

ment, shall make the inspection with the state fire marshal or his deputy, and they shall jointly approve the premises before a full license can be issued.

Passed the Senate March 1, 1959.

Passed the House March 9, 1959.

Approved by the Governor March 20, 1959.

CHAPTER 225.

[S. B. 386.]

INSURANCE CODE.

AN ACT relating to insurance; adding a new section to chapter 79, Laws of 1947 and to chapter 48.02 RCW; amending section .11.14, chapter 79, Laws of 1947 and RCW 48.11.140; amending section .12.15, chapter 79, Laws of 1947, as amended by section 7, chapter 193, Laws of 1957, and RCW 48.12.150; amending section .15.07, chapter 79, Laws of 1947 and RCW 48.15.070; adding a new section to chapter 79, Laws of 1947 and to chapter 48.15 RCW; amending section .17.16, chapter 79, Laws of 1947, as amended by section 13, chapter 303, Laws of 1955, and RCW 48.17.160; amending section .21.04, chapter 79, Laws of 1947 and RCW 48.21.040; amending section .24.07, chapter 79, Laws of 1947, as last amended by section 21, chapter 303, Laws of 1955, and RCW 48.24.070; and amending section .23.35, chapter 79, Laws of 1947, as amended by section 15, chapter 193, Laws of 1957, and RCW 48.23.350.

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

SECTION 1. There is added to chapter 79, Laws of 1947 and to chapter 48.02 RCW a new section to read as follows: New section.

(1) In addition to such publications as are otherwise authorized under this code, the commissioner may from time to time prepare and publish: Additional publications authorized.

(a) Booklets containing the insurance code, or supplements thereto, and such related statutes as the commissioner deems suitable and useful for inclusion in an appendix of such booklet or supplement.

(b) Manuals and other material relative to examinations for licensing as provided in chapter 48.17 RCW.

(2) The commissioner may furnish copies of the insurance code, supplements thereto, and related statutes referred to in subdivision (a) above, free of charge to public offices and officers in this state concerned therewith, to public libraries in this state, to public officials of other states and jurisdictions, having supervision of insurance, to the library of congress, and to officers of the armed forces of the United States of America located at military installations in this state who are concerned with insurance transactions at or involving such military installations.

Sale
authorized.

(3) Except as provided in subsection (2) above, the commissioner shall sell copies of the insurance code, supplements thereto, examination manuals and materials as referred to in subsection (1) above, at a reasonable price, fixed by the commissioner, in amount not less than the cost of publication, handling and distribution thereof. The commissioner shall promptly deposit all funds received by him pursuant to this subsection with the state treasurer to the credit of the general fund.

RCW 48.11.140
amended.

SEC. 2. Section .11.14, chapter 79, Laws of 1947 and RCW 48.11.140 are each amended to read as follows:

Limitation of
single risk.

(1) No insurer shall retain any fire or surety risk on any one subject of insurance, whether located or to be performed in this state or elsewhere, in an amount exceeding ten percent of its surplus to policyholders, except that:

(a) Domestic mutual insurers may insure up to the applicable limits provided by RCW 48.09.081, if greater.

(b) In the case of fire risks adequately protected by automatic sprinklers or fire risks princi-

pally of noncombustible construction and occupancy, an insurer may retain fire risks as to any one subject in an amount not exceeding twenty-five percent of the sum of (i) its unearned premium reserve and (ii) its surplus to policyholders.

(2) For the purposes of this section, a "subject of insurance" as to insurance against fire includes all properties insured by the same insurer which are reasonably subject to loss or damage from the same fire.

"Subject of insurance" includes.

(3) Reinsurance in an alien reinsurer not qualified under RCW 48.05.300 may not be deducted in determining risk retained for the purposes of this section.

(4) In the case of surety insurance, the net retention shall be computed after deduction of reinsurances, the amount assumed by any co-surety, the value or any security deposited, pledged, or held subject to the consent of the surety and for the protection of the surety.

