

(3) The following services for necessary medical or palliative care shall be included when ~~((medically necessary,))~~ ordered by the attending physician(;) and included in the approved plan of treatment:

(a) Short-term care ~~((in))~~ as an inpatient ~~((hospice unit));~~

(b) Care of the terminally ill in an individual's home on an outpatient basis as included in the approved plan of treatment;

(c) Respite care that is continuous care in the most appropriate setting for a maximum of five ~~((continuous))~~ days per ~~((certification period))~~ three-month period of hospice care.

Sec. 7. Section 8, chapter 249, Laws of 1983 and RCW 70.126.040 are each amended to read as follows:

The department of social and health services shall adopt rules establishing standards for the certification of home health agencies and hospices ~~((agencies))~~ under this chapter. These standards shall be compatible with and at least as stringent as home health and hospice certification regulations established by the United States department of health and human services and hospice ~~((agency))~~ accreditation standards established by the joint commission on accreditation of hospitals.

NEW SECTION. Sec. 8. This act shall take effect July 1, 1984.

Passed the Senate February 1, 1984.

Passed the House February 15, 1984.

Approved by the Governor February 21, 1984.

Filed in Office of Secretary of State February 21, 1984.

CHAPTER 23

[Senate Bill No. 4642]

MUTUAL INSURERS—REORGANIZATION PLANS OR REINSURANCE AGREEMENTS

AN ACT Relating to mutual insurers; amending section .09.35, chapter 79, Laws of 1947 as amended by section 1, chapter 32, Laws of 1983 1st ex. sess. and RCW 48.09.350; and amending section .09.36, chapter 79, Laws of 1947 and RCW 48.09.360.

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

Sec. 1. Section .09.35, chapter 79, Laws of 1947 as amended by section 1, chapter 32, Laws of 1983 1st ex. sess. and RCW 48.09.350 are each amended to read as follows:

(1) Upon satisfaction of the requirements applicable to the formation of a domestic stock insurer, a domestic mutual insurer may be reorganized as a stock corporation, pursuant to a plan of reorganization as approved by the commissioner.

(2) A domestic mutual insurer may be wholly reinsured in and its assets transferred to and its liabilities assumed by another mutual or stock insurer under such terms and conditions as are approved by the commissioner in advance of such reinsurance.

(3) The commissioner shall not approve any such reorganization plan or reinsurance agreement which does not determine the amount of and make adequate provision for paying to ~~((policy holders))~~ members of such mutual insurer, reasonable compensation for their equities as owners of such insurer, such compensation to be apportioned to ~~((policyholders))~~ members as identified and in the manner prescribed in RCW 48.09.360. The procedure for approval by the commissioner of any such reorganization plan or reinsurance agreement shall be the same as the procedure for approval by the commissioner of a plan of merger or consolidation under RCW 48.31.010.

Approval at a corporate meeting of members by two-thirds of the then members of a domestic mutual insurer who vote on the plan or agreement pursuant to such notice and procedure as was approved by the commissioner shall constitute approval of any such reorganization plan or reinsurance agreement by the insurer's members.

Sec. 2. Section .09.36, chapter 79, Laws of 1947 and RCW 48.09.360 are each amended to read as follows:

(1) Upon the liquidation of a domestic mutual insurer, its assets remaining after discharge of its indebtedness and policy obligations shall be distributed to its members who were such within the thirty-six months prior to the last termination of its certificate of authority.

(2) Upon the reorganization of a domestic mutual insurer as a domestic stock insurer under RCW 48.09.350(1) or upon reinsurance of the whole of the liabilities and transfer of all the assets of a domestic mutual insurer under RCW 48.09.350(2), the ownership equities of members of the domestic mutual insurer shall be distributed to its members who were such on an eligibility date stated in the reorganization plan or reinsurance agreement, or who were such within the thirty-six months prior to such eligibility date. Such eligibility date shall be either the date on which the reorganization plan or reinsurance agreement is adopted by resolution of the board of directors of the domestic mutual insurer, or the date on which the reorganization plan or reinsurance agreement is approved by a vote of the members, or the date which ends a calendar quarter during which either of such actions is taken.

(3) Upon the liquidation of a domestic mutual insurer, the distributive share of each such member shall be in the proportion that the aggregate premiums earned by the insurer on the policies of the member during the ~~((combined periods of his membership))~~ thirty-six months before the last termination of the insurer's certificate of authority, bear to the aggregate of

all premiums so earned on the policies of all such members during the same thirty-six months.

(4) Upon the reorganization of a domestic mutual insurer as a domestic stock insurer under RCW 48.09.350(1) or upon reinsurance of the whole of the liabilities and transfer of all the assets of a domestic mutual insurer under RCW 48.09.350(2), the distributive share of each member entitled thereto shall be in the proportion that the aggregate premiums earned by the insurer on the policies in force of that member during the thirty-six months before the eligibility date established under RCW 48.09.360(2) bear to the aggregate of all premiums so earned during the same thirty-six months on all the policies in force of all such members who are entitled to a distributive share.

(5) if a life insurer, the insurer shall make a reasonable classification of its life insurance policies so held by such members entitled to a distributive share and a formula based upon such classification for determining the equitable distributive share of each such member. Such classification and formula shall be subject to the commissioner's approval.

Passed the Senate February 1, 1984.

Passed the House February 15, 1984.

Approved by the Governor February 21, 1984.

Filed in Office of Secretary of State February 21, 1984.

CHAPTER 24

[Substitute Senate Bill No. 4334]

COMMUNITY SERVICE BY OFFENDERS—LIABILITY INSURANCE—LABOR AND INDUSTRIES INDUSTRIAL INSURANCE COVERAGE

AN ACT Relating to local community service; amending section 1, chapter 266, Laws of 1981 and RCW 51.12.045; adding a new section to chapter 35.21 RCW; adding a new section to chapter 35A.21 RCW; adding a new section to chapter 36.16 RCW; repealing section 2, chapter 266, Laws of 1981 and RCW 13.40.270; and declaring an emergency.

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

NEW SECTION. Sec. 1. There is added to chapter 35.21 RCW a new section to read as follows:

The legislative authority of a city or town may purchase liability insurance in an amount it deems reasonable to protect the city or town, its officers, and employees against liability for the wrongful acts of offenders or injury or damage incurred by offenders in the course of court-ordered community service, and may elect to treat offenders as employees and/or workers under Title 51 RCW.

NEW SECTION. Sec. 2. There is added to chapter 35A.21 RCW a new section to read as follows:

The legislative authority of a code city may purchase liability insurance in an amount it deems reasonable to protect the code city, its officers,