

## **Part 4 Management of Fraternal**

### **31A-9-401 Principal office, registered agent, and corruption in members' meetings.**

Section 31A-5-401 governs the location of the principal office and existence of a registered agent for fraternal. Section 31A-5-403 applies to members' meetings of domestic fraternal.

Amended by Chapter 204, 1986 General Session

### **31A-9-402 Communications to members.**

- (1) A fraternal may provide in its laws for an official publication in which any notice, report, or statement required by law to be given to members, including a notice of election, may be published. Any required notice shall be printed conspicuously in the publication.
- (2) The commissioner may by rule prescribe that copies of specified classes of communications published generally to members, including the official publication, be sent to the commissioner when they are sent to the members.
- (3) If the records of a fraternal show that two or more members have the same mailing address, an official publication mailed to one member is considered to be notice to all members at the same address, unless a member requests a separate copy.

Enacted by Chapter 242, 1985 General Session

### **31A-9-403 Representative form of government.**

- (1) A fraternal shall have a supreme governing body consisting either of:
  - (a) A board of directors is the supreme governing body of a fraternal. It consists of some directors elected directly by the members or by their representatives in intermediate assemblies under Subsection (2), and other directors prescribed in the fraternal's laws. A majority of the board shall be elected directors, having a sufficient number of votes to amend the articles or bylaws of the fraternal which can be amended without the consent of the members. The board shall meet at least quarterly to conduct the business of the fraternal. The elected directors shall be elected on a plan that ensures approximately equal weight to each fraternal member's vote. Voting may be by mail.
  - (b) Delegates elected directly by the members or at intermediate assemblies or conventions of members or their representatives, together with other delegates prescribed in the fraternal's laws form an assembly that is a supreme governing body of a fraternal. A majority of the assembly shall be elected delegates, having at least two-thirds of the votes and with a sufficient number of votes to amend the articles or bylaws that can be amended without consent of the members. The assembly, whatever designated, shall meet at least once every four years and shall elect a board of directors to conduct the business of the fraternal between meetings of the assembly. The delegates making up the supreme governing body shall be elected on a plan that ensures approximately equal weight to each fraternal member's vote.
- (2) The laws of a fraternal may provide that:
  - (a) delegates to intermediate assemblies may represent geographical districts or lodges; or
  - (b) delegates may represent the members in defined classes determined on a reasonable basis;and

- (c) the vote of a representative to an intermediate assembly is treated as the vote of the members represented.
- (3) No votes may be cast by proxy.

Amended by Chapter 20, 1995 General Session

**31A-9-404 Annual report to fraternal members.**

- (1) Every domestic fraternal shall send to each member having insurance or shall publish in the official publication under Subsection 31A-9-402(1), an abbreviated annual report.
- (2) This report shall contain:
  - (a) basic financial and operating data;
  - (b) information about important business and corporate developments;
  - (c) other information the fraternal wishes to include; or
  - (d) other information the commissioner by rule requires it to include to adequately inform its members.
- (3) The fraternal shall send a business mail reply form on which the member may request a more complete annual report. This complete annual report shall contain the information prescribed by rule under Subsection 31A-2-201(3).

Amended by Chapter 91, 1987 General Session

**31A-9-405 Board of directors.**

- (1) Sections 16-6a-801 and 16-6a-802 apply to fraternal, except that the supreme governing body may act as the board of directors if it meets at least quarterly. Subsections 31A-5-407(2) through (9) apply to fraternal, except that the word "mutual" shall be read "fraternal" and the references to other sections of Chapter 5, Domestic Stock and Mutual Insurance Corporations, shall be to the corresponding sections of Chapter 9, Insurance Fraternal.
- (2) The terms of directors and officers may not exceed four years.

Amended by Chapter 300, 2000 General Session

**31A-9-406 Removal of directors and filling of vacancies.**

- (1) A director may be removed from office for cause by an affirmative vote of a majority of the full board of directors at a meeting of the board called for that purpose or may be removed under Subsection 16-6a-820(4).
- (2) Any vacancy occurring in the board, including a vacancy created by an increase in the number of directors, may be filled by the affirmative vote of a majority of the directors then in office, although less than a quorum.
- (3) If the laws of the fraternal provide that at least 2/3 of the directors are elected by the members, elected director vacancies may be filled by the board for the remainder of the terms for which there are vacancies.
- (4) If the vacancy is to be filled other than by a regular election, the election by the board is effective only until a reasonable time has elapsed for choosing the director in that other manner.
- (5) If less than 2/3 of the directors are elected by the members, elected director vacancies may be filled by the directors only until the next succeeding regular election. At that time, the elected director vacancy may be filled for the remainder of the term for which there is a vacancy. A

director elected under this section to fill the unexpired term of an elected director is an elected director within the meaning of Subsection 31A-9-403(1)(a).

- (6) If the board ceases to exist, the commissioner shall arrange the necessary procedures for holding elections to create a new board.

Amended by Chapter 300, 2000 General Session

**31A-9-407 Supervision of management changes.**

Section 31A-5-410 applies to the supervision of management changes of fraternal.

Enacted by Chapter 242, 1985 General Session

**31A-9-408 Continuity of management in emergencies.**

Section 31A-5-411 applies to the continuity of management of fraternal in emergencies.

Enacted by Chapter 242, 1985 General Session

**31A-9-409 Committees of directors.**

Section 31A-5-412 applies to committees of directors in fraternal, except that the references to other sections of Chapter 5, Domestic Stock and Mutual Insurance Corporations, shall be to the corresponding sections of Chapter 9, Insurance Fraternal.

Enacted by Chapter 242, 1985 General Session

**31A-9-410 Interlocking directorates and other relationships.**

Section 31A-5-413 applies to interlocking directorates and other relationships of fraternal.

Enacted by Chapter 242, 1985 General Session

**31A-9-411 Transactions in which directors and others are interested.**

Section 31A-5-414 applies to transactions in which directors and others are interested within fraternal.

Enacted by Chapter 242, 1985 General Session

**31A-9-412 Directors' liability and indemnification.**

Section 31A-5-415 applies to directors' liability and indemnification in fraternal, except that the word "mutual" shall be read "fraternal".

Enacted by Chapter 242, 1985 General Session

**31A-9-413 Executive compensation.**

Section 31A-5-416 applies to executive compensation in fraternal, except that the word "mutual" shall be read "fraternal."

Enacted by Chapter 242, 1985 General Session

**31A-9-414 Exclusive agency contracts.**

Section 31A-5-417 applies to exclusive agency contracts in fraternal.

Enacted by Chapter 242, 1985 General Session