(5) This section shall not apply to insurance of marine risks or marine protection and indemnity risks.

SEC. 3. Section .12.15, chapter 79, Laws of 1947, as amended by section 7, chapter 193, Laws of 1957, and RCW 48.12.150 are each amended to read as follows:

RCW 48.12.150 amended.

(1) This section shall be known as the standard valuation law.

Standard valuation law—Life insurance.

(2) Annual valuation: The commissioner shall annually value, or cause to be valued, the reserve liabilities (hereinafter called reserves) for all outstanding life insurance policies and annuity and pure endowment contracts of every life insurer doing business in this state, except that in the case of an alien insurer such valuation shall be limited to its insurance transactions in the United States, and may certify the amount of any such reserves, specifying

the mortality table or tables, rate or rates of interest and methods (net level premium method or others) used in the calculation of such reserves. In calculating such reserves, the commissioner may use group methods and approximate averages for fractions of a year or otherwise. He may accept, in his discretion, the insurer's calculation of such reserves. In lieu of the valuation of the reserves herein required of any foreign or alien insurer, he may accept any valuation made, or caused to be made, by the insurance supervisory official of any state or other jurisdiction when such valuation complies with the minimum standard herein provided and if the official of such state or jurisdiction accepts as sufficient and valid for all legal purposes the certificate of valuation of the commissioner when such certificate states the valuation to have been made in a specified manner according to which the aggregate reserves would be at least as large as if they had been computed in the manner prescribed by the law of that state or jurisdiction.

(3) Minimum valuation standard:

(a) The minimum standard for the valuation of all such policies and contracts issued prior to the operative date of RCW 48.23.350 shall be as follows:

For policies issued prior to the operative date no standard of valuation for ordinary policies, whether on the net level premium, preliminary term, or select and ultimate reserve basis, shall be less than that determined upon such basis according to the American Experience Table of Mortality with three and one-half percent interest; except, that when the preliminary term basis is used it shall not exceed one year. The commissioner may vary the standard of valuation in particular cases of invalid lives and other extra hazards, provided, that the interest rate used is not greater than three and one-half percent.

The legal minimum standard for the valuation of annuities issued on or after January 1, 1912, and prior to the operative date of RCW 48.23.350, shall be McClintock's Table of Mortality Among Annuityants, with interest at three and one-half percent per annum, but annuities deferred ten or more years and written in connection with life or term insurance may be valued on the same mortality table from which the consideration or premiums were computed, with interest not higher than three and one-half percent per annum.

Standard
valuation
law—Life
insurance.

The legal minimum standard for the valuation of industrial policies issued on or after the first day of January, 1912, and prior to the operative date of RCW 48.23.350, shall be the American Experience Table of Mortality with interest at three and one-half percent per annum; except, that any life insurer may voluntarily value such industrial policies according to the Standard Industrial Mortality Table or the Substandard Industrial Mortality Table.

The legal minimum standard for the valuation of group life insurance policies under which premium rates are not guaranteed for a period in excess of five years shall be, at the option of the life insurer issuing such policies, either the American Men Ultimate Table of Mortality, the Commissioners 1941 Standard Ordinary Mortality Table, or any other table approved by the commissioner, with interest at three and one-half percent per annum.

(b) The minimum standard for the valuation of all such policies and contracts issued on or after the operative date of RCW 48.23.350 shall be the Commissioners Reserve Valuation Method defined in subsection (4) of this section, three and one-half percent interest, and the following tables:

(i) For all ordinary policies of life insurance issued on the standard basis, excluding any disability and accidental death benefits in such policies,—the

Standard
valuation
law—Life
insurance.

