(1) Each contract for health care entered into or renewed after July 24, 1983, between a health care services contractor and the person or persons to receive the care shall provide coverage for reconstructive breast surgery resulting from a mastectomy which resulted from disease, illness, or injury.

(2) Each contract for health care entered into or renewed after the effective date of this act between a health care services contractor and the person or persons to receive the care shall provide coverage for all stages of one reconstructive breast reduction on the nondiseased breast to make it equal in size with the diseased breast after definitive reconstructive surgery on the diseased breast has been performed.

Sec. 8. Section 4, chapter 113, Laws of 1983 and RCW 48.46.280 are each amended to read as follows:

(1) Any health care service plan issued, amended, or renewed after July 24, 1983, shall provide coverage for reconstructive breast surgery resulting from a mastectomy which resulted from disease, illness, or injury.

(2) Any health care service plan issued, amended, or renewed after the effective date of this act shall provide coverage for all stages of one reconstructive breast reduction on the nondiseased breast to make it equal in size with the diseased breast after definitive reconstructive surgery on the diseased breast has been performed.

NEW SECTION: Sec. 9. This act shall take effect January 1, 1986.

Passed the Senate March 18, 1985.
Passed the House April 8, 1985.
Approved by the Governor April 17, 1985.
Filed in Office of Secretary of State April 17, 1985.

CHAPTER 55
[ Substitute Senate Bill No. 4138]

INSURANCE HOLDING COMPANY ACQUISITIONS

AN ACT Relating to insurance holding company systems; amending RCW 48.31A.020 and 48.31A.050; adding a new section to chapter 48.31A RCW; and declaring an emergency.

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

Sec. 1. Section 4, chapter 13, Laws of 1971 ex. sess. as amended by section 2, chapter 46, Laws of 1983 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 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, that person would directly or indirectly, acquire actual control of 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;

(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)) The exchange or acquisition has been approved by the commissioner in the manner prescribed by RCW 43.31A.050.

Sec. 2. Section 7, chapter 13, Laws of 1971 ex. sess. as amended by section 4, chapter 46, Laws of 1983 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

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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) The commissioner shall approve any exchange or other acquisition of control referred to in RCW 48.31A.020 within sixty days of the receipt of the statement filed pursuant to RCW 48.31A.020 after holding a public hearing, only upon finding that:

(a) After the change of control the domestic insurer 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 would not be substantially to lessen competition in insurance in this state or tend to create a monopoly therein and would not violate the laws of this state relating to monopolies or restraint of trade;

(c) The financial condition of an acquiring person is such as would not jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders;

(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 not unfair or prejudicial to policyholders;

(e) The competence, experience and integrity of those persons who would control the operation of the insurer indicate that it would be in the interest of policyholders and the public to permit them to do so;

(f) There has 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 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 those sections.

NEW SECTION. Sec. 3. A new section is added to chapter 48.31A RCW to read as follows:

All reasonable costs of any hearing held pursuant to RCW 48.31A-.050, as determined by the commissioner, including costs associated with the commissioner's use of investigatory, professional, and other necessary personnel, mailing of required notices and other information, and use of equipment or facilities, shall be paid before issuance of the commissioner's order by the person filing the statement required by RCW 48.31A.020.

NEW SECTION. Sec. 4. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state
government and its existing public institutions, and shall take effect immediately.

Passed the Senate March 11, 1985.
Passed the House April 8, 1985.
Approved by the Governor April 17, 1985.
Filed in Office of Secretary of State April 17, 1985.

CHAPTER 56

[Substitute Senate Bill No. 3361]

SAVINGS BANKS

AN ACT Relating to savings banks; amending RCW 32.04.020, 32.04.030, 32.08.142, 32.08.225, 32.12.020, 32.12.050, 32.16.010, 32.16.040, 32.16.050, 32.20.090, 32.20.220, 32.20.330, 32.24.030, 32.24.080, 32.32.025, 32.32.040, 32.32.115, 32.32.120, 32.32.150, 32.32.210, 32.32.215, 32.32.220, 32.32.230, 32.32.265, 32.32.490, 32.32.495, 32.32.500, and 32.32.505; adding a new section to chapter 32.08 RCW; adding new sections to chapter 32.32 RCW; adding new sections to chapter 32.34 RCW; repealing RCW 32.20.140, 32.20.150, 32.20.170, 32.20.180, and 32.20.190; and prescribing penalties.

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

Sec. 1. Section 32.04.020, chapter 13, Laws of 1955 as amended by section 106, chapter 85, Laws of 1981 and RCW 32.04.020 are each amended to read as follows:

The use of the term "savings bank" in this title refers to mutual savings banks and converted mutual savings banks only.

The use of the words "mutual savings" as part of a name under which business of any kind is or may be transacted by any person, firm, or corporation, except such as were organized and in actual operation on June 9, 1915, or as may be thereafter organized and operated under the requirements of this title is hereby prohibited.

The use of the term "supervisor" in this title refers to the supervisor of banking.

The use of the word "branch" in this title refers to an established manned place of business or manned mobile facility or other manned facility of a savings bank, other than the principal office, at which deposits may be taken.

Sec. 2. Section 32.04.030, chapter 13, Laws of 1955 as amended by section 1, chapter 80, Laws of 1955 and RCW 32.04.030 are each amended to read as follows:

(({(t+})) A savings bank ((shall not do business or be located in the same room with, or in a room connecting with, any other bank, or a trust company that receives deposits of money or commercial paper, or a national banking association.

(2) No savings bank, or any officer or director thereof, shall receive deposits or transact any of its usual business at any place other than its principal place of business or an authorized branch;