

Pending
condemnation
not affected.

may acquire rights-of-way. No pending condemnation proceeding nor right claimed therein shall be affected in any way by the provisions of this act.

Emergency.

SEC. 9. An emergency exists and this act shall take effect immediately.

Passed the Senate March 12, 1901.

Passed the House March 14, 1901.

Approved by the Governor, March 18, 1901.

CHAPTER CLXXIV.

[S. B. No. 276.]

RELATING TO BENEFICIARY SOCIETIES, ETC.

AN ACT regulating fraternal beneficiary societies, orders or associations.

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

Definition.

SECTION 1. A fraternal beneficiary association is hereby declared to be a corporation, society or voluntary association, formed or organized and carried on for the sole benefit of its members and their beneficiaries, and not for profit. Each association shall have

Lodge system,
death benefits,
etc.

a lodge system, with ritualistic form of work and representative form of government, and shall make provision for the payment of benefits in case of death, and may make provision for the payment of benefits in case of sickness, temporary or permanent physical disability, either as the result of disease, accident or old age: *Provided*, The period in life at which payment of physical disability benefits on account of old age commences, shall not be under seventy (70) years, subject to their compliance with its constitution and laws. The fund from

Proviso.

which the payment of such benefits shall be made, and the fund from which the expenses of such association shall be defrayed, shall be derived from assessments or dues collected from its members. Payment of death

Fund—how
derived.

benefits shall be to the families, heirs, blood relatives, affianced husband or affianced wife of, or to persons dependent upon the member. Such associations shall be governed by this act, and shall be exempt from the provisions of other laws of this state, and no law hereafter passed shall apply to them unless they be expressly designated therein. Any such fraternal beneficial association may create, maintain, disburse and apply a reserve or emergency fund in accordance with its constitution or by-laws.

Payment of benefits.

Exemption.

Emergency fund.

SEC. 2. All fraternal, beneficiary associations organized under the laws of this or any other state, province or territory, now doing business in this state, may continue such business: *Provided*, That they hereafter comply with the provisions of this act regulating annual reports and the designation of the commissioner of insurance as the person upon whom process may be served as hereinafter provided.

Continuation of business.

Proviso thereto.

SEC. 3. Any such association coming within the description, as set forth in section 1 of this act, organized under the laws of any other state, province or territory, and not now doing business in this state, shall be admitted to do business within this state when it shall have filed with the commissioner of insurance a duly certified copy of its charter and articles of association, and a copy of its constitution or laws, certified to by its secretary or corresponding officer, together with an appointment of the commissioner of insurance of this state as a person upon whom process may be served as hereinafter provided; and provided that such association shall be shown to be authorized to do business in the state, province or territory in which it is incorporated or organized, in case the laws of such state, province or territory, shall provide for such authorization; and in case the laws of such state, province or territory do not provide for any formal authorization to do business on the part of such association, then such association shall be shown to be conducting its business in accordance with the provisions of this act, for which purpose the commissioner of insurance of this

Foreign associations — how admitted to this state.

Examination
of affairs—
by whom.

state may personally, or by some person to be designated by him, examine into the condition, affairs, character and business methods, accounts, books and investments of such association at its home office, which examination shall be at the expense of such association, and shall be made within thirty days after demand thereof, and the expense of such examination shall be limited to \$200.

Annual filing
of certificate of
authority.

SEC. 4. Any association doing business under this act shall be permitted to do business upon filing annually with the commissioner of insurance of this state, the certificate of authorization of the insurance department of the state, province or territory in which it is incorporated or organized: *Provided, however,* In

Proviso.

case of failure to file said certificate by any such association, or in case the commissioner of insurance shall deem it necessary, he shall have power to examine, either personally or by some person designated by him, into the condition, affairs, character, business methods, accounts, books and investments of such association, at its home office, which examination shall be at the expense of the association, the amount thereof shall not exceed two hundred dollars in associations with no reserve or emergency fund, and four hundred dollars for associations with a reserve or emergency fund.

Expense of
examination.

Filing of
report.

SEC. 5. Each such association doing business in this state shall, on or before the first day of March of each year, make and file with the commissioner of insurance of this state a report of its affairs and operations during the year ending on the 31st day of December, immediately preceding, which annual report shall be in lieu of all other reports required by any other law. Such reports shall be upon blank forms to be provided by the commissioner of insurance, or may be printed in pamphlet form, and shall be verified under oath by the duly authorized officers of such association, and may be published, or the substance thereof, in the annual report of the commissioner of insurance under a separate part entitled "Fraternal Beneficiary Associa-

Blanks
provided by
insurance
commissioner.

tions," and shall contain answers to the following questions: Report—what to contain.