Commissioners 1941 Standard Ordinary Mortality Table for such policies issued prior to the operative date of RCW 48.23.350 (5a), and the Commissioners 1958 Standard Ordinary Mortality Table for such policies issued on or after such operative date; provided, that for any category of such policies issued on female risks on or after July 1, 1957, modified net premiums and present values, referred to in subsection (4) of this section, may be calculated according to an age not more than three years younger than the actual age of the insured.

(ii) For all industrial life insurance policies issued on the standard basis, excluding any disability and accidental death benefits in such policies,—the 1941 Standard Industrial Mortality Table.

(iii) For annuity and pure endowment contracts, excluding any disability and accidental death benefits in such policies,—the 1937 Standard Annuity Mortality Table.

(iv) For total and permanent disability benefits in or supplementary to ordinary policies or contracts,—Class (3) Disability Table (1926) which, for active lives, shall be combined with a mortality table permitted for calculating the reserves for life insurance policies.

(v) For accidental death benefits in or supplementary to policies—the Inter-Company Double Indemnity Mortality Table combined with a mortality table permitted for calculating the reserves for life insurance policies.

(vi) For group life insurance, life insurance issued on the substandard basis and other special benefits,—such tables as may be approved by the commissioner.

(4) Commissioners Reserve Valuation Method: Reserves according to the Commissioners Reserve Valuation Method, for the life insurance and endowment benefits of policies providing for a uniform

amount of insurance and requiring the payment of uniform premiums shall be the excess, if any, of the present value, at the date of valuation, of such future guaranteed benefits provided for by such policies, over the then present value of any future modified net premiums therefor. The modified net premiums for any such policy shall be such uniform percentage of the respective contract premiums for such benefits (excluding extra premiums on a substandard policy) that the present value, at the date of issue of the policy, of all such modified net premiums shall be equal to the sum of the then present value of such benefits provided for by the policy and the excess of (a) over (b) as follows:

Standard
valuation
law—Life
insurance.

(a) A net level annual premium equal to the present value, at the date of issue, of such benefits provided for after the first policy year, divided by the present value, at the date of issue, of an annuity of one per annum payable on the first and each subsequent anniversary of such policy on which a premium falls due; provided, however, that such net level annual premium shall not exceed the net level annual premium on the nineteen-year premium whole life plan for insurance of the same amount at an age one year higher than the age at issue of such policy.

(b) A net one-year term premium for such benefits provided for in the first policy year.

Reserves according to the Commissioners Reserve Valuation Method for (1) life insurance policies providing for a varying amount of insurance or requiring the payment of varying premiums, (2) annuity and pure endowment contracts, (3) disability and accidental death benefits in all policies and contracts, and (4) all other benefits, except life insurance and endowment benefits in life insurance policies, shall be calculated by a method consistent with the principles of this paragraph.

Standard
valuation
law—Life
insurance.

(5) Minimum aggregate reserves: In no event shall an insurer's aggregate reserves for all life insurance policies, excluding disability and accidental death benefits, issued on or after the operative date of RCW 48.23.350, be less than the aggregate reserves calculated in accordance with the method set forth in subsection (4) and the mortality table or tables and rate or rates of interest used in calculating nonforfeiture benefits for such policies.

(6) Optional reserve bases: Reserves for all policies and contracts issued prior to the operative date of RCW 48.23.350 may be calculated, at the option of the insurer, according to any standards which produce greater aggregate reserves for all such policies and contracts than the minimum reserves required by the laws in effect immediately prior to such date.

For any category of policies, contracts or benefits specified in subsection (3) of this section, issued on or after the operative date of RCW 48.23.350, reserves may be calculated, at the option of the insurer, according to any standard or standards which produce greater aggregate reserves for such category than those calculated according to the minimum standard herein provided, but the rate or rates of interest used shall not be higher than the corresponding rate or rates of interest used in calculating any nonforfeiture benefits provided for therein: *Provided*, That reserves for participating life insurance policies issued on or after the operative date of RCW 48.23.350 may, with the consent of the commissioner, be calculated according to a rate of interest lower than the rate of interest used in calculating the nonforfeiture benefits in such policies, with the further proviso that if such lower rate differs from the rate used in the calculation of the nonforfeiture benefits by more than one-half percent the insurer issuing such policies shall file with the

commissioner a plan providing for such equitable increases, if any, in the cash surrender values and non-forfeiture benefits in such policies as the commissioner shall approve.

