

Article 25.

Fraternal Orders.

§ 58-25-1. General insurance law not applicable.

Nothing in the general insurance laws, except such as apply to fraternal orders shall be construed to extend to benevolent associations incorporated under the laws of this State that only levy an assessment on the members to create a fund to pay the family of a deceased member and make no profit therefrom, and do not solicit business through agents. (1987, c. 483, s. 2.)

§ 58-25-5. Fraternal orders defined.

Every incorporated association, order, or society doing business in this State on the lodge system, with ritualistic form of work and representative form of government, for the purpose of making provision for the payment of benefits of three hundred dollars (\$300.00) or less in case of death, sickness, temporary or permanent physical disability, either as the result of disease, accident, or old age, formed and organized for the sole benefit of its members and their beneficiaries, and not for profit, is hereby declared to be a "fraternal order". Societies and orders which do not make insurance contracts or collect dues or assessments therefor, but simply pay burial or other benefits out of the treasury of their orders, and use their funds for the purpose of building homes or asylums for the purpose of caring for and educating orphan children and aged and infirm people in this State, shall not be considered as "fraternal orders"; and such order or association paying death or disability benefits may also create, maintain, apply, or disburse among its membership a reserve or emergency fund as may be provided in its constitution or bylaws; but no profit or gain may be added to the payments made by a member. (1987, c. 483, s. 2.)

§ 58-25-10. Funds derived from assessments and dues.

The fund from which the payment of benefits, as provided for in G.S. 58-25-5, shall be made, and the fund from which the expenses of such association, order or society shall be defrayed, shall be derived from assessments or dues collected from its members. Such societies or associations shall be governed by the laws of the State governing fraternal orders or societies, and are exempt from the provisions of all general insurance laws of this State, and no law hereafter passed shall apply to such orders or societies unless fraternal orders or societies are designated therein. (1987, c. 483, s. 2.)

§ 58-25-15. Appointment of member as receiver or collector; appointee as agent for order or society; rights of members.

Assessments and dues referred to in G.S. 58-25-5 and G.S. 58-25-10 may be collected, receipted, and remitted by a member or officer of any local or subordinate lodge of any fraternal order or society when so appointed or designated by any grand, district, or subordinate lodge or officer, deputy, or representative of the same, there being no regular licensed agent or deputy of said grand lodge charged with said duties; but any person so collecting said dues or assessments shall be the agent or representative of such fraternal order or society, or any department thereof, and shall bind them by their acts in collecting and remitting said amounts so collected. Under no circumstances, regardless of any agreement, bylaws, contract, or notice, shall said officer or collector be the agent or representative of the individual member from whom any such collection is made; nor shall said member be responsible for the failure of such officer or collector to safely keep, handle, or remit said dues or assessments so collected, in accordance with the rules, regulations, or bylaws of said order or society; nor shall said member, regardless of any rules,

regulations, or bylaws to the contrary, forfeit any rights under his certificate of membership in said fraternal order or society by reason of any default or misconduct of any said officer or member so acting. (1987, c. 483, s. 2.)

§ 58-25-20. Meetings of governing body; principal office.

Any such order or society incorporated and organized under the laws of this State may provide for the meeting of its supreme legislative or governing body in any other state, province, or territory wherein such order or society has subordinate lodges, and all business transacted at such meetings is as valid in all respects as if the meetings were held in this State; but the principal business office of such order or society shall always be kept in this State. (1987, c. 483, s. 2.)

§ 58-25-25. Conditions precedent to doing business.

Any such fraternal order, society, or association as defined by this Article, chartered and organized in this State or organized and doing business under the laws of any other state, district, province, or territory, having the qualifications required of domestic societies of like character, upon satisfying the Commissioner that its business is proper and legitimate and so conducted, may be admitted to transact business in this State upon the same conditions as are prescribed by Articles 1 through 64 of this Chapter for admitting and authorizing foreign insurance companies to do business in this State, except that such fraternal orders shall not be required to have the capital required of such insurance companies. Organizers or agents shall be licensed without requiring an examination; provided, organizers or agents who are engaged in or intend to engage in the sale of individual policies of life insurance shall take the examination required of life insurance producers. Those organizers or agents licensed for the sale of insurance pursuant to former G.S. 58-268 as of July 1, 1977, shall be exempt from examination. (1987, c. 483, s. 2; 1991, c. 720, s. 4; 2022-46, s. 14(e).)

