

Deficiency appropriation.

cities and towns, there is hereby appropriated to the state treasurer, out of moneys in the motor vehicle excise fund the sum of two million three hundred eight thousand eight hundred twenty-six dollars and thirty-seven cents for the biennium ending March 31, 1951.

Emergency.

SEC. 2. This act is necessary for the support of the state government, and shall take effect immediately.

[Chapter 82.44 R.C.W. was derived from Rem. Supp. 1943, §§ 6312-115 to 6312-128a incl. as amended.]

Passed the Senate February 6, 1951.

Passed the House March 3, 1951.

Approved by the Governor March 19, 1951.

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CHAPTER 229.

[ S. B. 277. ]

INSURANCE—UNIFORM DISABILITY POLICY PROVISIONS LAW.

AN ACT relating to insurance and the form and provisions of disability insurance policies; enacting the uniform disability policy provisions law; and repealing certain sections of chapter 48.20, R.C.W.

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

New section.

SECTION 1. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

Exclusions from act.

Nothing in this act shall apply to or affect (1) any policy of workmen's compensation insurance or any policy of liability insurance with or without supplementary expense coverage therein; or (2) any policy or contract of reinsurance; or (3) any blanket or group policy of insurance; or (4) life insurance, endowment or annuity contracts, or contracts supplemental thereto which contain only such provisions relating to accident and sickness insurance as (a) provide additional benefits in case of death or dis-

membership or loss of sight by accident, or as (b) operate to safeguard such contracts against lapse, or to give a special surrender value or special benefit or an annuity in the event that the insured or annuitant shall become totally and permanently disabled, as defined by the contract or supplemental contract.

[Chapter 48.20 R.C.W. was derived from Rem. Supp. 1947, §§ 45.20.01 to 45.20.38 incl.]

SEC. 2. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows: New section.

No disability policy shall be delivered or issued for delivery to any person in this state unless it otherwise complies with this code, and complies with the following: Requirements for disability policies.

(1) It shall purport to insure only one person, except as to family expense insurance written pursuant to section 48.20.340. Insures but one person.

(2) The style, arrangement and over-all appearance of the policy shall give no undue prominence to any portion of the text, and every printed portion of the text of the policy and of any endorsements or attached papers shall be plainly printed in light-faced type of a style in general use, the size of which shall be uniform and not less than ten-point with a lower-case unspaced alphabet length not less than one hundred and twenty-point (the "text" shall include all printed matter except the name and address of the insurer, name or title of the policy, the brief description if any, and caption and subcaptions). Arrangement, printing, and style.

(3) The exceptions and reductions of indemnity shall be set forth in the policy and, other than those contained in sections 5 to 28, inclusive, of this act, shall be printed, at the insurer's option, either included with the benefit provision to which they apply, or under an appropriate caption such as "EXCEPTIONS," or "EXCEPTIONS AND REDUCTIONS," except that if an exception or reduction specifically applies only to a particular benefit of the policy, a statement Exceptions and reductions.

of such exception or reduction shall be included with the benefit provision to which it applies.

(4) Each such form, including riders and endorsements, shall be identified by a form number in the lower left-hand corner of the first page thereof.

Form number.

(5) It shall contain no provision purporting to make any portion of the insurer's charter, rules, constitution, or by-laws a part of the policy unless such portion is set forth in full in the policy, except in the case of the incorporation of, or reference to, a statement of rates or classification of risks, or short-rate table filed with the commissioner.

Provisions incorporating insurer's charter, etc., prohibited, exception.

[See note to sec. 1.]

[R.C.W. 48.20.340 is Rem. Supp. 1945, § 45.20.34.]

SEC. 3. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

New section.

If any policy is issued by a domestic insurer for delivery to a person residing in another state, and if the insurance commissioner or corresponding public official of such other state has advised the commissioner that any such policy is not subject to approval or disapproval by such official, the commissioner may by ruling require that such policy meet the applicable standards set forth in this chapter and in chapter 48.18, R.C.W.

Policies for persons out of state; when subject to provisions of this chapter.

[See note to sec. 1.]

[Chapter 48.18 R.C.W. was derived from Rem. Supp. 1947, §§ 45.18.01 to 45.18.52 incl.]

SEC. 4. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

New section.