Any such insurer which at any time had adopted any standard of valuation producing greater aggregate reserves than those calculated according to the minimum standard herein provided may, with the approval of the commissioner, adopt any lower standard of valuation, but not lower than the minimum herein provided.

(7) Deficiency reserve: If the gross premium charged by any life insurer on any policy or contract is less than the net premium for the policy or contract according to the mortality table, rate of interest and method used in calculating the reserve thereon, there shall be maintained on such policy or contract a deficiency reserve in addition to all other reserves required by law. For each such policy or contract the deficiency reserve shall be the present value, according to such standard, of an annuity of the difference between such net premium and the premium charged for such policy or contract, running for the remainder of the premium-paying period.

SEC. 4. Section .15.07, chapter 79, Laws of 1947 and RCW 48.15.070 are each amended to read as follows:

RCW 48.15.070
amended.

Any person deemed by the commissioner to be competent and trustworthy and while maintaining an office at a designated location in this state may be licensed as a surplus line broker, as follows:

Surplus
line brokers
--Licensing.

(1) Application to the commissioner for the license shall be made on forms furnished by the commissioner.

(2) The license fee shall be one hundred dollars for each license year during any part of which the

license is in force. The license year shall be from the date of issuance of the license.

(3) Prior to issuance of license the applicant shall file with the commissioner and thereafter for as long as the license remains in effect he shall keep in force a bond in favor of the state of Washington in the penal sum of five thousand dollars, with authorized corporate sureties approved by the commissioner, conditioned that he will conduct business under the license in accordance with the provisions of this chapter and that he will promptly remit the taxes provided by RCW 48.15.120. No such bond shall be terminated unless not less than thirty days prior written notice thereof is filed with the commissioner.

New section.

SEC. 5. There is added to chapter 79, Laws of 1947 and to chapter 48.15 RCW a new section to read as follows:

Liability of
insurer
assuming
direct risk.

(1) If pursuant to the surplus lines provisions of this chapter an insurer has assumed direct risk under a coverage and the premium therefor has been paid to the broker who placed such insurance, the insurer shall be liable to the insured for unearned premiums payable upon cancellation of the insurance, whether or not the broker is indebted to the insurer for such premium or otherwise. This provision shall not affect rights as between the insurer and the broker.

(2) Each such insurer shall be deemed to have subjected itself to this section by acceptance of such direct risk.

RCW 48.17.160
amended.

SEC. 6. Section .17.16, chapter 79, Laws of 1947, as amended by section 13, chapter 303, Laws of 1955, and RCW 48.17.160 are each amended to read as follows:

(1) Each insurer on appointing an agent in this state shall file written notice thereof in duplicate

with the commissioner on forms as prescribed and furnished by him, and shall pay the filing fee therefor as provided in RCW 48.14.010. If then licensed, or as soon as licensed, the commissioner shall mail one copy of the appointment to the agent.

Appointment
of agents—
Revocation.

(2) Each such appointment shall continue in force until:

(a) The commissioner notifies the insurer that the person so appointed is no longer licensed as an agent by this state; or

(b) The appointment is revoked by the insurer by written notice of such revocation to the agent. The insurer shall forthwith file a duplicate copy of such notice of revocation with the commissioner. No fee shall be charged for filing such copy.

(3) Revocation of an appointment by the insurer shall be deemed to be effective as of the date designated in the notice as being the effective date if the notice is actually received by the agent prior to such designated date; otherwise, as of the earlier of the following dates:

(a) The date such notice of revocation was received by the agent.

