

CHAPTER 150.

[S. B. No. 180.]

PROVIDING FOR THE ORGANIZATION AND REGULATION OF MUTUAL MARINE AND FIRE INSURANCE COMPANIES.

AN ACT providing for the organization of mutual marine and fire insurance companies and regulating their management.

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

SECTION 1. A mutual marine and fire insurance company organized under the provisions of this chapter shall have an agreement under the seal of each subscriber thereto, substantially as follows: The subscribers severally agree to pay to the insurance company on demand the whole or such part of the amounts set against our names as may be called from time to time for the use of said company, in the payment of its losses and expenses not otherwise provided for.

Agreement of subscribers.

SEC. 2. Such companies shall not issue policies until the amount of three hundred thousand dollars, which shall be the total of such subscriptions, shall have been so subscribed, and a certificate signed by the president and a majority of the trustees certifying that the subscribers are known to them and that they believe them to be solvent and able to pay the full amount of their subscriptions has been deposited with the Insurance Commissioner and twenty-five per cent. of the full amount of such subscriptions shall have been paid in cash, and a certificate filed with the Insurance Commissioner showing said payment of said part of said subscription. If a subscriber dies or becomes insolvent or fails to pay the assessment made upon his subscription within thirty days after date of notice his subscription shall be cancelled and if the amount of the subscription fund is thereby or otherwise reduced the deficiency shall be made good by new subscriptions certified and paid in the same manner as the original. Subscribers shall be entitled to annual dividends of two per cent. upon the amount of their subscriptions from the profits of the company and not otherwise: *Provided*, That the liability of each subscriber shall continue until his subscription shall have been fully paid, notwith-

Amount of insurance necessary to be subscribed.

Certificate filed with Insurance Commissioner—what to contain.

Impairment of subscriptions.

Dividends.

Liability of subscribers.

standing, a sale, transfer or assignment of his said subscription or any interest therein, and the assignee shall be jointly and severally liable upon such subscription so assigned.

Division of
net profits.

SEC. 3. The net profits or divisible surplus of such companies shall be annually divided among the insured whose policies terminated within the year in proportion to the contribution of each to such profits or surplus, and such dividends shall be made only in script certificates payable only out of the accumulation of net profits or surplus which accumulation shall constitute and be kept invested by the company as a separate fund in trust for the redemption of such script certificates and the contingent payment of losses and expenses as herein provided. Such certificates until redeemed shall be subject to future losses and expenses of the company and to be reduced if the redemption fund is drawn upon for the payment of such losses and expenses. But no

Redemption
fund.

part of the redemption fund shall be used for the payment of losses or expenses unless the cash assets of the company are insufficient therefor and except to the extent of the deficiency; and if any portion thereof shall be used for such payment the outstanding certificates shall be reduced in proportion so that the redemption fund shall at all times equal the amount of the unredeemed certificates. The net income of the redemption fund shall be divided annually among the holders of its certificates; or the company may make such certificates with a specific rate of interest payable from the income of its invested funds. The maximum of such accumulation of profits shall be three hundred thousand dollars, and all excess of profit above said amount shall be applied annually to the payment of the certificates in the order of their issue. The certificates shall be forthwith payable when the company shall cease to issue policies and the fund is no longer liable to be drawn upon for the payment of losses.

Division of
redemption
fund.

Insured per-
son entitled
to member-
ship.

SEC. 4. Every person insured by a mutual marine and fire insurance company shall be a member while his policy is in force, entitled to one vote for every five thousand dollars of the total amount of policies held by him, and shall be notified of the time and place of holding its annual meetings by a written notice to his last known address. A corporation which becomes a member of such company may au-

thorize any person to represent it in such company, and such representative shall have all the rights of an individual member. Each subscriber to the subscription fund of such company shall be a member of such company and entitled to one vote for every one thousand dollars of his subscrip-^{Votes en-}tion, unless he be in arrears in the payment of an assess-^{titled to.}ment.

SEC. 5. Every such company shall annually elect by bal-^{Trustees.}lot a board of not less than seven trustees, who shall with the officers elected by such trustees manage and conduct its business and who shall hold office for one year or for such term as the by-laws may provide, and until their successors are qualified. Two-thirds at least of the trustees shall be^{Eligibility.} citizens of this state and members only shall be eligible as trustees or officers of the company.

Passed the Senate March 6, 1903.

Passed the House March 12, 1903.

(Note by the Secretary of State).—The above act was filed in the office of the Secretary of State at 11 o'clock a. m., on the 16th day of March, 1903, without the approval or disapproval of the Governor thereof.

SAM H. NICHOLS,
Secretary of State.