Except as provided in section 48.18.130, R.C.W., each such policy delivered or issued for delivery to any person in this state shall contain the provisions as specified in sections 5 to 16, inclusive, of this act, in the words in which the same appear; except, that the insurer may, at its option, substitute for one or more of such provisions corresponding provisions of different wording approved by the commissioner which are in each instance not less favorable in any respect to the insured or the beneficiary. Each such

Policies to contain provisions set forth below in secs. 5 to 16, or approved equivalent.

provision shall be preceded by the applicable caption shown or, at the insurer's option, by such appropriate individual or group caption or subcaption as the commissioner may approve.

Captions  
to precede  
provision.

[See note to sec. 1.]

[R.C.W. 48.18.130 is Rem. Supp. 1947, § 45.18.13.]

SEC. 5. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows: New section.

There shall be a provision as follows:

*Entire contracts; changes:* This policy, including the endorsements and the attached papers, if any, constitutes the entire contract of insurance. No change in this policy shall be valid until approved by an executive officer of the insurer and unless such approval be endorsed hereon or attached hereto. No agent has authority to change this policy or to waive any of its provisions.

Entire  
contracts;  
changes.

[See note to sec. 1.]

SEC. 6. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows: New section.

There shall be a provision as follows:

*Time limit on certain defenses:* (a) After three years from the date of issue of this policy no misstatements except fraudulent misstatements, made by the applicant in the application for such policy shall be used to void the policy or to deny a claim for loss incurred or disability (as defined in the policy) commencing after the expiration of such three year period.

Time limit  
on certain  
defenses.

(The foregoing policy provision shall not be so construed as to affect any legal requirement for avoidance of a policy or denial of a claim during such initial three year period, nor to limit the application of sections 18, 19, 20, 21, and 22, of this act in the event of misstatement with respect to age or occupation or other insurance.) Construction.

(A policy which the insured has the right to continue in force subject to its terms by the timely pay-

Provision in lieu of foregoing, under the caption "Incontestable."

ment of premium (1) until at least age 50 or, (2) in the case of a policy issued after age 44, for at least five years from its date of issue, may contain in lieu of the foregoing the following provision (from which the clause in parentheses may be omitted at the insurer's option) under the caption "INCONTESTABLE":

"After this policy has been in force for a period of three years during the lifetime of the insured (excluding any period during which the insured is disabled), it shall become incontestable as to the statements contained in the application."

(b) No claim for loss incurred or disability (as defined in the policy) commencing after three years from the date of issue of this policy shall be reduced or denied on the ground that a disease or physical condition not excluded from coverage by name or specific description effective on the date of loss had existed prior to the effective date of coverage of this policy.

[See note to sec. 1.]

New section.

SEC. 7. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

There shall be a provision as follows:

Grace periods.

*Grace periods:* A grace period of.....(insert a number not less than "7" for weekly premium policies, "10" for monthly premium policies, and "31" for all other policies) days will be granted for the payment of each premium falling due after the first premium, during which grace period the policy shall continue in force.

Optional mention of cancellation provision.

(A policy which contains a cancellation provision may add, at the end of the above provision: "subject to the right of the insurer to cancel in accordance with the cancellation provision hereof."

A policy in which the insurer reserves the right to refuse any renewal shall have, at the beginning of the above provision: "Unless not less than five days prior to the premium due date the insurer has deliv-

ered to the insured or has mailed to his last address as shown by the records of the insurer written notice of its intention not to renew this policy beyond the period for which the premium has been accepted.”)

[See note to sec. 1.]

SEC. 8. There is hereby added to chapter 48.20, New section.  
R.C.W. a new section to read as follows:

There shall be a provision as follows:

*Reinstatement:* If any renewal premium be not Reinstatement.  
paid within the time granted the insured for payment, a subsequent acceptance of premium by the insurer or by any agent duly authorized by the insurer to accept such premium, without requiring in connection therewith an application for reinstatement, shall reinstate the policy: *Provided, however,* That if the insurer or such agent requires an application for reinstatement and issues a conditional receipt for the premium tendered, the policy will be reinstated upon approval of such application by the insurer or, lacking such approval, upon the forty-fifth day following the date of such conditional receipt unless the insurer has previously notified the insured in writing of its disapproval of such application. The reinstated policy shall cover only loss resulting from such accidental injury as may be sustained after the date of reinstatement and loss due to such sickness as may begin more than ten days after such date. In all other respects the insured and insurer shall have the same rights thereunder as they had under the policy immediately before the due date of the defaulted premium, subject to any provisions endorsed hereon or attached hereto in connection with the reinstatement. Any premium accepted in connection with a reinstatement shall be applied to a period for which premium has not been previously paid, but not to any period more than sixty days prior to the date of reinstatement.