(b) The date such notice, if mailed to the agent at his last address of record with the insurer, in due course should have been received by the agent.

SEC. 7. Section .21.04, chapter 79, Laws of 1947 and RCW 48.21.040 are each amended to read as follows:

RCW 48.21.040
amended.

(1) Any policy or contract of disability insurance which conforms with the description and complies with the requirements contained in one of the following six paragraphs shall be deemed a blanket disability insurance policy:

"Blanket
disability
insurance"
defined.

(a) A policy issued to any common carrier of passengers, which carrier shall be deemed the policyholder, covering a group defined as all persons who may become such passengers, and whereby such

"Blanket disability insurance" defined.

passengers shall be insured against loss or damage resulting from death or bodily injury either while, or as a result of, being such passengers.

(b) A policy issued in the name of any volunteer fire department, first aid or ambulance squad or volunteer police organization, which shall be deemed the policyholder, and covering all the members of any such organization against loss from accidents resulting from hazards incidental to duties in connection with such organizations.

(c) A policy issued in the name of any established organization whether incorporated or not, having community recognition and operated for the welfare of the community and its members and not for profit, which shall be deemed the policyholder, and covering all volunteer workers who serve without pecuniary compensation and the members of the organization, against loss from accidents occurring while engaged in the actual performance of duties on behalf of such organization or in the activities thereof.

(d) A policy issued to an employer, who shall be deemed the policyholder, covering any group of employees defined by reference to exceptional hazards incident to such employment, insuring such employees against death or bodily injury resulting while, or from, being exposed to such exceptional hazards.

(e) A policy covering students or employees issued to a college, school, or other institution of learning or to the head or principal thereof, who or which shall be deemed the policyholder.

(f) A policy or contract issued to any other substantially similar group which, in the commissioner's discretion, may be subject to the insurance of a blanket disability policy or contract.

(2) Nothing contained in this section shall be deemed to affect the liability of policyholders for

the death of, or injury to, any such members of such group.

(3) Individual applications shall not be required from individuals covered under a blanket disability insurance contract.

SEC. 8. Section .23.35 chapter 79, Laws of 1947, as amended by section 15, chapter 193, Laws of 1957, and RCW 48.23.350 are each amended to read as follows:

RCW 48.23.350 amended.

(1) This section shall be known as the standard nonforfeiture law.

Standard nonforfeiture law—Life insurance.

(2) Nonforfeiture provisions—Life: In the case of policies issued on or after the operative date of this section as defined in subsection (8), no policy of life insurance, except as stated in subsection (7), shall be delivered or issued for delivery in this state unless it shall contain in substance the following provisions, or corresponding provisions which in the opinion of the commission [commissioner] are at least as favorable to the defaulting or surrendering policyholder:

(a) That, in the event of default in any premium payment, the insurer will grant, upon proper request not later than sixty days after the due date of the premium in default, a paid-up nonforfeiture benefit on a plan stipulated in the policy, effective as of such due date, of such value as may be hereinafter specified.

(b) That, upon surrender of the policy within sixty days after the due date of any premium payment in default after premiums have been paid for at least three full years in the case of ordinary insurance or five full years in the case of industrial insurance, the insurer will pay, in lieu of any paid-up nonforfeiture benefit, a cash surrender value of such amount as may be hereinafter specified.

(c) That, a specified paid-up nonforfeiture benefit shall become effective as specified in the policy unless the person entitled to make such elec-

Standard
nonforfeiture
law—Life
insurance.

tion elects another available option not later than sixty days after the due date of the premium in default.

(d) That, if the policy shall have become paid-up by completion of all premium payments or if it is continued under any paid-up nonforfeiture benefits which become effective on or after the third policy anniversary in the case of ordinary insurance or the fifth policy anniversary in the case of industrial insurance, the issuer [insurer] will pay upon surrender of the policy within thirty days after any policy anniversary, a cash surrender value of such amount as may be hereinafter specified.

