

Section 5a. Any irrigation, diking or drainage district now or hereafter coming within the provisions of this act shall be and it is hereby authorized and empowered to enter into contracts, issue evidences of indebtedness and otherwise carry out on its part the provisions of this act.

Effective immediately.

SEC. 5. This act is necessary for the preservation of existing institutions and public welfare and shall take effect immediately.

Passed the House February 7, 1941.

Passed the Senate February 26, 1941.

Approved by the Governor March 4, 1941.

CHAPTER 40.

[H. B. 103.]

CLASSIFICATION OF INSURANCE.

AN ACT relating to insurance, providing for the classification of certain insurance as motor vehicle insurance, and providing certain requirements for accident and health insurance policies, and making certain provisions for the incorporation of insurance companies, and amending chapter 49 of the Laws of 1911, by adding thereto a new section to be known as section 83-A, and amending section 187-A, chapter 49, Laws of 1911, added by section 2 of chapter 124, Laws of 1929, and amending section 85 of chapter 49 of the Laws of 1911, as amended.

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

Amendment adding new section.

SECTION 1. That chapter 49 of the Laws of 1911, as amended, the same being sections 7032 to 7298 inclusive of Remington's Revised Statutes, be amended by adding thereto a new section to be known as section 83-A to read as follows:

Section 83-A. Insurance against the hazard of injury or death to person or persons, caused by accident, while operating, driving, riding in, entering,

alighting from, adjusting, repairing, cranking, or being struck or run down by a motor vehicle, when such insurance is written in connection with a policy of motor vehicle insurance, shall be classified as motor vehicle insurance.

Motor vehicle insurance defined.

SEC. 2. That section 187-A of chapter 49 of the Laws of 1911 added by section 2 of chapter 124 of the Laws of 1929 (section 7234 of Remington's Revised Statutes; section 3131-2A of Pierce's Code), be amended to read as follows:

Amendments.

Section 187-A. No policy of insurance against loss or damage from the sickness, or the bodily injury or death of the insured by accident shall be issued or delivered in this state (1) unless the entire money and other consideration therefor are expressed in the policy; nor (2) unless the time at which the insurance thereunder takes effect and terminates is stated in a portion of the policy preceding its execution by the insurer; nor (3) unless every printed portion thereof and of any endorsements or attached papers shall be plainly printed in type of which the face shall be not smaller than ten-point; nor (4) unless a brief description thereof be printed on its first page and on its filing back in type of which the face shall be not smaller than fourteen point; nor (5) unless the exceptions of the policy be printed with the same prominence as the benefits to which they apply: *Provided, however,* That any portion of such policy which purports, by reason of the circumstances under which a loss is incurred, to reduce any indemnity promised therein to an amount less than that provided for the same loss occurring under ordinary circumstances, shall be printed in bold face type and with greater prominence than any other portion of the text of the policy.

Health and accident insurance restrictions.

Entire consideration expressed.

Term stated.

Policy and endorsements to be plainly printed.

Description plainly printed.

Exceptions same as benefits.

Exceptions reducing benefits in bold face type.

SEC. 3. Section 85 of chapter 49 of the Laws of 1911, as amended by section 1 of chapter 107 of the

Amendments.

Amendments.

Laws of the Extraordinary Session of 1925 and as amended by section 1 of chapter 142 of the Laws of 1931 (section 7130 of Remington's Revised Statutes; section 2992 of Pierce's Code), is hereby amended to read as follows:

Requisites for insurance corporations.

Section 85. The following number of citizens of the United States, two-thirds of which number shall be residents of the State of Washington, may incorporate a company as follows: For a stock company, not less than five; for a mutual company, not less than ten; for an organization on the plan known as "Lloyds," not less than twenty; for an organization of "Inter-Insurers," not less than twenty-five; for one or more of the purposes specified in section 7128 by making and subscribing written articles of incorporation in quadruplicate and acknowledging the same before an officer authorized to take acknowledgments of deeds, and after having the same approved by the commissioner, by filing one of such articles in the office of the Secretary of State, another in the office of the Insurance Commissioner, another in the office of the Auditor of the county in which the principal office of the company is to be located, and retaining the fourth in the possession of the company, which articles shall state:

Stock.

Mutual.

Lloyds.

Inter-Insurers.

Articles in quadruplicate.

Approval by commissioner.

Contents of articles.

Incorporators.

Name.

Object.

Stock value.

First. The names and addresses of the incorporators.

Second. The name of the company.

Third. (a) The object for which the company is formed; (b) whether it is a stock or mutual company, and if a mutual company, whether it will insure on the cash premium or assessment plan; (c) the class or classes of risks wherein it will make insurance, according to the divisions made in this act.

Fourth. (a) If a stock company, the amount of the capital stock, the number of shares and the par value thereof which shall be not less than ten dollars

each; (b) if it be a mutual company, the minimum and maximum liability of its members or policyholders for the payment of losses occurring under its policies, which liability shall be not less than two nor more than six times the amount of the premium usually charged by solvent stock insurance companies for insuring like or similar risks for the same term, and if that premium is not known, then the premium used shall be according to either the "Dean" schedule or the "Universal Mercantile" schedule for fire risks, and such schedule for other class or classes of risks as may be approved by the commissioner.

Liability of members.

Limits.

Schedule.

Fifth. The time of its existence.

Period of existence.

Sixth. The number of trustees or directors, which shall not be less than five, and their names and addresses, who shall manage the affairs of the company for such length of time, not less than two nor more than six months as may be designated in such articles of incorporation.

Number of trustees or directors.

Seventh. The name of the city or town in which the principal place of business of the company is to be located in this state, and in what country or countries it intends to transact business.

Principal place of business.

Territory.

Amendments may be made to the articles of incorporation of a stock company, by a majority vote of its trustees or directors, and the vote or written assent of two-thirds of the capital stock of the company, and, if a mutual company, by the majority vote of its trustees or directors and the vote or written assent of two-thirds of the members or policy holders of such company, so as to include any provision authorized by this act, or so as to extend the period of its duration for a further definite time or perpetually. If the written assent of two-thirds of the capital stock of a stock company, or members or policy holders of a mutual company has not been obtained, then the vote of the said stock, or of said

Amendment of articles.

Requisite vote.

members may be taken, at any regular meeting of the stockholders or members called for that purpose in the manner provided in the by-laws of such company for special meetings of stockholders or members.

Certification
of amend-
ments.

The president and secretary of said company shall certify said amendments in quadruplicate under the seal of said company to be correct, and shall file and keep the same as in the case of original articles of incorporation and from the time of filing said amendments such company shall have the same powers, and the stockholders thereof shall be subject to the same liabilities as if said amendment had been embraced in the original articles of incorporation. A policy holder in a mutual insurance company has the same character of interest and occupies the same relation to the company as the stock holder has and occupies to a stock insurance company.

Status of
amendments.

Act not to
cure defects.

Nothing in this section shall be construed to cure or amend any defect existing in any articles of incorporation in that such articles did not set forth the matter required to make the same valid at the time of filing, nor to cure or amend any defect in the execution thereof.

Limitations
on name.

No such company shall take the name of a domestic company theretofore organized, nor that of an alien or foreign company admitted to this state, nor one so nearly resembling that or either as to be misleading. The expenses of incorporation and organization, including the placing of the capital stock of any such company incorporated after January 1, 1911, shall not exceed seven and one-half per centum of the par value of the stock actually sold.

Limitations
of organiza-
tion expense.

Passed the House February 12, 1941.

Passed the Senate February 26, 1941.

Approved by the Governor March 4, 1941.