prescribed The commissioner may, in his discretion, vary the standards of mortality applicable to certificates of insurance on substandard lives or other extra hazardous lives, and to group insurance benefit certificates. Whenever the mortality experience of a society under all certificates valued on the same mortality table is in excess of the expected mortality according to such table for a period of three consecutive years, the commissioner may require additional reserves when deemed necessary in his judgment on account of such certificates.

(2) Any society, with the consent of the insurance supervisory official of its domicile and under such conditions he may impose, may establish and maintain reserves on its certificates in excess of the required reserves, but the contractual rights of any insured member shall not be affected thereby. [1967 c 359 §649]

748.540 Societies providing accident benefits only. Every society which provides for benefits in case of death or disability resulting solely from accident, and which does not obligate itself to pay natural death or sickness benefits, shall have all of the privileges and be subject to all the applicable provisions and regulations of this chapter except that the provisions relating to medical examination, valuations of benefit certificates and incontestability shall not apply to such society [1967 c 359 §650]

748.545 Exemption from taxation. Fraternal benefit societies possessing a subsisting certificate of authority are declared to be charitable and benevolent institutions and exempt from all and every state, county, district, municipal or school tax, other than taxes on real estate and office equipment. [Formerly 740 080]

748.550 Special provisions relating to rehabilitation and liquidation. (1) "Impairment," as defined in ORS 734.020, does not of itself constitute ground for application by the commissioner for an order to rehabilitate or liquidate a fraternal benefit society.

(2) Membership of less than 400 individuals in a domestic fraternal benefit society after it has been in existence one year or more shall constitute ground for application by the commissioner for an order to rehabilitate or liquidate the society. [1967 c 359 §652]

748.555 Other provisions applicable to fraternal benefit societies. (1) The following provisions of the Insurance Code shall apply to fraternal benefit societies to the extent so applicable and not inconsistent with the express provisions of this chapter:

(a) ORS 731.004 to 731.026, 731.032 to 731.154, 731.162, 731.166, 731.170, 731.204 to 731.356, 731.378 to 731.434, 731.446, 731.450, 731.454, 731.504, 731.508, 731.512, 731.574 to 731.620, 731.640, 731.644 to 731.652, 731.804 and 731.844 to 731.992.

(b) ORS 732.245, 732.250 and 732 315 to 732.325.

(c) ORS 733.010 to 733.050, 733.080, 733.140 to 733.170, 733.210, 733 510 to 733.570, 733.590 to 733.680 and 733.710 to 733 780.

(d) ORS chapter 734.

(e) ORS 743.003 to 743.012, 743.018 to 743.030, 743.039 to 743.054, 743.060, 743.069, 743.078, 743.084 to 743.108, 743.114, 743.116, 743.123, 743.350 to 743.370 and 743.558.

(f) ORS 744.005 to 744.265.

(g) ORS 746.005 to 746.140, 746.160, 746.180, 746.220 to 746.370 and 746.600 to 746.690.

(2) For the purposes of this section, fraternal benefit societies shall be deemed insurers and benefit certificates issued by such societies shall be deemed policies. [1967 c 359 §653, 1971 c 231 §40, 1973 c.515 §4, 1973 c 613 §3a, 1975 c 338 §3, 1975 c 689 §3, 1979 c 708 §10, 1981 c 649 §21]