

Examination. received through the department of labor and industries. Such officers shall be subject to mental or physical examination at any state institution or otherwise under the direction of the chief of the Washington state patrol at any time during the period this act is effective, for the purpose of ascertaining whether or not they are able to resume active duty.

Disability retirement system.

SEC. 3. The chief of the Washington state patrol is hereby authorized and directed to prepare a study of a disability retirement system for the Washington state patrol officers and submit the same, together with recommendations for legislation to the 1941 session of the legislature. The Attorney General and the State Insurance Commissioner are hereby directed to cooperate with the chief of the Washington state patrol in the making of such study and recommendations.

Effective immediately.

SEC. 4. This act is necessary for the support of the state government and its existing public institutions and shall take effect April 1, 1939.

Passed the Senate March 2, 1939.

Passed the House March 7, 1939.

Approved by the Governor March 10, 1939.

CHAPTER 79.

[S. B. 372.]

GROUP LIFE INSURANCE.

AN ACT relating to group life insurance and repealing chapter 300 of the Laws of 1927 and chapter 129 of the Laws of 1929.

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

Group life insurance for employees.

SECTION 1. Group life insurance is hereby declared to be that form of life insurance covering not less than twenty-five (25) employees with or

without medical examination, written under a policy issued to the employer, the premium on which is to be paid by the employer or by the employer and the employees jointly, and insuring all of said employees, or all of any class or classes thereof determined by the conditions pertaining to the employment, for amounts of insurance based upon some plan which will preclude individual selection, for the benefit of persons other than the employer, except, that when the premium is to be paid by the employer and employees jointly, and the benefits of the policy are offered to all eligible employees, not less than seventy-five per centum (75%) of such employees may be so insured. The term "employees" may include the officers, managers and employees of subsidiary or affiliated corporations, and the individual proprietors, partners and employees of affiliated individuals and firms, when the business of such subsidiary or affiliated corporations, firms or individuals, is controlled by a common employer through stock ownership, contract or otherwise.

SEC. 2. The following forms of life insurance, in addition to those described herein are hereby declared to be group life insurance within the meaning of this act:

(a) Life insurance covering not less than twenty-five (25) of the members of one (1) or more companies, batteries, troops or other units of the national guard of any state, written under a policy issued to the commanding officer of such unit or units of the national guard who shall be deemed to be the employer for the purposes of this act, the premium on which is to be paid by the members of such unit or units for the benefit of persons other than the employer, except that when the benefits of the policy are offered to all eligible members of such unit or units, not less than seventy-five per centum

For National
Guard units.

(75%) of the members of such unit or units may be so insured.

For State Troopers.

(b) Life insurance covering not less than twenty-five (25) of the members of one (1) or more troops or other units of the state troopers or state police of any state, written under a policy issued to the commanding officer of the state troopers or state police who shall be deemed to be the employer for the purposes of this act, the premium on which is to be paid by the members of such units for the benefit of persons other than the employer, except that when the benefits of the policy are offered to all eligible members of such units, not less than seventy-five per centum (75%) of the members of such units may be so insured.

For labor union groups.

(c) Life insurance covering the members of any labor union, written under a policy issued to such union which shall be deemed to be the employer for the purposes of this act, the premium on which is to be paid by the union or by the union and its members jointly, and insuring only all of its members who are actively employed, for amounts of insurance based upon some plan which will preclude individual selection, for the benefit of persons other than the union or its officials: *Provided*, That where the insurance policy is cancellable at the end of any policy year at the option of the insurance company or the basis of premium rates may be changed by the insurance company at the beginning of any policy year, all members of a labor union may be insured: *Provided, further*, That when the premium is to be paid by the union and its members jointly and the benefits are offered to all eligible members, not less than seventy-five per centum (75%) of such members may be so insured.

For associations.

(d) Life insurance covering all and not less than five hundred (500) members of any association not formed for the purpose of procuring insurance,

written under a policy issued to such association which shall be deemed to be the employer for the purposes of this act, the premium on which is to be paid by the association, or by the association and its members jointly, for the benefit of persons other than the association, or its officials, except that when the premium is to be paid by the association and its members jointly, and the benefits are offered to all eligible members, not less than seventy-five per centum (75%) of such members may be so insured.

(e) Life insurance covering a group of persons who at any time are debtors of a financial or other institution including its subsidiary or affiliated institutions, if any, or of the vendor of any property for its purchase price, under agreements to pay any such indebtedness, or any balance thereof, in installments over a period of not more than ten (10) years, written under a policy issued, with or without medical examination, and made payable to such creditor or the assignee of the indebtedness, as his interest may appear, and insuring the life of each debtor for an amount not exceeding his individual indebtedness and not exceeding two thousand five hundred dollars (\$2,500): *Provided*, That not less than one hundred (100) persons shall become insured under such a group policy each year after its date of issue. In case the amount of the premium charged the creditor by the insurer for insurance on the life of a debtor under a policy issued under this act is paid by the debtor to the creditor, such payment shall not be deemed to constitute a charge upon a loan in violation of any usury law.