1. Number of certificates issued during the year, or members admitted.
2. Amount of indemnity affected thereby.
3. Number of losses or benefit liabilities incurred.
4. Number of losses or benefit liabilities paid.
5. The amount received from each assessment for the year.
6. Total amount paid members, beneficiaries, legal representatives, or heirs.
7. Number and kind of claims for which assessments have been made.
8. Number and kind of claims compromised or resisted, and statement of reasons.
9. Does the association charge annual or other periodical dues or admission fees?
10. How much on each one thousand dollars, annually or per capita, as the case may be.
11. Total amount received, from what sources, and the disposition thereof.
12. Total amount of salaries paid to officers.
13. Does the association guarantee, in its certificates, fixed amounts to be paid, regardless of amount realized from assessments, dues, admission fees and donations?
14. If so, state amount guaranteed, and the security of such guarantee.
15. Has the association a reserve fund?
16. If so, how is it created, and for what purpose, the amount thereof, and how invested?
17. Has the association more than one class?
18. If so, how many, and the amount of indemnity in each.
19. Number of members in each class.
20. If voluntary, so state, and give date of organization.
21. If organized under the laws of this state, under what law, and at what time; giving chapter and year and date of passage of the act.

22. If organized under the laws of any other state, province or territory, state such fact and the date of organization, giving chapter and year and date of passage of the act.

23. Number of certificates of beneficiary membership lapsed during the year.

24. Number in force at beginning and end of year; if more than one class, number in each class.

25. Names and addresses of its president, secretary and treasurer, or corresponding officers.

Commissioner of insurance to make additional inquiry.

The commissioner of insurance is authorized and empowered to address any additional inquiries to any such association in relation to its doings or condition, or any other matter connected with its transaction relative to the business contemplated by this act, and such officers of such association as the commissioner of insurance may require shall promptly reply in writing, under oath, to all such inquiries.

Legal process.

Agreement in regard to same.

Copies of certificate.

Service.

SEC. 6. Each such association now doing business or hereafter admitted to do business within this state and not having its principal office within this state, and not being organized under the laws of this state, shall appoint, in writing, the commissioner of insurance and his successors in office to be its true and lawful attorney, upon whom all lawful process in any action or proceeding against it must be served, and in such writing shall agree that any lawful process against it which is served on said attorney, shall be of the same legal force and validity as if served upon the association, and that the authority shall continue in force so long as any liability remains outstanding in this state. Copies of such certificate, certified by said commissioner of insurance, shall be deemed sufficient evidence thereof, and shall be admitted in evidence with the same force and effect as the original thereof might be admitted. Service upon such attorney shall be deemed sufficient service upon such association.

When legal process against any such association is served upon said commissioner of insurance, he shall immediately notify the association of such service by

letter, prepaid and directed to its secretary or corresponding officer, and shall within two days after such service forward in the same manner a copy of the process served on him to such officer. The plaintiff in such process so served shall pay to the commissioner of insurance at the time of such service a fee of \$3 which shall be recovered by him as part of the taxable costs, if he prevails in the suit. The commissioner of insurance shall keep a record of all processes served upon him, which record shall show the day and hour when such service was made.

When served on insurance commissioner he shall at once notify the association.

Plaintiff to pay insurance commissioner.

Record.

SEC. 7. The commissioner of insurance of this state shall, upon the application of any association having the right to do business within this state, as provided by this act, issue to such association a permit in writing, authorizing such association to do business within this state, for which certificate and all proceedings in connection therewith, such association shall pay to said commissioner the fee of \$5.

Issuance of permits—fee for same.

SEC. 8. Any number of persons, not less than ten, residents of the State of Washington, and citizens of the United States may form a fraternal beneficiary society, order or association, for the purposes set forth in this act, by filing in the office of insurance commissioner a declaration signed by each of the incorporators and duly acknowledged before an officer authorized under the laws of this state to take acknowledgments, and shall therein express their intention of forming a fraternal beneficiary society, order or association for beneficiary purposes, which said declaration shall also contain the proposed name of the society, order or association, which shall not be the same as, nor too closely resemble, the name of any other society, order or association, organized under the laws of this state or doing business in this state; the mode and manner in which the powers granted by this act are to be exercised; the place of doing business fully and clearly defined; the limit as to age of applicant or beneficiary membership, which shall not exceed fifty years, and that medical examinations are required of members

Formation of beneficiary associations.

