

CHAPTER 88.

[S. B. 161.]

INSURANCE.

AN ACT relating to insurance, amending sections 73 and 74 of chapter 49, Laws of 1911, further amending said chapter by adding thereto three new sections to be known as sections 74-a, 74-b and 74-c, and providing penalties for violation.

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

Amends § 73,
ch. 49, Laws
of 1911, pp.
209 to 210.

SECTION 1. That section 73 of chapter 49, Laws of 1911, pages 209 to 210 (section 7118 of Remington's Compiled Statutes) be amended to read as follows:

Compulsory
filing.

Section 73. Every insurance company desiring to transact the business of making insurance as an insurer in this state, must, as to any business it transacts, file in the office of the insurance commissioner its policy forms, rules and rating schedules, or, it may adopt entirely, the advisory rules and rates of any rating bureau organized as provided in section 74 of this act: *Provided*, That any insurance company that has maintained and used within the State of Washington for a period of five years or more prior to January 1st, 1935, its own forms, rules and rating schedules may maintain the same, or amendments thereto as hereinafter provided, as to the particular class or classes covered by such forms, rules and rating schedules, and adopt the advisory rules and rates of any rating bureau organization as to the balance of the class or classes of its said business. *Provided, further*, That no such policy forms or schedules need be filed for ocean marine insurance. *Provided, further*, That all policy forms, rules and rating schedules herein provided to be filed with the insurance commissioner shall first be approved by him. Every such company and its agents shall observe its policy forms, rules and rating schedules

Adoption
of rates.

Exemption.

Approval of
commis-
sioner.

and/or advisory rules and rates, and shall not amend the same or deviate therefrom except in accordance with the authority herein contained. Any company which shall adopt all or any part of its own rating schedules shall not amend or correct the schedules so filed until it shall have filed amendatory or corrective schedules in the office of the insurance commissioner for a period of at least fifteen days, and until and unless such amendatory or corrective schedules have been approved by the insurance commissioner. If it shall adopt all the advisory rates of any such rating bureau, or any particular class or classes thereof, it shall file written notice with the insurance commissioner of its adoption of such rates or class or classes thereof, specifying the same; and shall not deviate therefrom until it shall have filed notice of such deviation in the office of the insurance commissioner for a period of at least thirty days, and until and unless such deviation shall have been approved by the insurance commissioner, but such approval shall not be granted unless its experience in this or any other state during a period of not less than five years next preceding and its general financial condition warrants such deviation: *Provided*, That any such deviation so made shall be by a uniform percentage of addition to all of such rates, or to all of the classes so adopted by it, or by a uniform percentage of decrease from all of such rates, or from all the classes so adopted by it; and any such deviation shall continue without change for a period of one year from the date of approval of the same by the insurance commissioner: *Provided, further*, If a company has not been authorized and has not transacted business in this or any other state for at least five years next preceding January 1, 1935, it shall not be permitted to file its own forms, rules and schedules, but shall be a member of or subscriber to a rating organization until it shall have

Corrective
schedules.

Approval
of commis-
sioner.

Duration.

Rating
organization.

had an experience of five continuous years: *Provided, however,* The provisions of this act shall not apply to life and/or accident and health insurance companies.

Amends § 74
ch. 49, Laws
of 1911.

SEC. 2. That section 74 of chapter 49, Laws of 1911, pages 210 to 211, (section 7119 of Remington's Compiled Statutes) be amended to read as follows:

Rating
bureau.

Section 74. Any person or persons or co-partnership, resident within this state, or a domestic corporation, may organize or maintain a rating bureau, for the purpose of inspecting and surveying the various municipalities and fire hazards in this state, and the means and facilities for preventing, confining, and extinguishing fires, for the purpose of estimating fair and equitable rates for insurance, and to furnish to municipalities, owners of property, insurance companies, agents, solicitors, or brokers information and advice as to measures to be adopted for the reduction of fire hazards on property within this state, and lessening the cost of insurance thereon. The business of conducting a rating bureau in this state is public service in character and shall be conducted without profit to any party, except that fair and reasonable compensation shall be paid for all services actually rendered, and necessary to the business. Every rating bureau shall, before publishing or furnishing any rates, file in the office of the insurance commissioner its rating schedules, and shall not vary therefrom until amended or corrected rating schedules shall have been filed in the office of the insurance commissioner for a period of at least fifteen days, and until and unless such amended or corrected rating schedules shall have been approved by the insurance commissioner. No rating bureau

Purpose
and business.

