

CHAPTER 108.

[S. B. 237.]

QUALIFICATIONS OF MUTUAL INSURANCE COMPANIES.

AN ACT relating to insurance, and amending section 86 of chapter 49 of the Laws of 1911, by inserting therein a seventh subdivision providing for the qualifications of mutual accident and health insurance companies.

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

SECTION 1. That section 86 of chapter 49 of the Laws of 1911 be amended to read as follows:

Section 86. *Mutual Companies—Qualifications.*

No domestic mutual insurance company hereafter formed under the laws of this state shall be authorized to transact business as an insurer until it shall have first qualified itself as follows:

First. If it is formed to transact as insurer, a general fire insurance business on the cash premium plan, it must have *bona fide* written applications severally signed by applicants for fire insurance for one year, and, on risks usually written for a term, not more than five years, from residents of this state, on property owned by the applicant, situate within this state, in separate risks of not to exceed two thousand dollars each, amounting in the aggregate to not less than five hundred thousand dollars; and must have, own, and possess in its own name and exclusive right premiums actually received in cash, to an amount of at least eight thousand dollars and six thousand dollars must be on hand above all liabilities except re-insurance reserve, estimated on the *pro rata* basis, and premium liability due in instalments as demanded, severally and unconditionally executed and delivered by a solvent applicant for the insurance he applies for, all in the aggregate amount, unimpaired, of not less than twenty-five thousand dollars: *Provided*, That when a mutual fire insurance company accumulates from its underwriting and earnings cash assets of not less than two hundred thousand dollars, of which amount not less than one hundred thou-

Amends
Laws 1911,
p. 226, § 86,
Rem.-Bal.
§ 6059-86, by
adding
subd. 7.

Qualifications.

Fire insur-
ance on cash
premium
plan.

Surplus
assets.

Savings to
policy
holders.

sand dollars shall be surplus assets which it must maintain in securities deposited as required of domestic stock insurance companies, and while it maintains such surplus assets on deposit it may issue its policies without liability on the part of its policy holders, other than to pay the amount of the premium stated in the policy, and which premium shall be not less than the premium charged by solvent stock companies for insuring similar risks. The company may classify its risks according to the various hazards covered, and any saving experienced by the company in loss ratio, expense of management, or from any other source, may be returned to the policy holders in the various classifications, according to the experience of the the company in said classes and as determined by the board of directors of the company: *Provided*, That such saving must be apportioned equitably among the policy holders in the classifications in which it is actually earned.

Companies
limited to
insuring
specific kind
of property
or business.

Second. If it is formed to transact, as insurer, a fire insurance business under the cash premium plan on one stated specific kind or class of manufacturing, mercantile, or other business or property, it must have *bona fide* written applications severally signed by applicants for fire insurance for one year on property owned by the applicant and situate within this state in separate risks of not to exceed two thousand dollars each, amounting in the aggregate to not less than three hundred thousand dollars; and must have, own, and possess in its own name and exclusive right, premiums received in cash to an amount of at least eight thousand dollars and six thousand dollars must be on hand, above all liabilities, except re-insurance, reserve, and premium liability, settled by premium notes due in installments as demanded, severally and unconditionally executed and delivered by a solvent applicant for the insurance he applies for to the aggregate amount of not less than twenty-five thousand dollars: *Provided*, That when any ten or more persons, partnerships, corporations, or associations engaged in a like class of manufacturing, mercantile or other business shall have organized a company hereunder, it may begin to issue policies

under such conditions as may be provided by the board of trustees or managing board thereof, and shall be approved by the commissioners.

Third. If it is formed to transact, as insurer, a general fire insurance business on the assessment plan, it must have *bona fide* written applications severally signed by applicants for fire insurance for one year, and, on risks usually written for a term, not more than five years, from residents of this state on property owned by the applicant situate within this state in separate risks of not to exceed twelve hundred and fifty dollars each, and amounting in the aggregate to not less than five hundred thousand dollars; and must have, own, and possess in its own name and exclusive right premiums on the insurance applied for, of which not less than fifty per centum thereof must be paid in cash to the aggregate amount of not less than four thousand dollars, which sum shall be on hand, above liabilities except re-insurance reserve, and the remainder and additional premium liability of the applicant must be paid as provided in the by-laws of the company: *Provided*, That any domestic fire insurance company doing business on the assessment plan and composed exclusively of members of a specified fraternal society, which conducts its business and secures its membership on the lodge system, having ritualistic form of work and ceremonies in such society shall be exempt from the provisions of this act governing the amount of insurance a company may carry on a single risk, financial qualifications, annual meeting, taxes, fees, and licenses, except that it shall pay for its annual license and filing its annual statement the sum of ten dollars.

Fire insurance on assessment plan.

Single risks.

Working capital.

Exception as to fraternal society insurance.

Fourth. If it is formed to transact as insurer a fire insurance business on the assessment plan outside of incorporated towns in this state, it must have *bona fide* written applications severally signed by applicants for fire insurance for one year, and, on risks usually written for a term, not more than five years, from residents of this state on property owned by the applicant situate

Business outside incorporated towns.

within this state in separate risks of not to exceed fifteen hundred dollars each, amounting in the aggregate to not less than two hundred thousand dollars; and must have, own, and possess in its own name and exclusive right premiums on the insurance applied for of which not less than fifty per centum thereof must be paid in cash and to be on hand above liabilities except re-insurance reserve, and the remainder and the additional premium liability of the applicant must be paid as provided in the by-laws of the company.

Inter-insurers
companies.