Last sentence may be omitted, when.

(The last sentence of the above provision may be omitted from any policy which the insured has the right to continue in force subject to its terms by the timely payment of premiums (1) until at least age 50 or, (2) in the case of a policy issued after age 44, for at least five years from its date of issue).

[See note to sec. 1.]

New section.

SEC. 9. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

There shall be a provision as follows:

Notice of claim.

*Notice of claim:* Written notice of claim must be given to the insurer within twenty days after the occurrence or commencement of any loss covered by the policy, or as soon thereafter as is reasonably possible. Notice given by or on behalf of the insured or the beneficiary to the insurer at.....  
..... (insert the location of such office as the insurer may designate for the purpose), or to any authorized agent of the insurer, with information sufficient to identify the insured, shall be deemed notice to the insurer.

Optional insertion.

(In a policy providing a loss-of-time benefit which may be payable for at least two years, an insurer may at its option insert the following between the first and second sentences of the above provision:

“Subject to the qualifications set forth below, if the insured suffers loss of time on account of disability for which indemnity may be payable for at least two years, he shall at least once in every six months after having given notice of claim, give to the insurer notice of continuance of said disability, except in the event of legal incapacity. The period of six months following any filing of proof by the insured or any payment by the insurer on account of such claim or any denial of liability in whole or in part by the insurer shall be excluded in applying this provision. Delay in the giving of such notice shall not impair the insured’s right to any indemnity

which would otherwise have accrued during the period of six months preceding the date on which such notice is actually given.”)

[See note to sec. 1.]

SEC. 10. There is hereby added to chapter 48.20, **New section.**  
R.C.W. a new section to read as follows:

There shall be a provision as follows:

*Claim forms:* The insurer, upon receipt of a **Claim forms.**  
notice of claim, will furnish to the claimant such forms as are usually furnished by it for filing proofs of loss. If such forms are not furnished within fifteen days after the giving of such notice the claimant shall be deemed to have complied with the requirements of this policy as to proof of loss upon submitting, within the time fixed in the policy for filing proofs of loss written proof covering the occurrence, the character and the extent of the loss for which claim is made.

[See note to sec. 1.]

SEC. 11. There is hereby added to chapter **New section.**  
48.20, R.C.W. a new section to read as follows:

There shall be a provision as follows:

*Proofs of loss:* Written proof of loss must be **Proofs of loss.**  
furnished to the insurer at its said office in case of claim for loss for which this policy provides any periodic payment contingent upon continuing loss within ninety days after the termination of the period for which the insurer is liable and in case of claim for any other loss within ninety days after the date of such loss. Failure to furnish such proof within the time required shall not invalidate nor reduce any claim if it was not reasonably possible to give proof within such time, provided such proof is furnished as soon as reasonably possible and in no event, except in the absence of legal capacity, later than one year from the time proof is otherwise required.

[See note to sec. 1.]



New section. SEC. 12. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

There shall be a provision as follows:

Time of payment of claims.

*Time of payment of claims:* Indemnities payable under this policy for any loss other than loss for which this policy provides any periodic payment will be paid immediately upon receipt of due written proof of such loss. Subject to due written proof of loss, all accrued indemnities for loss for which this policy provides periodic payment will be paid ..... (insert period for payment which must not be less frequently than monthly) and any balance remaining unpaid upon the termination of liability will be paid immediately upon receipt of due written proof.

[See note to sec. 1.]

New section. SEC. 13. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

(1) There shall be a provision as follows:

Payment of claims.

*Payment of claims:* Indemnity for loss of life will be payable in accordance with the beneficiary designation and the provisions respecting such payment which may be prescribed herein and effective at the time of payment. If no such designation or provision is then effective, such indemnity shall be payable to the estate of the insured. Any other accrued indemnities unpaid at the insured's death may, at the option of the insurer, be paid either to such beneficiary or to such estate. All other indemnities will be payable to the insured.

(2) The following provisions, or either of them, may be included with the foregoing provision at the option of the insurer:

“If any indemnity of this policy shall be payable to the estate of the insured, or to an insured or beneficiary who is a minor or otherwise not competent to give a valid release, the insurer may pay such indemnity, up to an amount not exceeding \$.....

