



General Assembly

February Session, 2012

**Raised Bill No. 5229**

LCO No. 1168

\*01168\_\_\_\_\_INS\*

Referred to Committee on Insurance and Real Estate

Introduced by:  
(INS)

**AN ACT EXEMPTING CERTAIN SOCIETIES AND ASSOCIATIONS  
FROM THE INSURANCE STATUTES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-625 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2012*):

3 (a) Nothing contained in sections 38a-595 to 38a-626, inclusive, as  
4 amended by this act, 38a-631 to 38a-640, inclusive, and 38a-800 shall be  
5 so construed as to affect or apply to: [(a)] (1) Grand or subordinate  
6 lodges of societies, orders or associations doing business in this state  
7 on January 1, 1958, [which] that provide benefits exclusively through  
8 local or subordinate lodges; [(b)] (2) [orders,] societies, orders or  
9 associations [which] that admit to membership only persons engaged  
10 in one or more crafts or hazardous occupations, in the same or similar  
11 lines of business, and the ladies' societies or ladies' auxiliaries to such  
12 [orders,] societies, orders or associations; [(c)] (3) domestic societies  
13 [which] that limit their membership to employees of a particular city  
14 or town, designated firm, business house or corporation, [which] that  
15 provide for a death benefit of not more than four hundred dollars or  
16 disability benefits of not more than three hundred fifty dollars to any

17 person in any one year, or both; [(d)] (4) domestic societies or  
18 associations of a purely religious, charitable or benevolent description,  
19 [which] that provide for a death benefit of not more than four hundred  
20 dollars or for disability benefits of not more than three hundred fifty  
21 dollars to any one person in any one year or both; [or (e)] (5) nonprofit  
22 voluntary associations [which] that provide ambulance service [,] and  
23 are financed by subscription or gifts only, or (6) societies or  
24 associations that are tax-exempt organizations under Section 501(c)(23)  
25 of the Internal Revenue Code of 1986, or any subsequent  
26 corresponding internal revenue code of the United States, as amended  
27 from time to time.

28 (b) Any such society or association described in subdivision [(c)] (3)  
29 or [(d)] (4) of subsection (a) of this section, [which] that provides for  
30 death or disability benefits for which benefit certificates are issued, and  
31 any such society or association included in subdivision [(d) which] (4)  
32 of subsection (a) of this section that has more than one thousand  
33 members, shall not be exempted from the provisions of sections 38a-  
34 595 to 38a-626, inclusive, as amended by this act, 38a-631 to 38a-640,  
35 inclusive, and 38a-800 but shall comply with all requirements [hereof]  
36 in said sections. No society [which] that, by the provisions of this  
37 section, is exempt from the requirements of said sections, except any  
38 society described in subdivision [(b)] (2) of subsection (a) of this  
39 section, shall give or allow, or promise to give or allow, to any person  
40 any compensation for procuring new members. Every society [which]  
41 that provides for benefits in case of death or disability resulting solely  
42 from accidents, and [which] that does not obligate itself to pay natural  
43 death or sick benefits, shall have all the privileges and be subject to all  
44 the applicable provisions and regulations of said sections, except that  
45 the provisions [hereof] in said sections relating to medical  
46 examination, valuations of benefit certificates and incontestability shall  
47 not apply to such society. The commissioner may require from any  
48 society or association, by examination or otherwise, such information  
49 as will enable [him] the commissioner to determine whether such  
50 society or association is exempt from the provisions of said sections.

51 Societies [,] and associations exempted under the provisions of this  
52 section [,] shall also be exempt from all other provisions of the  
53 insurance laws of this state.

54 Sec. 2. Section 38a-595 of the general statutes is repealed and the  
55 following is substituted in lieu thereof (*Effective October 1, 2012*):

56 Any incorporated society, order or supreme lodge, without capital  
57 stock, including one exempted under subdivision [(b)] (2) of subsection  
58 (a) of section 38a-625, as amended by this act, whether incorporated or  
59 not, conducted solely for the benefit of its members and their  
60 beneficiaries and not for profit, operated on a lodge system with  
61 ritualistic form of work, having a representative form of government,  
62 and [which] that makes provision for the payment of benefits in  
63 accordance with sections 38a-595 to 38a-626, inclusive, as amended by  
64 this act, 38a-631 to 38a-640, inclusive, and 38a-800, is declared to be a  
65 fraternal benefit society. When used in sections 38a-595 to 38a-626,  
66 inclusive, as amended by this act, 38a-631 to 38a-640, inclusive and  
67 38a-800, "society", unless otherwise indicated, means fraternal benefit  
68 society and "premiums" means premiums, rates or other required  
69 contributions by whatever name known.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2012</i>	38a-625
Sec. 2	<i>October 1, 2012</i>	38a-595

**Statement of Purpose:**

To exempt societies or associations that are 501(c)(23) tax-exempt organizations from the insurance statutes.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*