Name.

Exercise of powers.

for life benefits; the name and official titles of the officers, trustees, directors, representatives or other persons, by whatsoever name or title designated, who are to have and exercise the general control and management of its affairs and all its funds, who shall be elected after the first year by representatives chosen by subordinate lodges, councils or bodies, or grand lodges, grand councils or bodies, as the laws of the society, order or association may provide, who shall be members of such society, order or association.

Term of office. Such first officers of any such society, order or association, shall not hold office longer than one year unless re-elected by a majority of the members thereof.

Shall not employ paid agents. SEC. 9. Such associations shall not employ paid agents in soliciting or procuring members, except in the organization or building up of subordinate bodies or granting members inducements to procure new members.

Contracts—when not valid. SEC. 10. No contract with any such association shall be valid when there is a contract, agreement or understanding between the member and the beneficiary that the beneficiary or any person for him shall pay such member's assessments or dues, or either of them.

Money of association not liable to attachment. SEC. 11. The money or other benefit, charity, relief or aid to be paid, provided or rendered by any association authorized to do business under this act, shall not be liable to attachment by trustee, garnishee or other process, and shall not be seized, taken, appropriated or applied by any legal or equitable process, or by operation of law, to pay any debt or liability of a certificate holder or of any beneficiary named in a certificate, or any person who may have any right thereunder.

Exception as to admission to this state. SEC. 12. No association not admitted to transact business within this state prior to the passage of this act shall be incorporated or given a permit or certificate of authority to transact business within this state, as provided for by this act, unless it shall first show that the mortuary assessment rates, provided for in whatever plan of business it has adopted, are not lower than is indicated as necessary by the following mortality table:

FRATERNAL CONGRESS MORTALITY TABLE.

Age.	Number living.	Number dying.	Probability of dying.	Age.	Number living.	Number dying.	Probability of dying.
20	100,000	500	.005000	60	69,801	1,588	.0227504
21	99,500	501	.005035	61	68,213	1,681	.0246434
22	98,999	502	.005071	62	66,532	1,778	.0267240
23	98,497	503	.005107	63	64,754	1,880	.0290330
24	97,994	505	.005153	64	62,874	1,985	.0315711
25	97,489	507	.005201	65	60,889	2,094	.0343904
26	96,982	510	.005259	66	58,795	2,206	.0375206
27	96,472	513	.005318	67	56,589	2,318	.0409620
28	95,959	517	.005388	68	54,271	2,430	.0447753
29	95,442	522	.005469	69	51,841	2,539	.0489767
30	94,920	527	.005552	70	49,302	2,645	.0536489
31	94,393	533	.005647	71	46,657	2,744	.0588122
32	93,860	540	.005753	72	43,913	2,832	.0644912
33	93,320	548	.005872	73	41,081	2,909	.0708118
34	92,772	557	.006004	74	38,172	2,969	.0777795
35	92,215	567	.006149	75	35,203	3,009	.0854757
36	91,648	578	.006307	76	32,194	3,026	.0939927
37	91,070	591	.006490	77	29,168	3,016	.1034010
38	90,479	606	.006698	78	26,152	2,977	.1138345
39	89,873	622	.006921	79	23,175	2,905	.1253506
40	89,251	640	.007171	80	20,270	2,799	.1385163
41	88,611	660	.007448	81	17,471	2,659	.1521951
42	87,951	683	.007766	82	14,812	2,485	.1677694
43	87,268	708	.008113	83	12,327	2,280	.1849599
44	86,560	734	.008480	84	10,047	2,050	.1855707
45	85,826	761	.008867	85	7,997	1,800	.2250844
46	85,065	790	.009287	86	6,197	1,539	.2483460
47	84,275	822	.009754	87	4,658	1,277	.2741520
48	83,453	857	.0102693	88	3,381	1,023	.3025732
49	82,596	894	.0108238	89	2,358	788	.3341815
50	81,702	935	.0114440	90	1,570	579	.3687898
51	80,767	980	.0121337	91	991	404	.4076690
52	79,786	1,029	.0128970	92	587	264	.4497445
53	78,757	1,083	.0137511	93	323	161	.4984520
54	77,674	1,140	.0146767	94	162	89	.5493827
55	76,534	1,202	.0157054	95	73	44	.6027397
56	75,332	1,270	.0168587	96	29	19	.6551724
57	74,062	1,342	.0181200	97	10	7	.7000000
58	72,720	1,418	.0194994	98	3	3	1.0000000
59	71,302	1,501	.0210513				

Mortality table.