Fifth. If it is formed to transact business as inter-insurers only between the parties forming the company and all parties who shall become members and inter-insurers therein, no such company shall be formed nor transact any business as insurers until not less than twenty-five persons or parties, each of whom must be worth in his or its own right not less than twenty thousand dollars above all liabilities, in property located within this state, such fact to be determined by the commissioner, and in determining the same he may take the verified statement of such parties, and the signed reports of a reputable commercial agency having upwards of one hundred thousand subscribers, which person or parties shall first prescribe and adopt the terms and conditions upon which they will be governed and become inter-insurers each with the other, and each shall be individually liable with every other solvent member of such company to ratably pay and discharge all losses and legal claim accruing against such company: *Provided*, That the terms and conditions prescribed, adopted and entered into by such persons in becoming inter-insurers shall embrace the terms and conditions which experience of similar companies has found to be efficient and adequate to promptly and equitably pay and discharge its obligations of which the commissioner shall be the judge: *Provided, further*, That the provisions of this paragraph shall only apply to inter-insurers associations hereafter organized or hereafter applying for admission and authority to transact business in this state as inter-insurers.

Property
qualifications
of members.

Terms and
conditions of
business.

Sixth. If it is formed to transact business as insurer in this state upon the plan known as "Lloyds," no such company shall be formed with less than twenty persons or co-partnerships, citizens of the United States and two-thirds of them residents of this state, each of whom must be worth not less than twenty thousand dollars above all liabilities in real property and securities such as an insurance company is authorized to invest its capital and funds in as provided in this act, such fact to be determined by the commissioner and in determining the same he may take the verified statement of such parties and the signed reports of a reputable commercial agency having upwards of one hundred thousand subscribers, which persons or parties shall first prescribe and adopt the terms and conditions upon which they will be governed and become insurers. If such company be formed to transact business as insurer as specified in class one of section eighty-three of this act it must have not less than one hundred fifty thousand dollars, in *bona fide* unimpaired assets in excess of all liabilities, of which assets not less than seventy-five thousand dollars must be in cash and securities such as the funds of an insurance company may be invested in as provided in this act, and the remainder of said assets must consist of cash or such authorized securities, or the legal promissory notes severally made, signed, and delivered by solvent parties payable to the company whenever required for the payment and discharge of losses or legal obligations accruing against such company; and where notes are used to make up the amount of said assets the commissioner shall determine the sufficiency of each note, and he shall have the right to require that the payment of any shall be secured by good and sufficient collateral, and it shall be his duty to require ample security to be furnished for the payment of such note when the makers thereof are not personally known by him to be solvent and good for the payment of the same. Such company shall deposit not less than two-thirds of its assets and keep the same on deposit through the insurance commissioner's office with

"Lloyds"
plan.

Assets
required.

Deposit
with state
treasurer.

the state treasurer in the same manner as deposits are required to be made and kept by stock insurance companies as provided in this act.

Seventh. If it is formed to transact insurance against injury, disablement, or death resulting from traveling or general accident or against disablement resulting from sickness, and every insurance appertaining thereto, it must have *bona fide* written applications severally signed by not less than five hundred applicants for health and accident, or health, or accident insurance for one year in amounts of not less than one thousand dollars each, from residents of this state, and who shall each have paid in one full annual premium in cash upon the insurance subscribed for; and must have, own and possess in its own name and exclusive right premiums actually received in cash, to an amount of at least eight thousand dollars and six thousand dollars must be on hand above all liabilities except re-insurance reserve; *Provided*, That when any such company shall accumulate from its underwriting and earnings cash assets of not less than one hundred thousand dollars of which amount not less than fifty thousand dollars shall be surplus assets, which it must maintain in securities, of a character designated by the insurance code, deposited with the state treasurer through the office of the insurance commissioner, and while it maintains such surplus assets on deposit, it may issue its policies without liability on the part of its policy holders other than to pay the amount of the premium stated in the policy and which premium shall be not less than the premium charged by solvent companies for insuring similar risks. The company may classify its risks according to the various hazards covered and any saving experienced by the company in its loss ratio, expense of management, or any other source may be returned to the policy holders in the various classifications at the end of any policy year for which premiums have been paid, according to the experience of the company in said classes and as determined by its board of directors: *Provided*, That such saving must be apportioned equitably among the

Accident
and health
insurance
companies.

Assets
required.

Deposit
with state
treasurer.

Return of
savings to
policy
holders.

policy holders in the classifications in which it is actually earned.

Such company may make insurance in any other class specified in said section eighty-three when permitted by the commissioner upon furnishing additional assets of the kind herein specified in the amounts required of a stock insurance company to make insurance in like classes as provided by this act.

Insurance
permitted
in other
classes.

The plan, terms, and conditions prescribed and adopted by such company must be such as the experience of similar companies has found to be efficient and adequate to promptly and equitably pay and discharge its obligations and successfully conduct its business, of which the commissioner shall be the judge.

Passed the Senate February 16, 1915.

Passed the House March 10, 1915.

Approved by the Governor March 17, 1915.

CHAPTER 109.

[S. B. 196.]

INVESTIGATION OF NATIONALITY OF INSANE PERSONS.

AN ACT relating to insane persons, and requiring an investigation and report as to their nationality.

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

SECTION 1. Whenever any person shall be brought before any judge of the superior court on a charge of insanity, the judge shall, if such person be found insane, inquire into the nationality of such person and may summon witnesses and require the production of documentary evidence for that purpose. If it shall appear that such insane person is an alien the judge shall cause the clerk of the court to make out and transmit to the United States Commissioner of Immigration in the State of Washington and to the superintendent of the hospital to which such person is committed a report showing the names and ad-

Authority
of superior
court.

Report to
U. S. Com-
missioner of
Immigration.