To cover
indebtedness.

SEC. 3. No policy of group life insurance shall be issued or delivered in this state unless and until a copy of the form thereof has been filed with the State Insurance Commissioner and formally approved by him; nor shall such policy be so issued

Form of
policy.

Approval.

or delivered unless it contains in substance the following provisions:

Requisites.

(1) A provision that the policy shall be incontestable after two (2) years from its date of issue, except for non-payment of premiums and except for violation of the conditions of the policy relating to military or naval service in time of war.

(2) A provision that the policy and the application or applications submitted in connection therewith shall constitute the entire contract between the parties, and that all statements contained in any such application shall, in the absence of fraud, be deemed representations and not warranties, and that no such statement shall be used in defense to a claim under the policy unless it is contained in a written application.

(3) A provision for the equitable adjustment of the premium or the amount of insurance payable in the event of a misstatement of the age of the person insured.

(4) A provision that the company will issue to the employer or association, except as to policies issued as hereinabove provided to insure the lives of debtors, for delivery to each person whose life is insured under such policy, an individual certificate setting forth a statement as to the insurance protection to which he is entitled, to whom payable, together with a provision, except as to policies issued as hereinabove provided to insure members of an association under the provisions of subdivision (d) of section 2 of this act, that in the case of the termination of the employment for any reason whatsoever the employee shall be entitled to have issued to him by the company, without evidence of insurability, and upon application made to the company within thirty-one (31) days after such termination, and upon the payment of the premium applicable to the class of risk to which he belongs and to the form and

amount of the policy at his then attained age, a policy of life insurance in any one of the forms customarily issued by the company, except term insurance, in an amount equal to the amount of his protection under such group insurance policy at the time of such termination.

(5) A provision that from time to time all new employees or members eligible for insurance in accordance with the policy provisions, and desiring the same shall be added to the group or class thereof originally insured. Except as provided in this act it shall be unlawful to make a contract of life insurance covering a group in this state.

SEC. 4. Policies of group life insurance when issued in this state by any company not organized under the laws of this state, may contain, when issued, any provision required by the laws of the state, or territory, or district of the United States under which the company is organized; and policies issued in other states or countries by companies organized in this state, may contain any provision required by the laws of the state, territory, district or country, in which the same are issued, anything in this section to the contrary notwithstanding. Any such policy may be issued or delivered in this state which in the opinion of the State Insurance Commissioner contains provisions on any one or more of the several foregoing requirements more favorable to those insured under such policies than hereinbefore required.

Other than domestic companies.

SEC. 5. No domestic life insurance company shall issue any policy of group life insurance, the premium for which shall be less than the net premium based on the American men ultimate table of mortality, with interest at three and one-half per centum ($3\frac{1}{2}\%$) per annum, plus a loading, the formula for the computation of which shall be approved by the Insurance Commissioner, and no policy providing for the premiums being paid by the union or associa-

Restrictions.

Premiums.

tion and members jointly shall be issued under subdivisions (c) and (d) of this act where the amount of premium to be contributed by each such member exceeds \$1.00 per month per \$1000.00 of insurance. A foreign life insurance company which shall not conduct its business in accordance with this requirement shall not be permitted to do business in this state. Any such policy may, however, anything in this act to the contrary notwithstanding, provide for a readjustment of the rate based on experience at the end of the first or any subsequent year of insurance, which readjustment may be made retroactive for such policy year only.

Legal minimum standard.

SEC. 6. The legal minimum standard for the valuation of group term insurance policies under which premium rates are not guaranteed for a period in excess of five (5) years shall be the American men ultimate table of mortality with interest at three and one-half per centum ($3\frac{1}{2}\%$) per annum.

Employer deemed to be policyholder.

SEC. 7. In every group policy issued by a domestic life insurance company, the employer or association shall be deemed to be the policy holder for all purposes within the meaning of this act, and, if entitled to vote at meetings of the company, shall be entitled to one vote thereat.

Repeals § 7242-1 to 7242-5 Rem. Rev. Stat.

SEC. 8. Chapter 300 of the Laws of 1927 (section 7242-1 to 7242-5 inclusive of Remington's Revised Statutes) and chapter 129 of the Laws of 1929 (section 7242-1 of Remington's Revised Statutes) are hereby repealed.

Passed the Senate March 3, 1939.

Passed the House March 6, 1939.

Approved by the Governor March 10, 1939.