SEC. 13. Any such association, organized under the laws of this state, may provide for the meetings of its legislative or governing body in any other state, province or territory, wherein such association shall have subordinate bodies, and all business transacted at such meeting shall be valid in all respects, as if such meetings were held within this state, and where the laws of any such association provide for the election of its officers by votes to be cast in its subordinate bodies, the votes so cast in its subordinate bodies in any other state, province or territory, shall be valid as if cast within this state.

Provision for meetings in other states.

False or fraudulent statements.

Penalty.

Further false statement to procure benefits constitutes perjury.

SEC. 14. Any person, officer, member or examining physician who shall knowingly or willfully make any false or fraudulent statement or representation in or with reference to any application for membership, or for the purpose of obtaining any money or benefit in any association transacting business under this act, shall be guilty of a misdemeanor, and upon conviction shall be punished by a fine of not less than \$100, nor more than \$500, or imprisonment in the county jail for not less than thirty days nor more than one year, or both, in the discretion of the court; and any person who shall willfully make a false statement of any material fact or thing in a sworn statement as to the death or disability of a certificate holder in any such association for the purpose of procuring payment of a benefit named in the certificate of such holder, and any person who shall willfully make any false statement in any verified report or declaration under oath required or authorized by this act, shall be guilty of perjury, and shall be proceeded against and punished as provided by the statutes of this state in relation to the crime of perjury.

Refusal or neglect to report.

Duty of insurance commissioner.

Injunction.

Cannot continue business if enjoined.

SEC. 15. Any such association refusing or neglecting to make the report, as provided in this act, shall be excluded from doing business within this state. Said commissioner of insurance must within twenty days after failure to make such report, or in case any such association shall exceed its powers or shall conduct its business fraudulently, or shall fail to comply with any of the provisions of this act, give notice in writing to the attorney general, who shall immediately commence an action against any such association to enjoin the same from carrying on any business. And no injunction against any such association shall be granted by any court, except on application by the attorney general, at the request of the commissioner of insurance, whether the state or a member or other party seeks relief. No association so enjoined shall have authority to continue business until such report shall be made, or overt act or violations complained of shall have been corrected,

nor until the cost of such action be paid by it, provided the court shall find that such association was in default, as charged, whereupon the commissioner of insurance shall reinstate such association, and not until then shall such association be allowed to again do business in this state. Any officer, agent or person, acting for any association or subordinate body thereof, within this state, while such association shall be so enjoined or prohibited from doing business pursuant to this act, shall be deemed guilty of a misdemeanor, and on conviction thereof, shall be punished by a fine not less than \$25 nor more than \$200, or by imprisonment in the county jail for not less than thirty days nor more than one year, or both such fine and imprisonment, in the discretion of the court.

Officers, acting while so enjoined, guilty of misdemeanor.

Penalty.

SEC. 16. Any person who shall act within this state as an officer, agent, or otherwise, for any association which shall have failed, neglected or refused to comply with, or shall have violated any of the provisions of this act, or shall have failed or neglected to procure from the commissioner of insurance proper certificate of authority to transact business, as provided for by this act, shall be subject to the penalty provided in the last preceding section for the misdemeanor therein specified.

Acting for companies which have failed to comply subjects person to penalty.

SEC. 17. Nothing contained in this act shall be construed to affect the Independent Order of Odd Fellows as they now exist nor any grand, subordinate lodge or other body of Free and Accepted Masons, nor the grand, nor any subordinate lodge of the Knights of Pythias, exclusive of the Endowment Rank, nor any association not working on the lodge system which limits its certificate holders to a particular class or to the employment of a particular town or city, designated firm, business house or corporation.

This act not to affect I. O. O. F. or F. and A. M., etc.

Passed the Senate March 8, 1901.

Passed the House March 13, 1901.

Approved by the Governor, March 18, 1901.