(e) A statement of the mortality table and interest rate used in calculating the cash surrender values and the paid-up nonforfeiture benefits available under the policy, together with a table showing the cash surrender value, if any, and paid-up nonforfeiture benefit, if any, available under the policy on each policy anniversary either during the first twenty policy years or during the term of the policy, whichever is shorter, such values and benefits to be calculated upon the assumption that there are no dividends or paid-up additions credited to the policy and that there is no indebtedness to the insurer on the policy.

(f) A statement that the cash surrender values and the paid-up nonforfeiture benefits available under the policy are not less than the minimum values and benefits required by or pursuant to the insurance law of this state; an explanation of the manner in which the cash surrender values and the paid-up nonforfeiture benefits are altered by the existence of any paid-up additions credited to the policy or any indebtedness to the insurer on the policy; if a detailed statement of the method of computation of the values and benefits shown in the policy is not stated therein, a statement that such

method of computation has been filed with the insurance supervisory official of the state in which the policy is delivered; and a statement of the method to be used in calculating the cash surrender value and paid-up nonforfeiture benefit available under the policy on any policy anniversary beyond the last anniversary for which such values and benefits are consecutively shown in the policy.

Standard
law—Life
nonforfeiture
insurance.

Any of the foregoing provisions or portions thereof not applicable by reason of the plan of insurance may, to the extent inapplicable, be omitted from the policy.

The insurer shall reserve the right to defer the payment of any cash surrender value for a period of six months after demand therefor with surrender of the policy.

(3) Cash surrender value—Life: Any cash surrender value available under the policy in the event of default in a premium payment due on any policy anniversary, whether or not required by subsection (2) of this section, shall be an amount not less than the excess, if any, of the present value, on such anniversary, of the future guaranteed benefits which would have been provided for by the policy including any existing paid-up additions, if there had been no default, over the sum of (a) the then present value of the adjusted premiums as defined in subsections (5) and (5a) of this section corresponding to premiums which would have fallen due on and after such anniversary, and (b) the amount of any indebtedness to the insurer on account of or secured by the policy. Any cash surrender value available within thirty days after any policy anniversary under any policy paid-up by completion of all premium payments or any policy continued under any paid-up nonforfeiture benefits whether or not required by such subsection (2), shall be an amount not less than the present value, on such anniversary,

Standard
nonforfeiture
law—Life
insurance.

of the future guaranteed benefits provided for by the policy including any existing paid-up additions, decreased by any indebtedness to the insurer on account of or secured by the policy.

(4) Paid-up nonforfeiture benefit—Life: Any paid-up nonforfeiture benefit available under the policy in the event of default in a premium payment due on any policy anniversary shall be such that its present value as of such anniversary shall be at least equal to the cash surrender value then provided for by the policy or, if none is provided for, that cash surrender value which would have been required by this section in the absence of the condition that premiums shall have been paid for at least a specified period.

(5) The adjusted premium—Life: The adjusted premiums for any policy shall be calculated on an annual basis and shall be such uniform percentage of the respective premiums specified in the policy for each policy year, excluding extra premiums on a substandard policy, that the present value, at the date of issue of the policy, of all such adjusted premiums shall be equal to the sum of (a) the then present value of the future guaranteed benefits provided for by the policy; (b) two percent of the amount of insurance, if the insurance be uniform in amount, or of the equivalent uniform amount, as hereinafter defined, if the amount of insurance varies with duration of the policy; (c) forty percent of the adjusted premium for the first policy year; (d) twenty-five percent of either the adjusted premium for the first policy year or the adjusted premium for a whole life policy of the same uniform or equivalent uniform amount with uniform premiums for the whole of life issued at the same age for the same amount of insurance, whichever is less: *Provided*, That in applying the percentages specified in (c) and (d) above, no adjusted premium

shall be deemed to exceed four percent of the amount of insurance or level amount equivalent thereto. Whenever the plan or term of a policy has been changed, either by request of the insured or automatically in accordance with the provisions of the policy, the date of inception of the changed policy for the purposes of determining a nonforfeiture benefit or cash surrender value shall be the date as of which the age of the insured is determined for the purpose of the changed policy.

