

In case of emergency, or unusual temporary demands for transportation, the fees for additional motor propelled vehicles for limited periods shall be fixed by the Commission in such reasonable amounts as may be prescribed by general rule or temporary order.

All sums collected hereunder shall be turned over by the Commission to the state treasurer within thirty days after their receipt and by him credited to the public service revolving fund.

Partial in-
validity.

SEC. 10. If any section, sub-section, sentence, clause or phrase of this act is for any reason held to be unconstitutional such decision shall not affect the validity of the remaining portion of this act.

Effect of act.

SEC. 11. This act shall not repeal any of the existing law or laws, relating to motor propelled vehicles, their owners or operators, or requiring compliance with any condition for their operation.

Passed the House, February 26, 1921.

Passed the Senate, March 7, 1921.

Approved by the Governor March 17, 1921.

CHAPTER 112.

[H. B. 260.]

AMENDMENTS TO INSURANCE CODE.

AN ACT relating to insurance and amending title XLV of Remington and Ballinger's Annotated Codes and Statutes of Washington by adding thereto new sections to be known as sections 6059-23, 6059-23A, 6059-23B, 6059-23C, 6059-23D, 6059-23E, 6059-23F, 6059-23G, 6059-23H, 6059-23I, 6059-23J, 6059-23K, 6059-23L, 6059-23M, and 6059-23N.

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

SECTION 1. That title XLV of Remington & Ballinger's Code be amended by adding thereto a new

section to be designated as section 6059-23, to read as follows:

Section 6059-23. The capital stock of every domestic insurance company required to have a capital to the extent of the minimum capital required by law, except as specially authorized or limited by this act, shall be invested and kept invested as follows:

Authorized
investments
of minimum
capital.

(a) In the legally issued bonds, warrants, and securities of the United States, or the District of Columbia, or of any state of the United States, not estimated above their current market value; or,

(b) In the legally issued bonds, warrants, and securities of any county, incorporated city, or incorporated school district in this state, which has not defaulted in the payment of interest on any of its bonds, warrants, or securities within three years, and which shall not be estimated above their par value, or their current market value; or,

(c) In the legally issued notes and bonds secured by mortgages or deeds of trust which shall be first liens on unincumbered real property in this state worth fifty per centum more than the amount loaned thereon, except that assessments and taxes not delinquent, party wall agreements, reservations of minerals, oils, and timber, easements and rights of way for sewer, telephone, telegraph, electric light and power lines, drains, ditches, railroads, etc.; building 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 incumbrances. 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.

SEC. 2. That title XLV of Rem. & Bal. Code be amended by adding thereto a new section to be designated as section 6059-23A, to read as follows:

Investments
of foreign or
alien com-
pany.

Section 6059-23A. The capital of every foreign or alien insurance company to the extent of the minimum capital required of a like domestic corporation shall be invested and kept invested in the same class of securities specified for domestic insurance corporations, except that like securities of the home state, or country, of such company may be recognized as legal investments for the amount of the minimum capital required.

SEC. 3. That title XLV of Rem. & Bal. Code be amended by adding thereto a new section to be designated as section 6059-23B, to read as follows:

Authorized
investment
of residue of
capital and
surplus.

Section 6059-23B. The residue of the capital and the surplus money and funds of every domestic insurance company over and above the amount of the minimum capital required by law shall be invested in or loaned on the pledge of any of the securities approved for investment of minimum capital, in first liens on real property as provided for in subdivision "(c)" of the provisions for investments of minimum capital stock, except only that the real property may be located in any state of the United States; and when authorized and directed by a majority vote of all the directors or trustees of the company, or by a majority of a board or committee authorized by the charter or by-laws of the company, or by a majority of a committee duly appointed and authorized by the directors or trustees of the company for the

purpose of making investments may be invested in or loaned upon;

(a) The legally issued bonds or warrants of, or local improvements bonds in any solvent municipal corporation, or in the legally issued bonds or securities of any solvent corporation incorporated under the laws of the United States or of any state thereof;

(b) The legally issued bonds of any solvent irrigation district created as by law provided in this state or in any other state of the United States, whose water rights shall have been legally acquired and finally determined and shall be fully adequate to supply sufficient water to properly irrigate all lands within such district, and whose storage reservoirs, canals, ditches, flumes, feeders, machinery, equipment, and other works and improvements shall have been acquired, owned, and constructed and be unincumbered except as to such bond issue, and shall be reasonably adequate to fully supply and properly serve such district, and shall have been so far constructed and completed as to be in regular operation and use and adequately irrigating not less than thirty (30) percentum of the lands within such irrigation district.

