STATE OF CALIFORNIA

Dave Jones, Insurance Commissioner

DEPARTMENT OF INSURANCE

Legal Division, Corporate Affairs Bureau
45 Fremont Street, 24th Floor
San Francisco, CA 94105

NOTICE

Date: June 16, 2017

To: All Licensees and Other Interested Persons

Subject: Bond Required of Organizers of Fraternal Benefit Society

The Department of Justice at the request of the California Department of Insurance has adopted section 50.19 to Title 11 of the Code of Regulations Article 19 promulgating a revised bond required of organizers of fraternal benefit society effective upon filing with the California Secretary of State on May 23, 2017. This bond form is effective for immediate use.

A copy of the Notice of Filing and Printing Only, Notice of Publication of Regulations Submission Form 400 and bond form are with this notice, posted on the Department of Insurance Website.

If you have any question regarding this bond form, please contact Jill Jacobi at (415) 538-4426 or at Jill.Jacobi@insurance.ca.gov.

State of California
Office of Administrative Law

In re: **Department of Justice**	**NOTICE OF FILING AND PRINTING ONLY**
Regulatory Action:	**Government Code Section 11343.8**
Title 11, California Code of Regulations	**OAL Matter Number: 2017-0424-15**
Adopt sections: **Amend sections: 50.19** **Repeal sections:**	**OAL Matter Type: File and Print Only (FP)**

This action submitted by the Department of Justice is a request to file and print the approved revised surety bond form of the Department of Insurance, "Bond Required of Organizers of Fraternal Benefit Society" pursuant to Government Code section 11343.8.

OAL filed this regulation(s) or order(s) of repeal with the Secretary of State, and will publish the regulation(s) or order(s) of repeal in the California Code of Regulations.

Date: May 23, 2017

Kevin D. Hull
Senior Attorney

For: Debra M. Cornez
Director

Original: Xavier Becerra
Copy: Karen W. Yiu

STATE OF CALIFORNIA–OFFICE OF ADMINISTRATIVE LAW

NOTICE PUBLICATION/REGULATIONS SUBMISSION

FILE PRINT

(See instructions on reverse)

STD. 400 (REV. 01-2013)

For use by Secretary of State only

ENDORSED - FILED
In the office of the Secretary of State of the State of California
MAY 23 2017
1:41 Pm

OAL FILE NUMBERS	NOTICE FILE NUMBER	REGULATORY ACTION NUMBER	EMERGENCY NUMBER
	Z-	2017-0424-15FP	

For use by Office of Administrative Law (OAL) only

2017 APR 24 P 3:01
OFFICE OF ADMINISTRATIVE LAW

NOTICE

REGULATIONS

AGENCY WITH RULEMAKING AUTHORITY
Department of Justice, for the Department of Insurance

AGENCY FILE NUMBER (If any)

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE	TITLE(S)	FIRST SECTION AFFECTED	2. REQUESTED PUBLICATION DATE

3. NOTICE TYPE	4. AGENCY CONTACT PERSON	TELEPHONE NUMBER	FAX NUMBER (Optional)
☐ Notice re Proposed Regulatory Action ☐ Other			

OAL USE ONLY	ACTION ON PROPOSED NOTICE	NOTICE REGISTER NUMBER	PUBLICATION DATE
	☐ Approved as Submitted ☐ Approved as Modified ☐ Disapproved/ Withdrawn		

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S)
Department of Insurance bond form

1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)

2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)

SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)

ADOPT

AMEND
Article 19, section 50.19 Bond ~~Required~~ of Organizers of Fraternal Benefit Society

per agency request 5/9/17.

REPEAL

TITLE(S)
11, Div. 1, Chapter 2

3. TYPE OF FILING

- ☐ Regular Rulemaking (Gov. Code §11346)
- ☐ Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4)
- ☐ Emergency (Gov. Code, §11346.1(b))
- ☐ Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.
- ☐ Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)
- ☐ Emergency Readopt (Gov. Code, §11346.1(h))
- ☒ File & Print
- ☒ Other (Specify) Revision of surety bond form
- ☐ Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
- ☐ Print Only

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)

5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)

- ☐ Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a))
- ☒ Effective on filing with Secretary of State
- ☐ §100 Changes Without Regulatory Effect
- ☐ Effective other (Specify)

6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY

- ☐ Department of Finance (Form STD. 399) (SAM §6660)
- ☐ Fair Political Practices Commission
- ☐ State Fire Marshal
- ☐ Other (Specify)

7. CONTACT PERSON	TELEPHONE NUMBER	FAX NUMBER (Optional)	E-MAIL ADDRESS (Optional)
Karen W. Yiu	510-879-1245		

8. **I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.**

SIGNATURE OF AGENCY HEAD OR DESIGNEE
Karen Yiu

DATE
April 20, 2017

TYPED NAME AND TITLE OF SIGNATORY
Karen W. Yiu, Deputy Attorney General

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

MAY 23 2017

Office of Administrative Law

Corporate Affairs Bureaus I & II
45 Fremont Street 24th Floor
San Francisco, CA 94105
Information 415-538-4000
www.insurance.ca.gov

State of California
Department of Insurance
BOND REQUIRED OF ORGANIZERS OF
FRATERNAL BENEFIT SOCIETY
(California Insurance Code section 11011)