Standard
nonforfeiture
law—Life
insurance.

In the case of a policy providing an amount of insurance varying with duration of the policy, the equivalent level amount thereof for the purpose of this subsection shall be deemed to be the level amount of insurance provided by an otherwise similar policy, containing the same endowment benefit or benefits, if any, issued at the same age and for the same term, the amount of which does not vary with duration and the benefits under which have the same present value at the date of issue as the benefits under the policy, provided, however, that in the case of a policy providing a varying amount of insurance issued on the life of a child under age ten, the equivalent uniform amount may be computed as though the amount of insurance provided by the policy prior to the attainment of age ten were the amount provided by such policy at age ten.

Except as otherwise provided in subsection (5a) of this section, all adjusted premiums and present values referred to in this section shall for all policies of ordinary insurance be calculated on the basis of the Commissioners 1941 Standard Ordinary Mortality Table: *Provided*, That for any category of ordinary insurance issued on female risks on or after July 1, 1957, adjusted premiums and present values may be calculated according to an age not more than three years younger than the actual age of the in-

Standard
nonforfeiture
law—Life
insurance.

sured. Such calculations for all policies of industrial insurance shall be made on the basis of the 1941 Standard Industrial Mortality Table. All calculations shall be made on the basis of the rate of interest, not exceeding three and one-half percent per annum, specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits: *Provided*, That in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be not more than one hundred and thirty percent of the rates of mortality according to such applicable table: *Provided further*, That for insurance issued on a substandard basis, the calculation of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the insurer and approved by the commissioner.

(5a) In the case of ordinary policies issued on or after the operative date of this subsection (5a) as defined herein, all adjusted premiums and present values referred to in this section shall be calculated on the basis of the Commissioners 1958 Standard Ordinary Mortality Table and the rate of interest, not exceeding three and one-half percent per annum, specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits, provided that for any category of ordinary insurance issued on female risks, adjusted premiums and present values may be calculated according to an age not more than three years younger than the actual age of the insured. *Provided, however*, That in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be not more than those shown in the Commissioners 1958 Extended Term Insurance Table. *Provided, further*, That for insurance issued

on a substandard basis, the calculation of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the insurer and approved by the commissioner.

Standard
nonforfeiture
law—Life
insurance.

After the effective date of this amendatory act of 1959, any insurer may file with the commissioner a written notice of its election to comply with the provisions of this subsection, either as to designated ordinary policies or as to all ordinary policies issued by it, after a specified date before January 1, 1966. After the filing of such notice, then upon such specified date (which shall be the operative date of this subsection as to such policies for such insurer), this subsection shall become operative with respect to such policies thereafter issued by such insurer. If an insurer makes no such election, or so elects to have this subsection apply as to certain of its ordinary policies only, the operative date of this subsection as to all of the ordinary policies issued by such insurer (other than those policies as to which the insurer has elected an earlier operative date as hereinabove provided) shall be January 1, 1966.

(6) Calculation of values—Life: Any cash surrender value and any paid-up nonforfeiture benefit, available under the policy in the event of default in a premium payment due at any time other than on the policy anniversary, shall be calculated with allowance for the lapse of time and the payment of fractional premiums beyond the last preceding policy anniversary. All values referred to in subsections (3), (4), (5) and (5a) of this section may be calculated upon the assumption that any death benefit is payable at the end of the policy year of death. The net value of any paid-up additions, other than paid-up term additions, shall be not less than the dividends used to provide such additions. Notwithstanding the provisions of subsection (3) of this

Standard
nonforfeiture
law—Life
insurance.

section, additional benefits payable (a) in the event of death or dismemberment by accident or accidental means, (b) in the event of total and permanent disability, (c) as reversionary annuity or deferred reversionary annuity benefits, (d) as term insurance benefits provided by a rider or supplemental policy provision to which, if issued as a separate policy, this section would not apply, and (e) as other policy benefits additional to life insurance and endowment benefits, and premiums for all such additional benefits, shall be disregarded in ascertaining cash surrender values and nonforfeiture benefits required by this section, and no such additional benefits shall be required to be included in any paid-up nonforfeiture benefits.

