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INSURANCE CODE - INS

DIVISION 2. CLASSES OF INSURANCE [1880 - 12880.8] (*Division 2 enacted by Stats. 1935, Ch. 145.*)

PART 2. LIFE AND DISABILITY INSURANCE [10110 - 11549] (*Part 2 enacted by Stats. 1935, Ch. 145.*)

CHAPTER 10. Fraternal Benefit Societies [10970 - 11165] (*Chapter 10 repealed and added by Stats. 1951, Ch. 1193.*)

ARTICLE 1. Scope of Chapter [10970 - 10976] (*Article 1 added by Stats. 1951, Ch. 1193.*)

10970. Fraternal benefit societies shall be governed by this chapter and shall be exempt from all other provisions of this code, except:

- (a) Those provisions prior to Division 1 entitled "General Provisions."
- (b) Sections 880, 881, 10112, 10114, 10117, 10118, 10119, 10120, 10171, 10172, and 10191.
- (c) Article 15 (commencing with Section 1070) and Article 17 (commencing with Section 1100) of Chapter 1 of Part 2 of Division 1.
- (d) Those provisions specifically referred to in this chapter to the extent made necessary by such reference.

A statute relating to insurance shall not apply to them, unless they are expressly designated therein.

(Amended by Stats. 1995, Ch. 166, Sec. 1. Effective January 1, 1996.)

10971. This chapter shall not, except as provided by Sections 10972 and 10974, affect:

- (a) A lodge operating under the lodge system, which provides in its bylaws or rules or regulations for the payment of death benefits not exceeding one thousand dollars (\$1,000) on the death of a member or for the payment of disability benefits not exceeding one thousand dollars (\$1,000) to a member during any period of 12 consecutive calendar months, or both of those types of benefits.
- (b) The subordinate branch of a lodge, as a lodge is defined in Section 10972, or any association formed by the members of a lodge, which association confines its membership to the members of such lodge, which subordinate branch or association (1) is organized without capital stock, (2) is organized and operated solely for the benefit of its members or their beneficiaries and not for profit, and (3) provides in its bylaws or rules or regulations for the payment of either or both of the following benefits: (i) a benefit of not exceeding one thousand dollars (\$1,000) on the death of a member from any cause; (ii) a benefit of not exceeding one thousand dollars (\$1,000) on the accidental death of a member or benefits not exceeding one thousand dollars (\$1,000) during any period of 12 consecutive calendar months to a member for his or her disability.
- (c) A lodge operating under the lodge system or any subordinate branch thereof or any association formed by the members thereof which association confines its membership to the members of such lodge, which subordinate branch or association (1) is organized without capital stock, (2) is organized and operated solely for the benefit of its members or their beneficiaries and not for profit, and (3) provides in its bylaws or rules or regulations for the payment of death benefits not exceeding five thousand dollars (\$5,000) on the death of a member or for the payment of disability benefits not exceeding one thousand dollars (\$1,000) to a member during any period of 12 consecutive calendar months, or both of those types of benefits.
- (d) An organization authorized to operate pursuant to a superior court judgment issued between January and April of 1940 whether or not the amount of benefits offered by that organization conforms to that judgment.
- (e) Contracts of reinsurance on a plan under subdivisions (a), (b), (c), or (d).

(Amended by Stats. 1996, Ch. 391, Sec. 1. Effective January 1, 1997.)

10972.

(1) A lodge operating under the lodge system, as this term is used in Section 10971, shall have all of the following characteristics:

- (a) It is organized without capital stock.

(b) It is organized and operated solely for the benefit of its members or their beneficiaries and not for profit.

(c) It has a lodge system and representative form of government within the meaning of Section 10992, holds regular meetings at periodical intervals, and has a ritualistic form of work, and it has not less than 10 subordinate branches with more than a total of 1,000 dues-paying, active members in good standing.

(2) Any lodge, subordinate branch or association otherwise covered by Section 10971, which issues to any person a policy or certificate providing for the payment of benefits, shall comply with all the requirements of this chapter.

(Repealed and added by Stats. 1951, Ch. 1193.)

10973. The commissioner may require from any society such information as will enable him to determine whether or not such society is exempt from the provisions of this chapter.

(Repealed and added by Stats. 1951, Ch. 1193.)

10974. A lodge, subordinate branch thereof or association formed by the members thereof which is exempted from the requirements of this chapter by Section 10971 shall not give or allow, nor promise to give or allow, any compensation for procuring new members.

(Repealed and added by Stats. 1951, Ch. 1193.)

10975. Any fraternal benefit society organized and operating within the definition set forth in Sections 10990 to 10992 on July 29, 1911, providing benefits in case of death or disability resulting solely from accidents but not obligating itself to pay death or sick benefits, may obtain a certificate of authority under this chapter. Such society shall have all the privileges and shall be subject to all the provisions of this chapter, except those requiring medical examination, valuations of policies, and that the policies specify the amount of benefits.

(Repealed and added by Stats. 1951, Ch. 1193.)

10976. Any incorporated fraternal benefit society engaged on July 29, 1911, in transacting business in this State may exercise all of the rights conferred by this chapter, and all of the rights, powers and privileges not inconsistent with this chapter, which were theretofore exercised or possessed by it under its charter. Any unincorporated fraternal benefit society thus engaged may incorporate hereunder.

A society already incorporated shall not be required to reincorporate hereunder. Any such society may amend its articles of incorporation. All such amendments shall be filed with the commissioner and shall become operative upon such filing, unless a later time is otherwise provided.

(Repealed and added by Stats. 1951, Ch. 1193.)