

(4) Every federal savings bank, the home office of which is located in this state, and the savings accounts therein, have all the rights, powers, and privileges and are entitled to the same immunities and exemptions as pertain to savings banks organized under the laws of this state.

NEW SECTION. Sec. 2. (1) A federal savings bank, the home office of which is located in this state, may convert itself into a domestic savings bank under this title upon approval by the supervisor of banking. For any such conversion, the federal savings bank shall proceed as provided in this chapter for the conversion of a domestic savings bank into a federal savings bank. The conversion shall be effected by the vote of a majority of the members or stockholders present, in person or by proxy, at a regular or special meeting of the members or stockholders called for such purpose.

(2) Upon consummation of the conversion, the successor domestic savings bank shall succeed to all right, title, and interest of the federal savings bank in and to its assets, and to its liabilities to the creditors of such federal savings bank.

NEW SECTION. Sec. 3. Sections 1 and 2 of this act shall constitute a new chapter in Title 32 RCW.

Passed the House March 2, 1983.

Passed the Senate April 12, 1983.

Approved by the Governor April 19, 1983.

Filed in Office of Secretary of State April 19, 1983.

CHAPTER 46

[Substitute Senate Bill No. 3164]

INSURANCE HOLDING COMPANIES—ACQUISITION PROCEDURES

AN ACT Relating to insurance holding companies; amending section 4, chapter 13, Laws of 1971 ex. sess. and RCW 48.31A.020; amending section 5, chapter 13, Laws of 1971 ex. sess. and RCW 48.31A.030; amending section 7, chapter 13, Laws of 1971 ex. sess. and RCW 48.31A.050; and adding a new section to chapter 48.31A RCW.

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

NEW SECTION. Sec. 1. There is added to chapter 48.31A RCW a new section to read as follows:

The purpose of this chapter is to assure that the protections provided generally by the insurance code to policyholders, beneficiaries, claimants, and the insuring public are not dissipated or prejudiced by the fact that an insurer is or may become part of an insurance holding company system.

Sec. 2. Section 4, chapter 13, Laws of 1971 ex. sess. and RCW 48.31A-.020 are each amended to read as follows:

No person other than the issuer or an affiliate of the issuer shall ((make a tender offer for a request or invitation for tenders of, or agreement to))

exchange securities for or otherwise acquire, any voting security or any security convertible into a voting security of a domestic insurer or of any other person controlling a domestic insurer if, as a result of the consummation thereof, ~~((the))~~ that person ~~((making such tender offer, request or agreement;))~~ would directly or indirectly, acquire actual control of ~~((such))~~ the insurer~~(;)~~ unless:

(1) Such person has filed with the commissioner a statement containing such of the following information, and such additional information as the commissioner may by rule or regulation prescribe as necessary or appropriate in the public interest or for the protection of policyholders:

(a) The background and identity of all persons by whom or on whose behalf the purchases or the exchange, merger, or other acquisition of control are to be effected;

(b) The source and amount of the funds or other consideration used or to be used in making the purchases or in effecting the exchange, merger or other acquisition of control, and, if any part of such funds or other consideration has been or is to be borrowed or otherwise obtained for the purpose of making the purchases or effecting the exchange, merger, or other acquisition of control, a description of the transaction and the names of the parties thereto;

(c) Any plans or proposals which such persons may have to liquidate such insurer, to sell its assets or merge it with any person, or to make any other major change in its business or corporate structure or management;

(d) The amount of each class of voting securities, or securities which may be converted into voting securities, of such insurer or such controlling person, which are beneficially owned, and the amount of each class of voting securities or securities which may be converted into voting securities of such insurer or such controlling person concerning which there is a right to acquire beneficial ownership, by each such person and by each such affiliate;

(e) Information as to any contracts, arrangements or understandings with any person with respect to any securities of such insurer, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies, naming the persons with whom such contracts, arrangements or understandings have been entered into, and giving the details thereof; and

(f) A copy of any such agreement, and any amendments thereto, to exchange or otherwise acquire securities or to merge with or otherwise to acquire control of such insurer; ~~((and))~~

(2) The time for disapproval, as provided in RCW 48.31A.050, including any agreed extensions, has elapsed or approval has been given by the commissioner.

