

of the trial he has suffered great mental anguish and humiliation with the result that his health has been impaired.

Appropriation \$1,000.

Reparation and restitution.

SEC. 2. There is hereby appropriated from the general fund of the state treasury the sum of one thousand dollars (\$1000.00), for the use and benefit of Lee Braden; said appropriation representing reparation and restitution for eleven months of wrongful and unjust confinement in the penitentiary at Walla Walla, and for damages suffered by reason of expense, worry, humiliation and impairment of general health arising out of his arrest, conviction, sentence, and serving eleven months thereof for a crime committed and confessed by another.

Passed the House January 10, 1934.

Passed the Senate January 11, 1934.

Approved by the Governor January 16, 1934.

CHAPTER 48.

[S. B. 30.]

DOMESTIC MUTUAL INSURANCE COMPANIES.

AN ACT relating to insurance, to regulate the organization and government of insurance companies, and defining the qualifications of domestic mutual companies.

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

Domestic mutual insurance companies.

Qualifications.

SECTION 1. No domestic mutual insurance company hereafter formed under the laws of this state shall be authorized to transact business as an insurer under classifications 3 and 4 as defined by section 83 of chapter 49, Laws of 1911, as amended by chapter 109, Laws of 1913, until it shall have first qualified as follows:

If it is formed to transact as insurer a general life insurance business, including endowments and

annuities, and including accidental death benefits and benefits such as operate to safeguard such insurance against lapse or to give a special surrender value or an annuity providing for payments during the lifetime of the insured, with or without reduction of the sum insured in the event that the insured shall be totally and permanently disabled from any cause, it must have bona fide written applications severally signed by not less than two hundred applicants who are residents of this state, for not less than one thousand dollars of insurance each. Such initial applicants shall each have shown evidence of insurability and shall have each paid one full annual premium in cash upon the insurance subscribed for. Solicitation of subscriptions for insurance under this section may be made by agents holding a certificate of authority which shall be issued by the insurance commissioner to properly qualified applicants therefor.

Initial applications.

Every application for such insurance shall contain a statement that the issuance of this policy is contingent upon the completion of the organization of the company and that the full prepaid premium will be refunded to the applicant if such organization is not completed within one year from the date of the application, or within such further period not to exceed six months as may be fixed by the insurance commissioner. No agreement of insurance shall be deemed effective until the company is fully organized and the policy issued. No solicitation for insurance under this subdivision shall be made unless the organizers shall have executed and filed with the insurance commissioner a bond in the sum of not less than twenty-five thousand dollars (\$25,000.00), in form satisfactory to and with surety approved by the insurance commissioner, conditioned for the repayment in full of all prepaid premiums in case the organization of the company is not completed

Issuance of policies contingent upon completion of organization.

Organizers' bond.

within the time specified or such further time as may be fixed by the insurance commissioner.

Guaranty fund in lieu of applications for insurance.

Or, in lieu of such subscriptions for insurance, the company shall provide and hold a special guaranty fund of at least twenty-five thousand dollars (\$25,000.00), in cash or invested in securities to be approved by the insurance commissioner, to be used for no purpose other than the payment of losses, until the company has accumulated a surplus fund of twenty-five thousand dollars over and above all liabilities, independent and exclusive of the guaranty fund. No part of such guaranty fund may be repaid or returned to the subscribers when such repayment would reduce the surplus as provided herein to less than twenty-five thousand dollars (\$25,000.00): *Provided*, That interest on such guaranty fund may be paid at a rate not to exceed five per cent per annum.

Insurance classifications.

The company may classify its insurance 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 policyholders 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.

Surplus accumulated.

When the company shall accumulate a surplus at least equal to the minimum capital required of a stock insurance company transacting a similar class of insurance business, which it must maintain in securities, approved by the insurance commissioner, deposited with the state treasurer through the office of the insurance commissioner, and while it maintains such surplus assets on deposit, it may issue policies without assessment liability other than the payment of the premium specified in the policy.

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.

SEC. 2. No person shall be a trustee or director of a mutual life insurance company, if he

Trustee ;
Director ;
qualifica-
tions.

a. Is not a resident of this state;

b. Has been adjudicated a bankrupt or has taken the benefit of any insolvency law, or has made a general assignment for the benefit of creditors;

c. Has suffered a judgment recovered against him for a sum of money to remain unsatisfied of record or unsecured on appeal for a period of more than three months;

d. Is a trustee, officer, clerk or other employee of any other life insurance company.

Nor shall a person be a trustee of a mutual life insurance company solely by reason of his holding public office.

Passed the Senate January 9, 1934.

Passed the House January 11, 1934.

Approved by the Governor January 17, 1934.