

No. 1984-5

## AN ACT

SB 788

Amending the act of July 29, 1977 (P.L.105, No.38), entitled "An act providing for the establishment, organization, operation and termination of fraternal benefit societies; imposing additional powers and duties on the Insurance Department and Insurance Commissioner and providing penalties for violations," further providing where meetings of domestic societies may be held and the effect of such meetings; extending the time during which domestic societies may defer loans; further providing for the investment of assets; and extending the time during which the department must visit and examine domestic societies.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Sections 213 and 412 of the act of July 29, 1977 (P.L.105, No.38), known as the Fraternal Benefit Society Code, are amended to read:  
Section 213. Location of office.

The principal office of any domestic society shall be located in this Commonwealth. The meetings of its supreme legislative or governing body may be held in any state[, **district, province or territory wherein such society has at least five subordinate branches**] *or country on the North American Continent* and all business transacted at such meetings shall be as valid in all respects as if such meetings were held in this Commonwealth.

Section 412. Loan value of certificate.

There shall be a provision for a loan value at any time after three full years' premiums have been paid and while no premium is in default beyond the grace period of payment.

In the case of any certificate issued on or after the effective date of this act, the loan provision shall provide that the society will advance, on proper assignment or pledge of the certificate, and on the sole security thereof, at a specified rate of interest, a sum equal to, or at the option of the member entitled thereto, less than, the cash surrender value at the end of the current certificate year as required by section 302 and that the society may deduct from such loan value (in addition to any indebtedness deducted in determining such value) any unpaid balance of the premium for the current certificate year, and may collect interest in advance on the loan to the end of the current certificate year. The society shall reserve the right to defer such loan, except any made to pay premiums to the society, for **[60 days]** *six months* after application therefore is made. This section shall not apply to term insurance.

Section 2. The act is amended by adding a section to read:

**Section 802.1. Additional powers.**

*In addition to the investment of assets as prescribed in section 802 or any other laws of this Commonwealth, a fraternal benefit society may purchase, receive, hold and convey real estate or any interest therein for the purpose of maintenance or construction of camps or recreational areas with necessary*

*facilities for all its members. Such assets shall be shown on the annual statement at cost in the year acquired and may not exceed 5% of other admitted assets of the society.*

Section 3. Section 814 of the act is amended to read:

Section 814. Visitation and examination.

The commissioner, or any person he may appoint, shall have the power of visitation and examination into the affairs of any domestic society and he shall make such examination at least once in every **[three] four** years. He may employ assistants for the purpose of such examination, and he, or any person he may appoint, shall have free access to all books, papers and documents that relate to the business of the society. The minutes of the proceedings of the supreme legislative or governing body and of the board of directors or corresponding body of a society shall be in the English language. In making any such examination, the commissioner may summon and qualify as witnesses under oath and examine its officers, agents and employees or other persons in relation to the affairs, transactions and condition of the society. A summary of the report of the commissioner and such recommendations or statements of the commissioner as may accompany such report, shall be read at the first meeting of the board of directors or corresponding body of the society following the receipt thereof, and if directed so to do by the commissioner, shall also be read at the first meeting of the supreme legislative or governing body of the society following receipt thereof. A copy of the report, recommendations, and statements of the commissioner shall be furnished by the society to each member of such board of directors or other governing body. The expense of each examination and of each valuation, including compensation and actual expense of examiners, shall be paid by the society examined or whose certificates are valued, upon statements furnished by the commissioner.

Section 4. This act shall take effect immediately.

APPROVED—The 9th day of February, A. D. 1984.

DICK THORNBURGH