Sec. 3. Section 5, chapter 13, Laws of 1971 ex. sess. and RCW 48.31A-.030 are each amended to read as follows:

All requests or invitations for tenders or advertisements making a tender offer or requesting or inviting tenders of such voting securities for actual control of a domestic insurer made by or on behalf of any such person shall contain such of the information specified in RCW 48.31A.020 as the commissioner may prescribe, and shall be filed with the commissioner, and a copy delivered to the issuer of the voting securities, at least ~~((ten))~~ five business days prior to the time such material is first published or sent or given to security holders. Copies of any additional material soliciting or requesting such tender offers subsequent to the initial solicitation or request shall contain such information as the commissioner may prescribe as necessary or appropriate in the public interest or for the protection of policyholders ~~((and stockholders,))~~ and shall be filed with the commissioner, and a copy delivered to the issuer of the voting securities, at least ~~((ten))~~ five business days prior to the time copies of such material are first published or sent or given to security holders.

Sec. 4. Section 7, chapter 13, Laws of 1971 ex. sess. and RCW 48.31A-.050 are each amended to read as follows:

(1) In the absence of approval by the commissioner the purchases, exchanges, mergers or other acquisitions of control referred to in RCW 48.31A.020 may be made unless the commissioner, within twenty days after the statement required by RCW 48.31A.020 has been filed with him, disapproves the purchases, exchanges, mergers or other acquisitions of control. The commissioner may disapprove any such transaction within twenty days after such filing if he finds that:

(a) After the change of control the domestic insurer ~~((could))~~ would not satisfy the requirements for the issuance of a certificate of authority according to requirements in force at the time of the issuance of its last certificate of authority to do the insurance business which it intends to transact in this state;

(b) The effect of the purchases, exchanges, mergers, or other acquisitions of control may be substantially to lessen competition in insurance in this state or tend to create a monopoly therein~~((;))~~ or ~~((would))~~ may violate the laws of this state ~~((or the United States))~~ relating to monopolies or restraint of trade;

(c) The financial condition of an acquiring person is such as would jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders ~~((or, in the case of an acquisition of control, the interest of any remaining shareholders who are unaffiliated with the acquiring person));~~

(d) The plans or proposals which the acquiring person has to liquidate the insurer, to sell its assets, or to merge it with any person, or to make any

other major change in its business or corporate structure or management, are unfair or prejudicial to policyholders; ((or))

(e) The competence, experience and integrity of those persons who would control the operation of the insurer indicate that it would not be in the interest of policyholders(~~(, shareholders, or)~~) and the public to permit them to do so; or

(f) There has not been full compliance with this chapter or other applicable provisions of Title 48 RCW by the acquiring person.

(2) The provisions of RCW 48.31A.020 through 48.31A.050 apply to any change of control ((if and to)) except to the extent that the commissioner, by rule or regulation or by order, shall exempt the same from the provisions of such sections as not comprehended within the purpose of ((this)) those sections.

Passed the Senate March 2, 1983.

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CHAPTER 47

[Substitute Senate Bill No. 3511]

HYDROELECTRIC RESOURCE DEVELOPMENT—POLITICAL SUBDIVISIONS

AN ACT Relating to the creation of separate legal authorities by one or more irrigation districts and any combination of cities, towns, or public utility districts for the purpose of constructing, financing, acquiring, owning, operating, and maintaining hydroelectric facilities; adding new sections to chapter 87.03 RCW; and declaring an emergency.

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

NEW SECTION. Sec. 1. There is added to chapter 87.03 RCW a new section to read as follows:

The legislature finds that a significant potential exists for the development of cost-effective renewable hydroelectric resources by irrigation districts, cities, towns, and public utility districts and further finds that it is in the best interests of the state and its citizens for such entities to develop that hydroelectric generating resource cooperatively whenever possible through the use of separate legal authorities. The legislature also finds that the development of such hydroelectric resources will be beneficial in meeting the present and future energy needs of the citizens of the state, will further a state purpose and policy, and will be in the public interest.

NEW SECTION. Sec. 2. There is added to chapter 87.03 RCW a new section to read as follows:

One or more irrigation districts and any combination of cities, towns, or public utility districts may create a separate legal authority to construct, finance, acquire, own, operate, and maintain hydroelectric facilities including, but not limited to, dams, canals, plants, transmission lines, other power