

CHAPTER 32.

[H. B. 183.]

SALE OF CERTIFICATES FOR FUNERAL SERVICES.

AN ACT relating to and regulating the selling, offering for sale, or otherwise disposing of any share, certificate, right, or interest, granting or purporting to grant any right to funeral or burial services; and providing penalties for violation thereof.

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

Definitions.

SECTION 1. "Person" shall include natural persons of either sex, associations, firms, co-partnerships and corporations, whether acting by themselves, or by servant, agent or employee. Words in the present tense shall include the future tense, and the masculine shall include the feminine and neuter genders, and the singular shall include the plural, and the plural shall include the singular. "Insurance Commissioner" shall mean the insurance commissioner of the State of Washington.

Sale of certificates prohibited without filing bond.

SEC. 2. No person shall sell, or offer for sale, or otherwise dispose of for value, any share, certificate, right, or interest, granting or purporting to grant to the purchaser, or holder thereof, or to his heirs, children, dependents, members of his family, administrators, survivors, executors, or assigns, any right to funeral or burial services contingent upon the death of such purchaser, holder, children, dependents, or members of his family, at a price or cost less than the price or cost open to any person not having such share, certificate, right or interest, unless such person so selling, offering for sale, or otherwise disposing of any such share, certificate, right, or interest, shall first file, and keep in full force and effect, a bond running to the State of Washington, in the penal sum of one hundred thousand (\$100,000.00) dollars, with a surety com-

Amount,
\$100,000.

pany licensed to do business in this state as surety, such bond to be approved by and filed with the insurance commissioner, conditioned to indemnify, protect, and save harmless the purchaser or holder of any such share, certificate, right or interest, from any damage or loss sustained, or occasioned by any misrepresentation or fraud on the part of, or the insolvency of, or the cessation of the doing of business by, such person so selling or offering for sale any such share, certificate, right, or interest, or by the failure, neglect or refusal of any such person to comply with the terms and conditions of any such share, certificate, right, or interest, or any representation, whether oral or in writing, made at the time of, or as an inducement for, the purchase or acquisition thereof.

Approval.

Conditions.

SEC. 3. In case the purchaser or holder of any such share, certificate, right, or interest, shall sustain damage or loss from any cause herein specified, such purchaser or holder, or his executors, or administrators, shall have cause of action against the principal and surety upon the bond herein provided for, for all damages or loss sustained, together with the costs as provided by law, and in addition thereto, a reasonable sum as attorney's fees to be fixed by the court in such action, but the recovery against the surety shall not exceed the amount of the bond.

Action on bond.

SEC. 4. In addition to the filing of the bond as hereinbefore provided, every such person shall file with the insurance commissioner on or before the 10th day of each month, a sworn statement showing the total amount of money by him received on account of the sale of outstanding and unredeemed shares, certificates, rights or interests theretofore issued by him and which were in force on the last day of the preceding month, which sworn statement shall also set forth the name and address of every

Monthly statement of sales.

person who during such preceding month has become a purchaser of any such share, certificate, right or interest, together with the amount of money collected thereon, and/or to be paid therefor, and at the same time of filing such sworn statement, such person shall also deposit with the state treasurer cash or securities specified as authorized investments for domestic insurance companies under the insurance laws of this state, in such a sum as shall at least equal in value when added to securities previously deposited by any such person with the state treasurer, fifty per cent (50%) of the total amount theretofore received by such person on account of such shares, certificates, rights, or interests. If at any time the securities so deposited by any such person shall be in excess of fifty per cent (50%) of the amount received on account of the then outstanding and unredeemed shares, certificates, rights, or interests, such person may withdraw such excess, and the said state treasurer is hereby authorized, empowered, and directed to return the said excess to the person so depositing the same. The securities so deposited shall be for the protection of all purchasers, or holders, of any such shares, certificates, rights, or interests from the respective persons so making said deposits, but a deposit by any such person hereunder shall be security only for the performance of his own contract as evidenced by the share, certificate, right, or interest sold and disposed of by him. Said cash or securities, together with all interest or dividends accruing thereon, shall be held and disposed of in the manner as is now, or may hereafter be, provided by law in respect to cash or securities deposited with the said state treasurer under the laws of the State of Washington with respect to title insurance and he shall be entitled to collect such fees as are authorized, pursuant to state law pertaining to and regulating title insurance.

Deposit of securities required.

SEC. 5. The insurance commissioner is hereby authorized to examine the books and accounts of any person doing business within the purview of this act whenever in his judgment it is necessary to insure a proper enforcement thereof, but not more often than once in any six month period, and the reasonable and necessary cost of making such examination shall be borne and paid to the state treasurer on demand by the persons whose books and accounts are to be so examined, to be disposed of as is or may be provided by law in like and similar cases.

Insurance commissioner to examine accounts.

SEC. 6. This act shall not apply to any funeral or burial right or benefit issued or granted as an incident to membership in any fraternal or benevolent association or society, not organized for profit, or incident to any insurance policy or provision issued by any person duly authorized to do business in this state.

Fraternal societies exempted.

SEC. 7. Any person who shall violate or fail to comply with, or aid or abet any person in the violation of, or failure to comply with any of the provisions of this act, shall be guilty of a gross misdemeanor.

Penalties.

SEC. 8. The provisions of this act are cumulative and shall be construed as additional requirements, except as herein provided.

Provisions cumulative.

SEC. 9. If any section, subdivision, sentence or clause in this act shall be held invalid or unconstitutional, such fact shall not effect the validity of the remaining portions of this act.

Invalidity of part not to affect remainder.

Passed the House February 11, 1931.

Passed the Senate March 4, 1931.

Approved by the Governor March 10, 1931.