

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007**

**HOUSE BILL 895
RATIFIED BILL**

AN ACT TO CLARIFY THE APPLICATION OF THE INSURANCE LAWS TO
MUTUAL AID ASSOCIATIONS SERVING PRESENT AND PAST MEMBERS
OF THE ARMED FORCES AND SEA SERVICES OF THE UNITED STATES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-24-185 reads as rewritten:

"§ 58-24-185. Exemption of certain societies, societies, orders, and associations.

- (a) Nothing contained in this Article shall be so construed as to affect or apply to:
- (1) Grand or subordinate lodges of societies, orders or associations now doing business in this State which provide benefits exclusively through local or subordinate lodges;
 - (2) Orders, societies or associations which admit to membership only persons engaged in one or more crafts or hazardous occupations, in the same or similar lines of business, insuring only their own members and their families, and the ladies' societies or ladies' auxiliaries to such orders, societies or associations;
 - (3) Domestic societies which limit their membership to employees of a particular city or town, designated firm, business house or corporation which provide for a death benefit of not more than five hundred dollars (\$500.00) or disability benefits of not more than three hundred fifty dollars (\$350.00) to any person in any one year, or both;
 - (4) Domestic societies or associations of a purely religious, charitable or benevolent description, which provide for a death benefit of not more than five hundred dollars (\$500.00) or for disability benefits of not more than three hundred fifty dollars (\$350.00) to any one person in any one year, or both; or
 - (5) An association of local lodges of a society now doing business in this State which provides death benefits not exceeding five hundred dollars (\$500.00) to any one person, provided, that the Commissioner may authorize the payment of death benefits not exceeding three thousand dollars (\$3,000) to any one person, or may authorize disability benefits not exceeding three hundred dollars (\$300.00), or may authorize both payments, in any one year to any one person.
 - (6) Any association, whether a fraternal benefit society or not, which was organized before 1880 and whose members are officers or enlisted, regular or reserve, active, retired, or honorably discharged members of the Armed Forces or Sea Services of the United States, and a principal purpose of which is to provide insurance and other benefits to its members and their dependents or beneficiaries.

(b) Any such society or association described in subsections (a)(3) or (a)(4) supra which provides for death or disability benefits for which benefit certificates are issued, and any such society or association included in subsection (a)(4) which has more than 1000 members, shall not be exempted from the provisions of this Article but shall comply with all requirements thereof.

(c) No society which, by the provisions of this section, is exempt from the requirements of this Article, except any society described in subsection (a)(2) supra, shall give or allow, or promise to give or allow to any person any compensation for procuring new members.

(d) 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 sick benefits shall have all of the privileges and be subject to all the applicable provisions and regulations of this Article except that the provisions thereof relating to medical examination, valuations of benefit certificates, and incontestability, shall not apply to ~~such~~ the society.

(e) The Commissioner may require from any society or association, by examination or otherwise, such information as will enable the Commissioner to determine whether ~~such~~ the society or association is exempt from the provisions of this Article.

(f) Societies, orders, or associations exempted under the provisions of this ~~section,~~ section shall also be exempt from all other provisions of the general insurance laws of this State."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 26th day of April, 2007.

Beverly E. Perdue
President of the Senate

Joe Hackney
Speaker of the House of Representatives

Michael F. Easley
Governor

Approved _____ .m. this _____ day of _____, 2007