

HOUSE No. 2464

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, May 12, 1941.

The committee on Insurance, to whom was referred so much of the recommendations of the Commissioner of Insurance (House, No. 75) as relates to defining more specifically the powers and duties of certain fraternal benefit societies (accompanied by bill, House, No. 78), report the accompanying bill (House, No. 2464).

For the committee,

CHARLES W. HEDGES.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Forty-One.

AN ACT DEFINING MORE SPECIFICALLY THE POWERS AND
DUTIES OF CERTAIN FRATERNAL BENEFIT SOCIETIES.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section three of chapter one hundred
2 and seventy-six of the General Laws, as appearing in
3 the Tercentenary Edition, is hereby amended by
4 inserting after the word "years" in the eleventh line,
5 the following: —, and that a complete stenographic
6 record of the proceedings of each such meeting, as far
7 as it relates to matters within the jurisdiction of the
8 insurance department, shall be filed in the home office
9 of the society within thirty days after its adjournment,
10 — so as to read as follows: — *Section 3.* Any such
11 society shall be deemed to have a representative form
12 of government when it shall provide in its constitution
13 and by-laws for a supreme legislative or governing
14 body, composed of representatives elected either by
15 the members or by delegates elected directly or in-
16 directly by the members, together with such other
17 members as may be prescribed by its constitution and
18 by-laws; provided, that the elective members shall
19 have not less than two thirds of the votes nor less than
20 the number of votes required to amend its constitu-
21 tion and by-laws; and provided, further, that the

22 meetings of the supreme or governing body and the
23 election of officers, representatives or delegates shall
24 be held as often as once in four years, and that a
25 complete stenographic record of the proceedings of
26 each such meeting, as far as it relates to matters within
27 the jurisdiction of the insurance department, shall be
28 filed in the home office of the society within thirty
29 days after its adjournment. The members, officers,
30 representatives or delegates of a fraternal benefit
31 society shall not vote by proxy.

1 SECTION 2. Said chapter one hundred and seventy-
2 six is hereby further amended by striking out section
3 eighteen, as so appearing, and inserting in place thereof
4 the following: —

5 *Section 18.* Every society shall invest its funds in
6 securities permitted by chapter one hundred and
7 seventy-five for the investment of capital of insurance
8 companies, except that it may invest an amount not
9 exceeding ten per cent of its funds in the shares of
10 federal savings and loan associations located in Mas-
11 sachusetts, and in addition an amount not exceeding
12 such ten per cent in shares of co-operative banks
13 chartered by the commonwealth, and may deposit
14 any of its funds in any savings bank or savings de-
15 partment of a trust company, chartered under the
16 laws of the commonwealth; provided, that any foreign
17 society permitted or seeking to do business in the
18 commonwealth may invest its funds in accordance
19 with the laws of the state where it is incorporated,
20 and provided, further, that a part thereof, not ex-
21 ceeding twenty per cent of its death fund, may be
22 invested in a building for use and occupation by the
23 society as its home office; and that a society having

24 branches situated in the Dominion of Canada may
25 invest a part of its death fund in the public funds of the
26 Dominion of Canada, or of any province of the Domin-
27 ion of Canada, not exceeding in the aggregate an
28 amount equal to the sum of its collected premiums for
29 the four months last past.

1 SECTION 3. Section twenty-two of said chapter one
2 hundred and seventy-six, as so appearing, is hereby
3 amended by striking out, in the fourth line, the word
4 “one” and inserting in place thereof the word:—
5 three, — so as to read as follows:— *Section 22.* Any
6 society may provide in its by-laws that a part of the
7 amount payable as a death benefit may be used to
8 pay the funeral expenses of the insured; provided,
9 that the amount so paid shall not exceed three hun-
10 dred dollars, and shall be deducted from the amount
11 payable as a death benefit.

1 SECTION 4. Section thirty of said chapter one
2 hundred and seventy-six, as so appearing, is hereby
3 amended by adding at the end the following:— ; pro-
4 vided, however, that this section shall not be appli-
5 cable to any outstanding indebtedness charged against
6 the member's certificate under the authority of sec-
7 tion sixteen, — so as to read as follows:— *Section 30.*
8 Money or other benefit, charity or relief or aid, to be
9 paid, provided or rendered by any society, shall not
10 be attached or taken upon execution or other process
11 or by operation of law to pay any debt or liability of
12 a member or beneficiary, or of any other person who
13 may have a right thereunder, either before or after
14 payment; provided, however, that this section shall
15 not be applicable to any outstanding indebtedness

16 charged against the member's certificate under the
17 authority of section sixteen.

1 SECTION 5. Section thirty-six of said chapter one
2 hundred and seventy-six, as so appearing, is hereby
3 amended by inserting after the word "society" in the
4 eighth line the following new sentence: — At the next
5 succeeding convention of any society on the lodge
6 system as defined in section two the latest report of
7 each examination made by the commissioner shall be
8 read and the same shall be filed thereafter at the
9 home office of the society, — so that the first para-
10 graph will read as follows: — The commissioner, or
11 any person designated by him, may examine the
12 affairs of any domestic society. He may employ as-
13 sistants for the purpose of such examination, and he
14 or any person designated by him shall have free access
15 to all the books, papers and documents relating to
16 the business of the society, and may summon and
17 qualify as witnesses on oath and examine its officers,
18 agents and employees and other persons in relation
19 to the affairs, transactions and condition of the so-
20 ciety. At the next succeeding convention of any
21 society on the lodge system as defined in section two
22 the latest report of each examination made by the
23 commissioner shall be read and the same shall be filed
24 thereafter at the home office of the society. Whoever,
25 without justifiable cause, neglects, when duly sum-
26 moned as aforesaid, to appear and testify before the
27 commissioner or his authorized representative, or
28 whoever obstructs the said commissioner or his rep-
29 resentative in making an examination under this sec-
30 tion, shall be punished by a fine of not more than one
31 thousand dollars or by imprisonment for not more
32 than one year.