Restrictions.

shall fix or promulgate a rate which does not accord with its established rules, classifications and schedules. No rating bureau shall fix or adopt any rules, the effect of which would be to prohibit or regulate

the payment of dividends by insurance companies issuing policies on the participating plan or by mutual or cooperative insurance companies, corporations or associations. The services of such rating bureau shall be available, equally and ratably in proportion to the service rendered, to any and all insurance companies, agents, brokers, and property owners.

Each rating bureau shall keep an accurate and complete record of all work performed by it, which record must show all receipts and disbursements, and be open at all times to the inspection, and examination of the insurance commissioner, his deputy, or examiner.

Record kept.

Each day that any person, co-partnership, corporation or rating bureau shall violate any provision of this section shall constitute a separate misdemeanor, and subject the offender to payment of a fine of not less than fifty dollars nor more than five hundred dollars.

Violation and penalty.

SEC. 3. That chapter 49, Laws of 1911 be amended by adding thereto a new section, to be known as section 74-a, (section 7119-a of Remington's Compiled Statutes) to read as follows:

Adds new sec. 74-a.

Section 74-a. No fire insurance company or rating bureau shall fix or make any rate or schedule of rates for fire insurance upon property in this state which is excessive, inadequate, unjust or unreasonable, or which discriminates unfairly between risks in the application of like charges or credits, or which discriminates unfairly between risks essentially the same hazards and having substantially the same degree of protection against fire. In determining the question of reasonableness of rates, the insurance commissioner shall give consideration to the conflagration hazard, both within and without the state and the combined experience of all companies doing business in this state over a period of the five pre-

Discrimination.

ceding years covering all classes of property insured in this state.

Adds new
section 74-b.

SEC. 4. That chapter 49, Laws of 1911 be amended by adding thereto a new section, to be known as section 74-b, (section 7119-b of Remington's Compiled Statutes) to read as follows:

Classification
schedules.

Section 74-b. Every company transacting fire insurance in this state shall annually on or before the first day of July of each year, file with the insurance commissioner and with the rating bureau of which it is a member or from which it receives its rates, classification schedules including premium writings and losses incurred on risks in this state during the preceding calendar year; and such classification schedule shall be in accordance with the classifications approved by the insurance commissioner; and in addition to such reports the insurance commissioner may require such company to file such classification schedules covering a number of years not exceeding the five preceding years prior to the making of such request.

Adds new
section 74-c.

SEC. 5. That chapter 49, Laws of 1911 be amended by adding thereto a new section, to be known as section 74-c, (section 7119-c of Remington's Compiled Statutes) to read as follows:

Removal of
discrimination.

Section 74-c. If, in the opinion of the insurance commissioner, any rate made or fixed by any insurance company or rating bureau is excessive, inadequate, unjust or unreasonable, or discriminates unfairly between risks in the application of like charges or credits, and/or discriminates unfairly between risks of essentially the same hazards and having substantially the same degree of protection against the fire, the insurance commissioner, after notice and opportunity to be heard is given to all parties interested, shall have power to order the discrimination removed. Any interested person or party feeling

aggrieved by any ruling, decision or order of the insurance commissioner following any hearing, as in this section provided, shall have the right to appeal to the superior court of Thurston county from such ruling, decision or order within the time and in the manner provided in section 7090 of Remington's Compiled Statutes for appeals by agents from decisions of the insurance commissioner; and upon such appeal the court shall try the case de novo and render its judgment either sustaining or reversing the order of the insurance commissioner, or enter such other judgment as the evidence warrants in accordance with the requirements of this section. Appeals to the supreme court may be taken as in equitable actions.

Right to
appeal.

SEC. 6. Every insurance company transacting business in this state at the time this act takes effect and desiring to continue to transact business in this state shall, between the time this act takes effect and the first day of July, 1935, comply with the requirements of this act.

Compliance
necessary.

Passed the Senate February 28, 1935.

Passed the House March 7, 1935.

Approved by the Governor March 20, 1935.