(insert an amount which shall not exceed \$1000), to any relative by blood or connection by marriage of the insured or beneficiary who is deemed by the insurer to be equitably entitled thereto. Any payment made by the insurer in good faith pursuant to this provision shall fully discharge the insurer to the extent of such payment."

"Subject to any written direction of the insured in the application or otherwise all or a portion of any indemnities provided by this policy on account of hospital, nursing, medical, or surgical services may, at the insurer's option and unless the insured requests otherwise in writing not later than the time of filing proofs of such loss, be paid directly to the hospital or person rendering such services; but it is not required that the service be rendered by a particular hospital or person."

[See note to sec. 1.]

SEC. 14. There is hereby added to chapter 48.20, **New section.**  
R.C.W. a new section to read as follows:

There shall be a provision as follows:

*Physical examinations and autopsy:* The insurer at its own expense shall have the right and opportunity to examine the person of the insured when and as often as it may reasonably require during the pendency of a claim hereunder and to make an autopsy in case of death where it is not forbidden by law. **Physical examinations and autopsy.**

[See note to sec. 1.]

SEC. 15. There is hereby added to chapter 48.20, **New section.**  
R.C.W. a new section to read as follows:

There shall be a provision as follows:

*Legal actions:* No action at law or in equity shall be brought to recover on this policy prior to the expiration of sixty days after written proof of loss has been furnished in accordance with the requirements of this policy. No such action shall be brought after **Legal actions.**

the expiration of three years after the time written proof of loss is required to be furnished.

[See note to sec. 1.]

New section. SEC. 16. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

There shall be a provision as follows:

Change of beneficiary.

*Change of beneficiary:* Unless the insured makes an irrevocable designation of beneficiary, the right to change of beneficiary is reserved to the insured and the consent of the beneficiary or beneficiaries shall not be requisite to surrender or assignment of this policy or to any change of beneficiary or beneficiaries, or to any other changes in this policy.

Optional omission.

(The first clause of this provision, relating to the irrevocable designation of beneficiary, may be omitted at the insurer's option).

[See note to sec. 1.]

New section. SEC. 17. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

Certain provisions, if included, shall be set forth as in secs. 18 to 28 or approved equivalent.

Except as provided in section 48.18.130, no such policy delivered or issued for delivery to any person in this state shall contain provisions respecting the matters set forth in sections 18 to 28, inclusive of this act unless such provisions are in the words in which the same appear in the applicable section; except, that the insurer may, at its option, use in lieu of any such provision a corresponding provision of different wording approved by the commissioner which is not less favorable in any respect to the insured or the beneficiary. Any such provision contained in the policy shall be preceded individually by the appropriate caption or, at the insurer's option, by such appropriate individual or group caption or subcaption as the commissioner may approve.

Captions to precede provision.

[See note to sec. 1.]

[R.C.W. 48.18.130 is Rem. Supp. 1947, § 45.18.13.]

SEC. 18. There is hereby added to chapter 48.20, New section.  
R.C.W. a new section to read as follows:

There may be a provision as follows:

*Change of occupation:* If the insured be injured Change of occupation.  
or contract sickness after having changed his occupation to one classified by the insurer as more hazardous than that stated in this policy or while doing for compensation anything pertaining to an occupation so classified, the insurer will pay only such portion of the indemnities provided in this policy as the premium paid would have purchased at the rates and within the limits fixed by the insurer for such more hazardous occupation. If the insured changes his occupation to one classified by the insurer as less hazardous than that stated in this policy, the insurer, upon receipt of proof of such change of occupation, will reduce the premium rate accordingly, and will return the excess *pro rata* unearned premium from the date of change of occupation or from the policy anniversary date immediately preceding receipt of such proof, whichever is the more recent. In applying this provision, the classification of occupational risk and the premium rates shall be such as have been last filed by the insurer prior to the occurrence of the loss for which the insurer is liable or prior to date of proof of change in occupation with the state official having supervision of insurance in the state where the insured resided at the time this policy was issued; but if such filing was not required, then the classification of occupational risk and the premium rates shall be those last made effective by the insurer in such state prior to the occurrence of the loss or prior to the date of proof of change in occupation.

[See note to sec. 1.]

SEC. 19. There is hereby added to chapter 48.20, New section.  
R.C.W. a new section to read as follows:

There may be a provision as follows:

Misstatement of age.

