

power lines, drains, ditches, railroads, etc.; building, use or occupancy restrictions common to the community in which the property is located, liens for service and maintenance of water rights where not delinquent, shall not be regarded as encumbrances: *However*, If under any of such exceptions there is any sum owing but not due or delinquent, the total amount of such sum shall be deducted from the amount which otherwise might be loaned on the property, and the value of any timber or right reserved shall not be included in the appraised value of the property. Where buildings or other improvements constitute a material part of the value of the mortgaged premises, they shall be kept insured against loss or damage by fire in a reasonable amount for the benefit of the mortgagee; or,

(d) In any security or securities or class of security or securities when approved by the Insurance Commissioner.

Passed the House February 28, 1939.

Passed the Senate March 7, 1939.

Approved by the Governor March 11, 1939.

CHAPTER 103.

[H. B. 407.]

INSURANCE RATING SCHEDULES.

AN ACT relating to insurance companies; providing requirements for doing business in this state; requiring filing of rating schedules; and amending section 1 of chapter 88 of the Laws of 1935 (section 7118 of Remington's Revised Statutes).

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

SECTION 1. That section 1 of chapter 88 of the Laws of 1935 (section 7118 of Remington's Revised Statutes) is amended to read as follows:

Amends
§ 7118 Rem.
Rev. Stat.

Rating
schedule
files.

Approval.

Experience
of five years.

Amendatory
schedules.

Section 1. Every insurance company desiring to transact the business of making insurance as an insurer in this state, excepting life, accident and health, and marine insurance companies, must, as to any business it transacts, file in the office of the Insurance Commissioner, to be approved by him before such filing shall be deemed effective, its policy forms, rules and rating schedules, or, it may adopt entirely, the advisory rules and rates of any rating bureau organized as provided in section 74 of this act: *Provided*, That any insurance company that has maintained and used within the State of Washington for a period of five years or more prior to January 1st, 1935, its own forms, rules and rating schedules may maintain the same, or amendments thereto as hereinafter provided, as to the particular class or classes covered by such forms, rules and rating schedules, and adopt the advisory rules and rates of any rating bureau organization as to the balance of the class or classes of its said business. If a company has not been authorized and has not transacted business in this or any other state for at least five years next preceding January 1, 1939, it shall not be permitted to file its own forms, rules and schedules, but shall be a member of or subscriber to such rating organization until it shall have had an experience of five continuous years. Every such company and its agents shall observe its policy forms, rules and rating schedules and/or advisory rules and rates, and shall not amend the same or deviate therefrom except in accordance with the authority herein contained. Any such company which shall adopt all or any part of its own rating schedules shall not amend or correct the schedules so filed until it shall have filed amendatory or corrective schedules in the office of the Insurance Commissioner for a period of at least fifteen days, and until and unless such amendatory or cor-

rective schedules have been approved by the Insurance Commissioner. If such company shall adopt all the advisory rates of any such rating bureau, or any particular class or classes thereof, it shall file written notice with the Insurance Commissioner of its adoption of such rates or class or classes thereof, specifying the same; and shall not deviate therefrom until it shall have filed notice of such deviation in the office of the Insurance Commissioner for a period of at least thirty days, and until and unless such deviation shall have been approved by the Insurance Commissioner, but such approval shall not be granted unless the financial condition of such company and the general experience of the companies as to the insuring of like risks, and covering a period of not less than five years next preceding, warrants such deviation: *Provided, however,* That no such deviation by a company having less than five years' experience in this or any other state shall be approved by the Insurance Commissioner if such deviation is greater than any deviation then in effect. Any such deviation so made shall be by a uniform percentage of addition to all of such rates, or to all of the classes so adopted by it, or by a uniform percentage of decrease from all of such rates, or from all the classes so adopted by it; and any such deviation shall continue without change for a period of one year from the date of approval of the same by the Insurance Commissioner.

Adoption
of rates.

Passed the House March 6, 1939.

Passed the Senate March 5, 1939.

Approved by the Governor March 11, 1939.