§ 4502. Incorporation and licensing of domestic societies; meeting of supreme governing body. An authorized domestic society may be organized and licensed in the manner prescribed in this section, and subject to the other requirements of this chapter applicable thereto. The successive steps shall be as follows:

(a) The proposed incorporators, who shall be natural persons, citizens of the United States and a majority of whom shall be citizens of this state, and who shall be not less than fifteen in number, shall submit to the superintendent in writing the proposed name of the society and the county in which its principal office will be located. Such name shall contain a word or words indicating the fraternal character of such society, and shall not contain any of the following words: "insurance", "assurance", "life", "accident", "health", "annuity", "guaranty", "company", "corporation", "indemnity", "endowment", "guarantee", "casualty", "surety", "fidelity", or "underwriters", or any other word or words which in the judgment of the superintendent would be likely to be deceptive or misleading as to the character and purposes of such society. Such proposal shall be subscribed with the name and address of each such incorporator.

(b) If the superintendent approves the proposed name of the society as conforming to the requirements of subsection (g) of section one thousand one hundred two of this chapter and not inconsistent with other requirements of law, he shall so notify the proposed incorporators, or their representative, in writing. Such approval shall become void if within six months from the date thereof the declaration and charter of such society have not been filed pursuant to this section.

(c) The proposed incorporators shall make and subscribe (giving their addresses) and affirm as true under the penalties of perjury, a declaration and charter, both in the English language, and shall file the same with the superintendent, together with duly certified copies of the proposed constitution, by-laws, rules and regulations, all proposed forms of certificates or other evidences of insurance or annuity contracts, or both, all applications therefor and riders or endorsements to be used in connection therewith, all circulars to be issued by the society, and a table or schedule showing the rates of premium or other periodical contribution to be charged by such society for any insurance or annuity benefits to be provided by it. Such declaration shall state

the intention of the proposed incorporators to form a society for the purpose of providing insurance benefits permissible under the provisions of this article, and for other purposes not inconsistent with the provisions of this chapter. The proposed charter shall contain the following:

(1) the name of the proposed society, approved as aforesaid;

(2) the place where such society will have its principal office, which shall be in this state;

(3) the general, fraternal, altruistic, educational, patriotic, recreational and other purposes of such society, and the kinds of insurance benefits to be provided by it, specified in accordance with section four thousand five hundred five of this article;

(4) the mode and manner in which its corporate powers are to be exercised;

(5) the number of directors shall not be less than nine of which at least four must not be officers or employees of the society. The charter of such society shall provide that the number of directors shall be increased to not less than thirteen within one year following the end of the calendar year in which the society exceeded five hundred million dollars in admitted assets. "Number of directors" herein means the total number of directors which the society would have if there were no vacancies;

(6) the times and manner of electing its directors and officers, the manner of filling vacancies in such offices, and a provision that at all times a majority of the directors shall be citizens and residents of this state or of adjoining states, and not less than five thereof shall be residents of this state;

(7) the names and postoffice residence addresses of the directors who shall serve until the first election in accordance with the charter and by-laws;

(8) the duration of its corporate existence which shall be not less than thirty years;

(9) such other particulars as may be necessary to explain the objects, purposes, management and control of such society; and

(10) such additional information as the superintendent may by regulation require.

(d) The superintendent shall transmit such declaration, charter and

accompanying documents to the attorney general. If the same be approved by the attorney general, as conforming to the requirements of law, the superintendent shall thereupon file the declaration and charter in his office, and shall issue a certified copy of each to the proposed incorporators. Such incorporators shall thereupon become a body corporate which shall not be authorized to do an insurance business until it shall have obtained a license therefor as provided in subsection (f) hereof, but it may solicit members for the purpose of completing its organization, collecting from each applicant for insurance an amount not less than one regular monthly premium, in accordance with its table or schedule of rates, issuing to each such applicant a receipt for the amount so collected and providing for the examination of each applicant for life insurance by legally qualified practicing physicians with certificates of such examinations to be duly filed and approved by the chief medical examiner of such society. Before soliciting or receiving any premium or other contribution for insurance benefits of any kind or character, the society shall file with the superintendent a bond in the sum of five thousand dollars, with sureties approved by the superintendent, conditioned upon the return to applicants of the advanced payments, as provided in this section, if the society does not complete its organization and obtain a license to do business within one year from the date of incorporation or within such further time as the superintendent may permit pursuant to subsection (g) hereof. The society shall incur no liability except for the repayment of such advanced payments, nor issue any certificate or other evidence of an insurance or annuity contract, or both, unless and until it shall have obtained a license to do business as hereinafter provided.

(e) Before obtaining a license to do business in this state, such society shall have established not less than ten subordinate lodges or branches, into which not less than five hundred applicants have been initiated and shall have actual bona fide applications for life insurance benefits upon at least five hundred lives each eligible for such insurance, in accordance with the provisions of this article, for at least one thousand dollars on each life and shall have received payments thereunder in the aggregate amount of at least two thousand five hundred dollars. Before obtaining such license such society shall submit to the superintendent, under oath of the president and secretary,

or corresponding officers, a complete list of such applicants, giving their names, addresses, dates of examination, approval and initiation, the name and number of the subordinate lodge or branch of which each applicant is a member, the amount and kinds of insurance benefits to be granted, the rate of periodical insurance contributions of each, which shall conform to the requirements of this article, and the bank or banking institution in which all sums collected from such applicants have been deposited. Such advanced payments or other insurance contributions by applicants shall, during the period of organization and until the issuance of a license to do business, be held in trust on account of such applicants, and no part thereof may be used for expenses; and if a license is not issued within one year from date of incorporation, such advanced payments shall be returned to the applicants who originally made the same.

(f) If the superintendent finds, from the statements of the principal officers of such society, subscribed and affirmed by such officers as true under the penalties of perjury, or from such investigation or examination as he may deem expedient, that such society has complied with the requirements of this section and that the purposes and plan of operation of such society are in accordance with the requirements of law, he may issue to such society a license to do business in this state. Such license shall set forth the name of the society, the location of its principal office, and the kind of insurance or annuity benefits, or both, specified in section four thousand five hundred five of this article, which it is authorized to provide in this state. Thereupon the society shall have such powers as are necessary or properly incidental to carry into effect the lawful objects and purposes of the society.

(g) If any such society shall fail to obtain such license within one year from the date of its incorporation or within such further period, not to exceed one additional year, as the superintendent may in his discretion permit, the superintendent may commence proceedings for the dissolution of such society in accordance with article seventy-four of this chapter.

(h) A domestic society may provide for the meeting of its supreme governing body in any other state, province or territory wherein such society has not less than five subordinate lodges or branches. In all

meetings of the supreme governing body, no member, representative or delegate shall cast more than one vote on any question submitted.