

CHAPTER 38.

[H. B. 261.]

BY-LAWS OF MUTUAL INSURANCE COMPANIES.

AN ACT relating to insurance; providing for mutual company by-laws, amending section 87 of Insurance Code, being section 87 of chapter 49 of the Laws of 1911 as amended, of section 1 of chapter 207 of the Laws of 1919, known as paragraph 7132 of Remington's Revised Statutes of Washington.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. That section 7132, Remington's Revised Statutes, be and the same is hereby amended to read as follows:

Amends
§ 7132, Rem.
Rev. Stat.
(§ 2994 P. C.)

Section 7132. The directors of a mutual insurance company shall adopt such by-laws, not in conflict with the laws of this state, as they may deem proper for the government of its officers and the conduct of its business. Said by-laws shall provide for the liability of its members or policyholders for the payment of its losses and expenses, which liability, including the amount of the premium, shall not be less than two times the amount of the premium nor more than six times the amount of the premium charged by solvent stock companies for like risks and terms. The by-laws shall limit the expenses to not more than forty per centum of the net premiums charged and collected for insurance, which expense must include all sums paid by the insured for his insurance including any membership, policy, survey, or inspection fee, or other fee or charge, if any: *Provided, however,* That "expense" in the case of mutual accident and health companies shall not be construed to cover cost of adjusting or defending claims: *Provided further, however,* That the limit of expense as herein provided shall not apply to a mutual insurance company which is qualified to issue and is issuing a cash premium, nonassessable policy as au-

By-laws.

Liability of members.

Expenses.

Exceptions.

thorized under the laws of this state and maintains securities deposited with the state in an amount of not less than the minimum capital required of domestic stock insurance companies transacting business in a like classification of insurance.

Passed the House February 18, 1937.

Passed the Senate February 24, 1937.

Approved by the Governor March 1, 1937.

CHAPTER 39.

[H. B. 262.]

QUALIFICATIONS OF MUTUAL INSURANCE COMPANIES.

AN ACT relating to insurance and amending section 86, chapter 49, Laws of 1911, as amended by section 86, chapter 108, Laws of 1915 (section 7131 Remington's Revised Statutes).

Be it enacted by the Legislature of the State of Washington:

Amends
§ 7131, Rem.
Rev. Stat.
(§ 2993 P. C.)

SECTION 1. Section 86, chapter 49, Laws of 1911, as amended by section 86, chapter 108, Laws of 1915 (sec. 7131 Rem. Rev. Stat.) is hereby amended to read as follows:

Qualifica-
tions.

Section 7131. No domestic mutual insurance company hereafter formed under the laws of this state shall be authorized to transact business as an insurer until it shall have first qualified itself as follows:

Fire insur-
ance on cash
premium
plan.

First. If it is formed to transact as insurer, a general fire insurance business on the cash premium plan, it must have *bona fide* written applications severally signed by applicants for fire insurance for one year, and, on risks usually written for a term, not more than five years, from residents of this state, on property owned by the applicant, situate within this state, in separate risks of not to exceed two thousand dollars each, amounting in the aggregate to not less