SEC. 4. That title XLV of Rem. & Bal. Code be amended by adding thereto a new section to be designated as section 6059-23C, to read as follows:

Section 6059-23C. The capital or funds of a domestic insurance company shall not, except with the approval of the insurance commissioner, be invested in or loaned upon its own stock or the stock of any other insurance company carrying on the same kind of insurance business except any such company organized under the provisions of section 6059-84 of Remington and Ballinger's Code as amended by chapter 47, Laws of 1919, for the purpose of engaging principally as a fidelity and surety company, may, with the consent of the insurance commissioner,

Investment
by loan on
stock of the
company or
other com-
pany in like
business.

invest such funds in or loan such funds on the stock of any other corporation carrying on the same kind of business outside of but not within the United States: *Provided, however,* That the commissioner in determining the condition of any such corporation so loaning or investing such funds shall not allow as an asset the amount of funds so loaned or invested.

SEC. 5. That title XLV of Rem. & Bal. Code be amended by adding thereto a new section to be designated as section 6059-23D to read as follows:

Section 6059-23D. Every domestic company organized to make insurance against loss and damage by reason of defective titles to property or incumbrance thereon, shall invest all its capital and funds required for its deposit and reserve in the same kind of security as the capital stock of a domestic insurance company is required by this section to be invested; and the remainder of its capital and funds may be invested in: (a) plant and equipment; (b) stock and bonds of abstract companies when approved by the insurance commissioner; (c) in the same kind of securities as the capital and funds of domestic insurance companies are permitted to be invested.

Investments
by title in-
surance com-
pany.

SEC. 6. That title XLV of Rem. & Bal. Code be amended by adding thereto a new section to be designated as section 6059-23E, to read as follows:

Section 6059-23E. Every domestic company doing business in other states of the United States or in foreign countries, may invest the funds required to meet its obligations, incurred in such other state or foreign country, and in conformity to the laws thereof, in the same kind of securities of such other state or foreign country that such company is by law allowed to invest in, in this state.

Investments
by domestic
company do-
ing business
outside state.

SEC. 7. That title XLV of Rem. & Bal. Code be amended by adding thereto a new section to be designated as section 6059-23F to read as follows:

Section 6059-23F. Any life insurance company may lend a sum not exceeding the legal reserve which it owes, upon any policy upon the pledge to it of said policy and its accumulations as collateral security, but nothing in this section shall be held to authorize one insurance company to obtain by purchase or otherwise, the control of any other insurance company: *Provided*, That a domestic insurance company may, with the approval of the insurance commissioner dispose of its own or acquire all or part of the business, assets, investments, property, or capital stock of another insurance company for the purpose of amalgamation, merger or consolidation.

Loan upon
pledge of
policy.

SEC. 8. That title XLV of Rem. & Bal. Code be amended by adding thereto a new section to be designated as section 6059-23G, to read as follows:

Section 6059-23G. A domestic insurance company may invest in such real property as shall be requisite for its home office, in the transaction of its business and may rent space therein not immediately required for its own use: *Provided*, That no such investment shall be made that will reduce the amount of the surplus assets, exclusive of such investment, to less than fifty per centum of the minimum capital required by law, of such company: *Provided, further*, That no such investment shall be made by a domestic mutual insurance company that will reduce the amount of the surplus assets, exclusive of such investment, of such company to less than fifty thousand dollars.

Investment
in real prop-
erty for
home office.

SEC. 9. That title XLV of Rem. & Bal. Code be amended by adding thereto a new section to be designated as section 6059-23H, to read as follows:

Section 6059-23H. Except upon the approval of the insurance commissioner, no domestic insurance

Limitations
upon invest-
ments of do-
mestic com-
panies.

company shall make any investments or loan of its capital, surplus, or reserve to any one person, firm or corporation in excess of ten per centum of the amount of its paid-up capital and surplus, and no loan shall be made for a longer period than one year, which, upon proper showing and security, may be extended not to exceed one year, except that loans on its own policies and loans on improved unincumbered real property may be made for any term.

SEC. 10. That title XLV of Rem. & Bal. Code be amended by adding thereto a new section to be designated as section 6059-23I, to read as follows:

Section 6059-23I. All investments and loans of the capital and funds of any domestic insurance company, except the amount invested in real estate for its home office, as specially provided for, shall be made and kept invested in and loaned on interest or dividend-bearing securities, whereon default for interest has not been made during three years next prior to the making of such loan, and the regular annual dividends, in the case of investments in stocks, shall have been actually earned and paid out of the net profits of not less than four per centum of the par value of such stock during each of the three years next preceding the time of such investment.