§ 58-25-30. Certain lodge systems exempt.

The following beneficial orders or societies shall be exempt from the requirements of this Article, and shall not be required to pay any license tax or fees nor make any report to the Commissioner, unless the assessments collected for death benefits by the supreme lodge amount to at least three hundred dollars (\$300.00) in one year: Beneficial fraternal orders, or societies incorporated under the laws of this State, which are conducted under the lodge system which have the supreme lodge or governing body located in this State, and which are so organized that the membership consists of members of subordinate lodges; that the subordinate lodges accept for membership only residents of the county in which such subordinate lodge is located; that each subordinate lodge issues certificates, makes assessments, and collects a fund to pay benefits to the widows and orphans of its own deceased members and their families, each lodge independently of the others, for itself and independently of the supreme lodge; that each lodge controls the fund for this purpose; that in addition to the benefits paid by each subordinate lodge to its own members, the supreme lodge provides for an additional benefit for such of the members of the subordinate lodges as are qualified, at the option of the subordinate lodge members; that such organization is not conducted for profit, has no capital stock, and has been in operation for 10 years in this State.

The Commissioner may require the chief or presiding officer, or the secretary, to file annually an affidavit that such organization is entitled to this exemption. (1987, c. 483, s. 2; 1991, c. 720, s. 4.)

§ 58-25-35. Insurance on children.

Any fraternal order or society authorized pursuant to this Article to do business in this State and operating on the lodge plan may provide in its constitution and bylaws, in addition to other benefits provided for therein, for the payment of death or annuity benefits upon the lives of children between the ages of one and 16 years at next birthday, for whose support and maintenance a member of such order or society is responsible. The order or society may at its option organize and operate branches for such children and membership in local lodges, and initiation therein shall not be required of such children, nor shall they have any voice in the management of the order or society. The total benefits payable as above provided shall in no case exceed the following amounts at ages at next birthday at time of death, respectively, as follows: one year, twenty dollars (\$20.00); two years, fifty dollars (\$50.00); three years, seventy-five dollars (\$75.00); four years, one hundred dollars (\$100.00); five years, one hundred twenty-five dollars (\$125.00); six years, one hundred fifty dollars (\$150.00); seven years, two hundred dollars (\$200.00); eight years, two hundred fifty dollars (\$250.00); nine years, three hundred dollars (\$300.00); 10 years, four hundred dollars (\$400.00); 11 years, five hundred dollars (\$500.00); 12 years, six hundred dollars (\$600.00); 13 years, seven hundred dollars (\$700.00); 14 years, eight hundred dollars (\$800.00); 15 years, nine hundred dollars (\$900.00); 16 years, one thousand dollars (\$1,000). (1987, c. 483, s. 2.)

§ 58-25-40. Medical examination; certificates and contributions.

No benefit certificate as to any child shall take effect until after medical examination or inspection by a licensed medical practitioner, in accordance with the laws of the order or society, nor shall any such benefit certificate be issued unless the order or society shall simultaneously put in force at least 500 such certificates, on each of which at least one assessment has been paid, nor where the number of lives represented by such certificate falls below 500. The death benefit contributions to be made upon such certificate shall be based upon the "Standard Mortality Table" or the "English Life Table Number Six," and a rate of interest not greater than four percent (4%) per annum, upon a higher standard or upon such mortality, morbidity, and interest standards permitted by the laws of this State for use by life insurance companies; but contributions may be waived or returns may be made from any surplus held in excess of reserve and other liabilities, as provided in the bylaws; and extra contributions shall be made if the reserves hereafter provided for become impaired. (1987, c. 483, s. 2.)

§ 58-25-45. Reserve fund; exchange of certificates.