Bond No. _____
Premium $ _____

WHEREAS we, the undersigned principals, being seven or more citizens of the United States a majority of which are citizens of the State of California, are desirous of forming a fraternal benefit society pursuant to the provisions of Article 3, Chapter 10, Part 2, Division 2 of the California Insurance Code and for that purpose expect to file with the Insurance Commissioner of the State of California a surety bond in the penal sum of $10,000 as required by California Insurance Code section 11011 and to apply to said Insurance Commissioner for the preliminary certificate described in said Code section; and whereas, upon issuance of such certificate we, the principals, expect to solicit not less than 500 members for such society, as permitted in said certificate and as provided by law, for a period of not more than one year from the date of the certificate and such further period, if any, not exceeding one year, as may be authorized by the Insurance Commissioner, for the purpose of organizing such fraternal benefit society. On behalf of the society to be so organized we, the principals, shall, pursuant to section 11013 of said Code, collect from each applicant for membership therein the amount of one semiannual payment of six monthly payments in accordance with the society's table of rates as provided by its constitution and laws, and shall issue to each such applicant a receipt for the amount so collected. Such advanced payments so collected shall be held in trust during the period of organization until said society has been issued, upon qualification, a certificate of authority, or, in the event the organization is unsuccessful in qualifying for a certificate of authority, until the return of all such payments to the applicants as hereinafter stipulated.

NOW, THEREFORE, we the undersigned principals jointly and severally and _____ an admitted surety insurer as Surety hereon, are held and firmly bound unto the People of the State of California in the penal sum of $10,000, lawful money of the United States of America, to be paid to the People of the State of California for the use and benefit of interested persons, for which payment well and truly to be made we bind

ourselves, our heirs, executors, administrators, a successors and assigns, jointly and severally, firmly by these presents.

The conditions of the above obligation are such that:

If the organization of the fraternal benefit society is duly completed during the term of extended term of the aforementioned preliminary certificate and the advanced payments collected pursuant thereto are delivered without diminution or misappropriation thereof to the society when it is regularly issued a certificate of authority by the said Insurance Commissioner authorizing it to transact business as a fraternal benefit society pursuant to Chapter 10, Part 2, Division 2 of the California Insurance Code; or

If organization of the society is not completed within the time authorized by said preliminary certificate and any lawful extension thereof and all advanced payments collected from applicants by the principals herein are returned pursuant to written order or authorization of said Insurance Commissioner to such applicants, respectively, or to the persons lawfully entitled thereto as their successors, as the interest of any such successors may appear; then this obligation is to be void, otherwise to remain in full force and effect.

This bond shall become effective upon issuance by the Insurance Commissioner to the principals hereon of a preliminary certificate authorizing them to solicit members for said society and collect advance payments and is executed by the Surety to comply with and the bond shall be subject to the provisions of Article 3, Chapter 10, Part 2, Division 2 of the California Insurance Code and to the provisions of Chapter 2 (commencing with section 995.010) of Title 14 of Part 2 of the California Code of Civil Procedure.

It shall continue in full force and effect until one of the following events occurs:

(1) Organization of said society is completed and the Insurance Commissioner issues it a certificate of authority to transact business in this State as a fraternal benefit society; or

(2) Said society fails within the time allowed by law to qualify for a certificate of authority to transact business in this State as a fraternal benefit society and the Insurance Commissioner orders advance payments to be returned to the applicants (or their successors in interest) and refund is made; or

(3) Organization of said society and issuance of a certificate of authority is not completed during the one-year term of said preliminary certificate or during such term and any extension thereof not exceeding one year as may be authorized by the Commissioner;

(4) In addition, the surety may relieve itself of further liability hereunder by filing a notice of cancellation with the Insurance Commissioner and at the same time serving a similar notice on the principals. At the expiration of thirty (30) days after the filing of notice of termination, or upon the filing and acceptance of a new

bond, whichever even first occurs, this bond shall be canceled and the surety relieved of all liability which otherwise thereafter would arise hereunder.

Termination of this bond shall not relieve the surety of liability arising hereunder prior to termination.

The aggregate liability of the Surety hereunder on all claims whatsoever shall not exceed the penal sum of this bond in any event.

By executing this bond, Principal and Surety agree any action on this bond shall be instituted and prosecuted in the counties of the State of California, with service by U.S. mail as prescribed in the California Code of Civil Procedure sections 417.10 and 417.20 and this bond shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, we the principals – hereunto subscribe our signatures on the dates placed opposite our names, and the surety hereunto subscribes its name and affixes its seal at _____ on the dates stated.

1.	Principal	Address for service	Date
2.	Principal	Address for service	Date
3.	Principal	Address for service	Date
4.	Principal	Address for service	Date
5.	Principal	Address for service	Date
6.	Principal	Address for service	Date
7.	Principal	Address for service	Date
8.	Principal	Address for service	Date
9.	Principal	Address for service	Date

10. _____ _____ _____

Principal Address for service Date

_____ _____

Surety Address for service

By_____ _____

Name Title Date

By_____ _____

Name Title Date

Seal

INSTRUCTION: This bond shall be executed and sealed by the Surety with the dates stated. Acknowledgement of its execution thereof shall be governed by the instructions pertaining to execution by surety, power of attorney, and notarial acknowledgments found in California Code of Regulations, title 11, section 50.10. The principals shall each acknowledge his or her execution of the bond before a public officer authorized by law to take acknowledgments. The official certificate of such officer proving each acknowledgment shall be duly made and attached to the bond.