SEC. 11. That title XLV of Rem. & Bal. Code be amended by adding thereto a new section to be designated as section 6059-23J, to read as follows:

Section 6059-23J. With each investment or loan made of the capital or funds of any domestic insurance company shall be made and signed a written report by the officer, director, trustee, or acting chairman of the committee of directors or trustees making or authorizing such investment or loan on the part of such company, stating the amount so invested or loaned, a brief description of the securities or property in which such investment or loan

Nature of securities forming investment.

Report on each investment or loan.

is made, the reasonable cash market value thereof, and in case of a loan, the rate of interest, and amount of insurance carried to protect the mortgagee, and in case of an investment, the rate of interest or annual dividend earned, and paid during the five years next preceding, the name of the attorney who passes upon such transaction and the substance of his report, or if evidenced by title insurance policy, then the name of the insuring company and the substance of the policy; the amount of the expenses and commission, if any, on such investment or loan, by whom paid and to whom paid; and if any officer, director, or trustee of such insurance company has any direct, indirect, or contingent interest in the securities in which such investment, or on which such loan is made, or in the assets of the business, person, copartnership, or corporation in whose behalf such loan or investment is made, the name of the officer, director, or trustee, and the character and extent of such interest; which report shall be entered or bound in an appropriate record book which shall be at all times open to the inspection of the commissioner or his deputy, and any stockholder of such company.

SEC. 12. That title XLV of Rem. & Bal. Code be amended by adding thereto a new section to be designated as section 6059-23K, to read as follows:

Section 6059-23K. All investments, loans and deposits of the funds and securities of every domestic insurance company, and all purchases on behalf of every domestic insurance company, and all sales made of the property and effects of such company, shall be made in its corporate name, and no officer, director, or trustee thereof, and no agent, attorney, or member of a committee having any authority in the investment or disposition of its funds, shall accept, except for the company, or be the beneficiary of, either directly or indirectly or

Investments
in name of
company.

Benefits to
members, etc.

remotely, any fee, brokerage, commission, gift, or other consideration for or on account of any loan, deposit purchase, sale, payment, or exchange made by or on behalf of such company, or be pecuniarily interested in any such purchase, sale, loan, or investment, either as borrower, principal, co-principal, agent, attorney, or beneficiary, except that he may procure a loan from such company direct upon approval by two-thirds of the directors and upon deposit of securities provided for in this act.

SEC. 13. That title XLV of Rem. & Bal. Code be amended by adding thereto a new section to be designated as section 6059-23L, to read as follows:

Authoriza-
tion for in-
vestments,
sales and
loans by
directors.

Section 6059-23L. No investment, sale, or loan of any domestic insurance company, except loans on its own policies, shall be made which has not first been authorized by the board of directors, or by a committee thereof charged with the duty of investing or loaning the funds of the company, nor shall any deposit be made in a bank or banking institution, unless such bank has first been approved as a bank of deposit by the board of directors or said committee thereof, and a record of said action made.

SEC. 14. That title XLV of Rem. & Bal. Code be amended by adding thereto a new section to be designated as section 6059-23M, to read as follows:

Value of
bonds, etc.,
held by com-
pany.

Section 6059-23M. All bonds or other evidence of debt having a fixed term and rate held by any insurance company authorized to do business in this state may, if amply secured and not in default as to principal and interest, be valued as follows: If purchased at par, at the par value; if purchased above or below par, on the basis of the purchase price adjusted so as to bring the value to par at maturity and so as to yield in the meantime the effective rate of interest at which the purchase was made: *Provided*, That the purchase price shall in no case be taken at a higher figure than the actual market value

at the time of purchase: *And provided, further,* That the insurance commissioner shall have full discretion in determining the method of calculating values according to the foregoing rule.

SEC. 15. That title XLV of Rem. & Bal. Code be amended by adding thereto a new section to be designated as section 6059-23N, to read as follows:

Section 6059-23N. Every domestic insurance company shall have the right to acquire title to any property under the condition of any mortgage owned by it, or by purchase, or set-off on execution upon judgment for debts due it previously contracted in the course of its business, or by any process in settlement for debts; if such company acquired title to or lien upon any property or securities which it may not otherwise invest in, or loan its funds upon, such company shall dispose of all such personal property within one year, and real property within three years from the time of acquiring same, and the commissioner, upon proper showing and application, may extend such period a reasonable time: *Provided, however,* That any such company which has acquired real property in any manner which it is unable to sell advantageously may, with the consent of the insurance commissioner, exchange such property for other real or personal property. Any property acquired as a result of such exchange may be held for the length of time permitted by the insurance code, sold for cash, or in turn exchanged for other property, with the consent of the insurance commissioner.

Time for disposal of property acquired in course of business.

Passed the House, March 1, 1921.

Passed the Senate, March 7, 1921.

Approved by the Governor March 17, 1921.