(7) Exceptions: This section shall not apply to any reinsurance, group insurance, pure endowment, annuity or reversionary annuity contract, nor to any term policy of uniform amount, or renewal thereof, of fifteen years or less expiring before age sixty-six, for which uniform premiums are payable during the entire term of the policy, nor to any term policy of decreasing amount on which each adjusted premium, calculated as specified in subsections (5) and (5a) of this section, is less than the adjusted premium so calculated, on such fifteen year term policy issued at the same age and for the same initial amount of insurance, nor to any policy which shall be delivered outside this state through an agent or other representative of the insurer issuing the policy.

(8) Operative Date: After the effective date of this section, any insurer may file with the commissioner a written notice of its election to comply with the provisions of this section after a specified date before July 1, 1948. After the filing of such notice, then upon such specified date (which shall be the operative date for such insurer), this section shall become operative with respect to the policies there-

after issued by such insurer. If an insurer makes no such election, the operative date of this section for such insurer shall be July 1, 1948.

SEC. 9. Section .24.07, chapter 79, Laws of 1947, as last amended by section 21, chapter 303, Laws of 1955, and RCW 48.24.070 are each amended to read as follows:

RCW 48.24.070
amended.

The lives of a group of individuals may be insured under a policy issued to the trustees of a fund established by two or more employers in the same industry, or by one or more labor unions, or by one or more employers in the same industry and one or more labor unions, or by one or more employers and one or more labor unions whose members are in the same or related occupations or trades, which trustees shall be deemed the policyholder, to insure employees or members for the benefit of persons other than the employers or the unions, subject to the following requirements:

Trustee
groups.

(1) The persons eligible for insurance shall be all of the employees of the employers or all of the members of the unions, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the unions, or to both. The policy may provide that the term "employees" shall include the individual proprietor or partners if an employer is an individual proprietor or a partnership. The policy may provide that the term "employees" shall include the trustees or their employees, or both, if their duties are connected with such trusteeship. The policy may provide that the term "employees" shall include retired employees.

(2) The premium for the policy shall be paid by the trustees wholly from funds contributed by the employer or employers of the insured persons, or by the union or unions, or by both, or, partly from such funds and partly from funds contributed by the insured persons. A policy on which part of the

premium is to be derived from funds contributed by the insured persons specifically for their insurance may be placed in force only if at least seventy-five percent of the then eligible persons, excluding any as to whom evidence of insurability is not satisfactory to the insurer, elect to make the required contributions. A policy on which no part of the premium is to be derived from funds contributed by the insured persons specifically for their insurance must insure all eligible persons, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

(3) The policy must cover at least fifty persons at date of issue.

(4) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the insured persons or by the policyholder, employers, or unions.

Passed the Senate March 1, 1959.

Passed the House March 9, 1959.

Approved by the Governor March 20, 1959.

CHAPTER 226.

[S. B. 387.]

SEED LIENS.

AN ACT relating to seed liens; and amending section 1, chapter 336, Laws of 1955 and RCW 60.12.180.

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

SECTION 1. Section 1, chapter 336, Laws of 1955 and RCW 60.12.180 are each amended to read as follows:

Every person who, at the written request of the owner of real property, his agent, or tenant, furnishes seed for growing crops upon such real property shall have a lien for the agreed price or the

RCW 60.12.180
amended.

Seed liens.