

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956
Chapter 82
TRANSFORMATION OF FRATERNAL BENEFIT SOCIETIES

500.8204 Fraternal benefit society; reorganization into legal reserve premium company; amendment of articles.

Sec. 8204.

Any existing fraternal benefit society may amend its articles of incorporation and bylaws in such a way as to transform itself into a legal reserve level premium company doing business as a mutual company, but only after complying with the provisions of this chapter.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218

500.8206 Reorganization; proposed articles and bylaws; filing with insurance commissioner.

Sec. 8206.

Whenever any such society shall propose to transform itself into a legal reserve level premium company as herein provided, it shall file with the commissioner, its proposed articles and bylaws, its plan of transformation, setting forth in detail the terms and conditions of such transformation and also the method by which it proposes to protect the interests of its membership.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218

500.8208 Reorganization; hearing on petition.

Sec. 8208.

The commissioner may proceed to hear and determine such petition without notice, or, if he deems it necessary that such notice should be given in order to conserve the interests of the membership, he shall require the society to first notify, by mail, all of the members of such society of the pendency of such petition, the contents of such notice to be determined by the commissioner.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218

500.8210 Reorganization; member's right to appear.

Sec. 8210.

When notice shall have been given, as above provided, any member of such society shall have the right to appear before the commissioner and be heard with reference to the petition.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218

500.8212 Reorganization; examination; witnesses.

Sec. 8212.

The commissioner may also make such examination into the affairs and conditions of the society as he deems proper, and shall have power to summon and compel the attendance and testimony of witnesses, and the production of books and papers, and may administer oaths.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218

500.8214 Reorganization; authorization by insurance commissioner; modification.

Sec. 8214.

If satisfied that the interests of the membership of said society are properly protected and that no reasonable objection to said petition exists, the commissioner may authorize in writing, such transformation, or may first require such modification thereof as may seem to him necessary for the best interests of such membership.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218

500.8216 Reorganization; order; disposition of assets.

Sec. 8216.

The commissioner shall make such order and disposition of the assets of any such society as in his judgment may be just and equitable.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218

500.8218 Reorganization; submission of plan to governing body of society; meeting.

Sec. 8218.

The commissioner shall require the plan of transformation to be submitted to the supreme governing body of such society, to be voted upon. When submitted, it shall be either at a regular meeting of the supreme governing body or at a special meeting of same called for that purpose.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218

500.8220 Reorganization; special meeting; notice; approval; required vote; proxies.

Sec. 8220.

A notice of said special meeting, in the form approved by the commissioner, shall be given in accordance with the requirement of the bylaws of such society. When so submitted, a majority vote of the supreme governing body present and voting, as authorized by its articles of incorporation and bylaws, shall be necessary to an approval of such plan of transformation; and no proxies shall in any case be voted.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218

500.8224 Reorganization; members; referendum.

Sec. 8224.

If the supreme governing body approves the plan of transformation, the board of directors or other managing body of such society shall submit the plan to a referendum vote of the members of such society, and if the result of such vote shall show that the majority of the members of such society has voted to repeal the action of the supreme governing body, then the same shall be considered as repealed by such society and shall be null and of no effect.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218

500.8228 Reorganization; plan; approval by insurance commissioner; vote; results.

Sec. 8228.

Any such plan of transformation submitted to the supreme governing body as herein contemplated, must first have been approved by the commissioner; and the result of said vote must be filed with such commissioner and be by him determined before any transformation shall be so effective.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218

500.8232 Reorganization; plan; adoption requirements.

Sec. 8232.

No such transformation shall take place until after its plan has been approved by the commissioner, either with or without a hearing as herein provided, and until such approved plan has been adopted by a majority vote of the board of directors or board of trustees of such society; and, if submitted to the supreme governing body, until such approved plan has also been adopted by a majority vote of the said supreme governing body present and voting.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218

500.8240 Applicability of MCL 500.8204 to 500.8232.

Sec. 8240.

Nothing in sections 8204 through 8232 shall be construed to apply to any association exempt from the provisions of chapter 81a in accordance with the provisions of section 8199.

History: 1956, Act 218, Eff. Jan. 1, 1957 ;-- Am. 1990, Act 1, Eff. Apr. 1, 1990

Popular Name: Act 218

500.8242 Reorganization; effect; continuation of original corporation; powers; officers.

Sec. 8242.

Any such society so transformed, shall incur the obligations and enjoy the benefits thereof the same as though originally thus incorporated, and such corporation, under its charter as thus amended, shall be a continuation of such original corporation, and the officers thereof shall serve through their respective terms as provided in the original charter, but their successors shall be elected and serve as in such amended articles provided. Any society so transformed shall have the power to acquire, own, hold, lease, mortgage, sell and convey personal and real property, and to provide the necessary funds, and to do all things necessary for the purpose of operating and maintaining such hospitals, asylums, sanitariums, schools, or homes as it was operating and maintaining when so transformed and it shall have the power to discontinue operating and maintaining the same and to lease, mortgage, sell and convey the personal and real property acquired for use in connection therewith.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218

500.8246 Amendment or reincorporation; saving clause.

Sec. 8246.

Such amendment or reincorporation shall not affect existing suits, claims, or contracts.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218

500.8250 Liens upon certificates; notices to members; application of section.

Sec. 8250.

If any fraternal benefit society, reorganizing under the provisions of this chapter shall have certificates in force, against the equity of which certificates a lien or other form of indebtedness has been placed, the society shall notify each member individually of the amount of his or her lien, and all accumulations thereto, at a date not more than 1 year prior to the effective date of such reorganization, and a similar individual notice shall be given every 5 years thereafter. The provisions of this section shall not apply to policy loans or premium loans, but only to liens or other forms of indebtedness created by the supreme governing body of the society, by a subordinate governing body, or by a vote of the membership during the time that the society was operating as a fraternal benefit society.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218

500.8254 Certificates of membership; valuation; reserve; annual statement.

Sec. 8254.

The existing certificates of membership of any fraternal benefit society which shall have transformed itself into a legal reserve level premium life insurance company, in conformity with the provisions of this chapter, shall be valued as follows:

(1) Certificates on which rates of contributions are not on the basis of any table of mortality, valued as yearly renewable term policies according to the standard of valuation of life insurance policies prescribed by the laws of this state.

(2) Certificates on which the rates of contribution are based upon a standard table of mortality and specified rate of interest, valued in accordance with such standard. The reserve so ascertained shall be held as a liability by the company in its annual statement rendered to the insurance department.

History: 1956, Act 218, Eff. Jan. 1, 1957

Popular Name: Act 218