64B.22 FUNDS.

Subdivision 1. **Assets.** All assets shall be held, invested, and disbursed for the use and benefit of the society and no member or beneficiary shall have or acquire individual rights therein or become entitled to any apportionment on the surrender of any part thereof, except as provided in the benefit contract.

Subd. 2. **Special funds.** A society may create, maintain, invest, disburse, and apply any special fund or funds necessary to carry out any purpose permitted by the laws of the society.

Subd. 3. **Separate accounts.** A society may, pursuant to resolution of its supreme governing body, establish and operate one or more separate accounts and issue contracts on a variable basis, subject to the provisions of law regulating life insurers establishing such accounts and issuing such contracts. To the extent the society deems it necessary in order to comply with any applicable federal or state laws, or any rules issued thereunder, the society may adopt special procedures for the conduct of the business and affairs of a separate account, may, for persons having beneficial interests therein, provide special voting and other rights, including without limitation special rights and procedures relating to investment policy, investment advisor services, selection of certified public accountants, and selection of a committee to manage the business and affairs of the account, and may issue contracts on a variable basis to which section 64B.19, subdivisions 2 and 4 shall not apply.

Subd. 4. **Authority of fraternal benefit societies clarified.** Subdivision 3 clarifies the authority of a fraternal benefit society to establish separate accounts, and to provide that the open contract and maintenance of solvency provisions may be deleted from contracts issued on a variable basis if so required to be consistent with other state or federal laws regulating variable contracts. The establishment of a separate account for variable products may be difficult to integrate into a society's existing mechanisms of representative form of government, so the statute emphasizes the care that must be taken in the decision by requiring that the supreme governing body authorize the establishment of the account.

History: *1985 c 49 s 22*