Any order or society entering into such insurance agreements shall maintain on all such contracts the reserve required by the standard of mortality and interest adopted by the order or society for computing contributions as provided in G.S. 58-25-35, and the funds representing the benefit contributions and all accretions thereon shall be kept as separate and distinct funds, independent of the other funds of the order or society, and shall not be liable for nor used for the payment of the debts and obligations of the order or society other than the benefits herein authorized. An order or society may provide that when a child reaches the minimum age for initiation into membership in such order or society, any benefit certificate issued hereunder may be surrendered for cancellation and exchanged for any other form of certificate issued by the order or society: Provided, that such surrender will not reduce the number of lives insured below 500; and upon the issuance of such new certificate any reserve upon the original certificate herein provided for shall be transferred to the credit of the new certificate. Neither the person who originally made

application for benefits on account of such child, nor the beneficiary named in such original certificate, nor the person who paid the contributions, shall have any vested right in such new certificate, the free nomination of a beneficiary under the new certificate being left to the child so admitted to benefit membership. (1987, c. 483, s. 2.)

§ 58-25-50. Separation of funds.

An entirely separate financial statement of the business transactions and of assets and liabilities arising therefrom shall be made in its annual report to the Commissioner by an order or society availing itself of the provisions hereof. The separation of assets, funds, and liabilities required hereby shall not be terminated, rescinded, or modified, nor shall the funds be diverted for any use other than as specified in the preceding section, as long as any certificates issued hereunder remain in force, and this requirement shall be recognized and enforced in any liquidation, reinsurance, merger, or other change in the condition or the status of the order or society. (1987, c. 483, s. 2; 1991, c. 720, s. 4.)

§ 58-25-55. Payments to expense or general fund.

Any order or society shall have the right to provide in its laws and the certificate issued hereunder for specified payments on account of the expense or general fund, which payments shall or shall not be mingled with the general fund of the order or society, as its constitution and bylaws may provide. (1987, c. 483, s. 2.)

§ 58-25-60. Continuation of certificates.

In the event of the termination of membership in the order or society by the person responsible for the support of any child on whose account a certificate may have been issued as provided herein, the certificate may be continued for the benefit of the estate of the child, provided the contributions are continued, or for the benefit of any other person responsible for the support and maintenance of such child who shall assume the payment of the required contributions. (1987, c. 483, s. 2.)

§ 58-25-65. Appointment of trustees to hold property.

The lodges of Masons, Odd Fellows, Knights of Pythias, camps of Woodmen of the World, councils of the Junior Order of United American Mechanics, orders of the Elks, Young Men's Christian Associations, Young Women's Christian Associations and other benevolent or fraternal orders and societies may appoint from time to time suitable persons trustees of their bodies or societies, in such manner as they deem proper, which trustees, and their successors, shall have power to receive, purchase, take, and hold property, real and personal, in trust for such society or body. The trustees shall have power, when instructed so to do by resolution adopted by the order, society or body which they represent, to mortgage or sell and convey in fee simple any real or personal property owned by the order, society or body; and the conveyances so made by the trustees shall be effective to pass the property in fee simple to the purchaser or to the mortgagee or trustee for the purposes in such conveyance or mortgage expressed. If there shall be no trustee, then any real or personal property which could be held by such trustees shall vest in and be held by such charitable, benevolent, religious, or fraternal orders and societies, respectively, according to such intent. (1987, c. 483, s. 2.)

§ 58-25-70. Unauthorized wearing of badges, etc.

Any person who fraudulently and willfully wears the badge or button of any fraternal organization or society, either in the identical form or in such near resemblance thereto as to be a colorable imitation thereof, or who fraudulently and willfully uses the name of any such order, society or organization, the titles of its officers, or its insignia, ritual, or ceremonies, unless entitled to wear or use the same under the constitution and bylaws, rules and regulations of such fraternal organization, society, or order, shall be deemed guilty of a Class 3 misdemeanor. (1987, c. 483, s. 2; 1993, c. 539, s. 452; 1994, Ex. Sess., c. 24, s. 14(c).)