



COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

1000 Washington Street, Suite 810 • Boston, MA 02118-6200
(617) 521-7794 • Toll-free (877) 563-4467
<http://www.mass.gov/doi>

MAURA HEALEY
GOVERNOR

GARY D. ANDERSON
COMMISSIONER OF INSURANCE

KIM DRISCOLL
LIEUTENANT GOVERNOR

PROCEDURE FOR VOLUNTARY DISSOLUTION
OF A
LIMITED BENEFIT SOCIETY

Whenever the Commissioner of Insurance is satisfied that a limited benefit society, governed pursuant to M.G.L. c. 176P, has determined voluntarily to discontinue business, the following dissolution procedure must be followed. Societies are urged to notify the Division of Insurance of any pending dissolutions as soon as possible, before any final action or binding vote is taken.

Should the dissolution of a society appear imminent, it is the duty of the officers to notify the Division of Insurance and to proceed as follows:

- 1) Prepare and submit to the Division, a financial statement on the basis of which an audit may be performed.
- 2) Prepare a notice of a special meeting of the members to be held no sooner than 30 days from the date of the notice to determine the issue of whether or not to voluntarily discontinue business as of a certain date, no sooner than six (6) months from the date of the notice and the issue of the manner in which the society's assets will be distributed. The notice must contain the financial status of the society, membership trends and any other information the officers determine is necessary to permit a member to cast a reasonably well-informed vote. The notice must contain a proxy slip to be completed and returned by any member unable to attend the special meeting, including an explanation that if the absent member fails to return the proxy slip authorizing the appropriate officer to cast a vote on his or her behalf, he or she forfeits not only the right to vote on the issues but forfeits also his or her right to receive any future benefits from the society other than whatever share of the society's assets he or she may be entitled to at the time of dissolution.
- 3) Send the notice described above to each and every current member in good standing, at his or her last known address. A copy of the notice should be forwarded to the Division of Insurance, a representative of which shall verify the membership list.
- 4) A copy of the minutes of the special meeting, certified by the Secretary of the society must be filed with the Division of Insurance. A vote equivalent to the vote necessary to amend the by-laws, or two-thirds of those present and those voting by proxy, whichever

number is greater, shall be deemed sufficient to satisfy the Commissioner that the society has determined voluntarily to discontinue business.

5) At the special meeting, at least two (2) members shall be appointed to act as receivers to work with the Division in evaluating, liquidating and distributing the society's assets.

6) Outstanding claims and claims filed up to the date of dissolution must be paid in the ordinary course of business. On the date of dissolution, a sum sufficient to pay any outstanding claim shall be deposited with the Treasurer of the Commonwealth of Massachusetts.

7) After the date of the special meeting, but no later than 30 days prior to the date of dissolution, the society shall place legal advertisements for three consecutive days in a newspaper of general distribution announcing the pending dissolution of the society, requesting members or their beneficiaries to submit any outstanding claims immediately.

8) The Division of Insurance shall oversee the dissolution process and under no circumstances should a society attempt to dissolve without regard to the above procedures, nor may a society liquidate and distribute its assets without express final approval of the Division.

9) When all the assets of the society have been distributed in accordance with the above procedures, the Division of Insurance shall issue a final Certificate of Dissolution to the society, and a copy of the Certificate shall be kept at the Division as a public record.

This process applies only to a voluntary dissolution. Involuntary dissolution proceedings are set forth in M.G.L. c.176P, section 36, whereby the Commissioner may at his or her discretion present the relevant facts and circumstances to the Attorney General who in turn may begin a special proceeding in the Supreme Judicial Court.