

Fraternals Filings Checklist

Every effort has been made to ensure the accuracy of the information in this document. All parties should consult the Texas Insurance Code (TIC), the Texas Administrative Code (TAC), and other applicable laws.

Important Notes:

- Fraternal benefit societies are **not** included in the definition of "Member Insurer", as that definition applies to coverage provided by the Texas Life and Health Insurance Guaranty Association.
- For policy provisions not addressed by this checklist, refer to the appropriate product checklist: Term and Whole Life Checklist, Individual Annuities Checklist, etc.
- The term "certificate holder" in fraternal policies may refer to either an individual policy holder or a group certificate holder. The policy or contract may also be referred to as a certificate.

Eligibility and Benefits - [TIC Section 885.301\(b\)](#)

Page _____ : A fraternal benefit society shall:

- specify in the fraternal benefit society's laws or rules those persons to whom a benefit certificate may be issued or who may be covered by benefits; and
- make the provision of those benefits consistent with the provision of benefits to members and their beneficiaries.

Required Provisions - [TIC Section 885.306\(b\) and \(e\)](#)

Page _____ : Each benefit certificate must include:

- a statement of the amount of benefits provided under the certificate;
- a statement of the amount of premiums payable under the certificate; and
- a statement that the certificate, the society's charter or articles of incorporation or, if the society is a voluntary association, the society's articles of association, the fraternal benefit society's laws, the application for membership and medical examination, signed by the applicant, and all amendments to each of those constitute the agreement between the society and the member.

Page _____ : A copy of the fraternal benefit society's certificate, charter, articles of incorporation, by-laws, or constitution, certified by a fraternal benefit society's secretary or corresponding officer, shall be admitted as evidence of the terms of the agreement between the society and the member.

Reserves - [TIC Section 885.311](#)

Page _____ : A fraternal benefit society shall provide in the fraternal benefit society's laws that if the society's reserves for any class of the society's benefit certificates become impaired, the society's supreme governing body or board of directors may require the certificate holders to pay the society an equitable proportion of the deficiency as determined by the governing body or board.

Page _____ : Should the society's benefit certificates become impaired, and if a holder of a benefit certificate does not pay the society the amount and in a manner determined by the society, the society may elect to accept either:

- indebtedness against the certificate, with the amount drawing interest at a rate that does not exceed the rate specified for a certificate loan under a certificate that has cash value; or
- a proportionate reduction in the benefits payable under the certificate; or
- combination of the above.

Page _____ : A fraternal benefit society may determine a presumed election for a holder of a benefit certificate if the holder fails to make an election.

Expulsion or Suspension - [TIC Section 885.312](#)

Page _____ : If a fraternal benefit society's laws provide for expulsion or suspension of a member, the benefit certificate must provide that a member who is expelled or suspended may maintain the certificate in force by continuing payment of the required premium unless the expulsion or suspension is for:

- nonpayment of a premium; or
- occurs within the contestable period of the benefit contract and is for material misrepresentation in the application for membership or insurance.

Separate Account - [TIC Section 885.302](#)

Page _____ : A fraternal benefit society may, as provided by a resolution of its supreme governing body, establish and operate one or more separate accounts and issue benefit contracts on a variable basis, subject to laws regulating a life insurance company that establishes those types of accounts and issues those types of contracts. To comply with applicable federal or state laws or rules, the society may:

- issue on a variable basis contracts to which Sections 885.306(b) and (c) and 885.311(a) do not apply; and
- adopt special procedures for conducting the business and affairs of a separate account and provide special voting and other rights for a person having beneficial interests in a separate account, including special procedures and rights relating to:

- investment policy;
- investment advisory services;
- selection of certified public accountants; and
- selection of a committee to manage the business and affairs of the account.

Membership Age - [TIC Section 885.303\(b\)](#)

Page _____ : A life insurance benefit contract issued on the life of an individual who is younger than a fraternal benefit society's minimum age for adult membership may provide for transfer of control or ownership to the insured at an age specified in the benefit certificate.

Fraternal Society Named as Beneficiary - [TIC Section 885.305](#)

Page _____ : A fraternal benefit society may provide in their laws for the issuance to its members of benefit certificates under which an association, society, or corporation that is organized and operated for religious, eleemosynary, or educational purposes is named as beneficiary.

Fraternal Society Rights - [TIC Section 885.310](#)

Page _____ : A fraternal benefit society may provide for enforcing payment of premiums; designating beneficiaries; and controlling benefit certificates and all rights, obligations, and liabilities incident to the certificate.