*Misstatement of age:* If the age of the insured has been misstated, all amounts payable under this policy shall be such as the premium paid would have purchased at the correct age.

[See note to sec. 1.]

New section.

SEC. 20. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

There may be a provision as follows:

Other insurance in this insurer.

*Other insurance in this insurer:* If an accident or sickness or accident and sickness policy or policies previously issued by the insurer to the insured be in force concurrently herewith, making the aggregate indemnity for ..... (insert type of coverage or coverages) in excess of \$..... (insert maximum limit of indemnity or indemnities) the excess insurance shall be void and all premiums paid for such excess shall be returned to the insured or to his estate.

Or, in lieu thereof:

Insurance effective at any one time on the insured under a like policy or policies in this insurer is limited to the one such policy elected by the insured, his beneficiary or his estate, as the case may be, and the insurer will return all premiums paid for all other such policies.

[See note to sec. 1.]

New section.

SEC. 21. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

(1) There may be a provision as follows:

Insurance with other insurers.

*Insurance with other insurers:* If there be other valid coverage, not with this insurer, providing benefits for the same loss on a provision of service basis or on an expense incurred basis and of which this insurer has not been given written notice prior to the occurrence or commencement of loss, the only liability under any expense incurred coverage of this policy shall be for such proportion of the loss as the amount which would otherwise have been payable

hereunder plus the total of the like amounts under all such other valid coverages for the same loss of which this insurer had notice bears to the total like amounts under all valid coverages for such loss, and for the return of such portion of the premiums paid as shall exceed the *pro rata* portion for the amount so determined. For the purpose of applying this provision when other coverage is on a provision of service basis, the "like amount" of such other coverage shall be taken as the amount which the services rendered would have cost in the absence of such coverage.

(2) If the foregoing policy provision is included in a policy which also contains the policy provision set out in section 22 of this act there shall be added to the caption of the foregoing provision the phrase "..... EXPENSE INCURRED BENEFITS." The insurer may, at its option, include in this provision a definition of "other valid coverage," approved as to form by the commissioner, which definition shall be limited in subject matter to coverage provided by organizations subject to regulation by insurance law or by insurance authorities of this or any other state of the United States or any province of Canada, and by hospital or medical service organizations, and to any other coverage the inclusion of which may be approved by the commissioner. In the absence of such definition such term shall not include group insurance, automobile medical payments insurance, or coverage provided by hospital or medical service organizations or by union welfare plans or employer or employee benefit organizations. For the purpose of applying the foregoing policy provision with respect to any insured, any amount of benefit provided for such insured pursuant to any compulsory benefit statute (including any workmen's compensation or employer's liability statute) whether provided by a governmental agency or

Where foregoing used with provision set out in sec. 22; addition to caption of phrase ".....Expense Incurred Benefits."

Inclusion of definition of "other valid coverage."

otherwise shall in all cases be deemed to be "other valid coverage" of which the insurer has had notice. In applying the foregoing policy provision no third party liability coverage shall be included as "other valid coverage."

[See note to sec. 1.]

New section. SEC. 22. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

(1) There may be a provision as follows:

Insurance with other insurers.

*Insurance with other insurers:* If there be other valid coverage, not with this insurer, providing benefits for the same loss on other than an expense incurred basis and of which this insurer has not been given written notice prior to the occurrence or commencement of loss, the only liability for such benefits under this policy shall be for such proportion of the indemnities otherwise provided hereunder for such loss as the like indemnities of which the insurer had notice (including the indemnities under this policy) bear to the total amount of all like indemnities for such loss, and for the return of such portion of the premium paid as shall exceed the *pro rata* portion for the indemnities thus determined.

Where foregoing provision used with provision set out in sec. 21; addition to caption of phrase ".....Other Benefits."

Inclusion of definition of "other valid coverage."

(2) If the foregoing policy provision is included in a policy which also contains the policy provision set out in section 21 of this act there shall be added to the caption of the foregoing provision the phrase ".....OTHER BENEFITS." The insurer may, at its option, include in this provision a definition of "other valid coverage," approved as to form by the commissioner, which definition shall be limited in subject matter to coverage provided by organizations subject to regulation by insurance law or by insurance authorities of this or any other state of the United States or any province of Canada, and to any other coverage the inclusion of which may be approved by the commissioner. In the absence of such definition such term shall not include group insurance, or benefits

provided by union welfare plans or by employer or employee benefit organizations. For the purpose of applying the foregoing policy provision with respect to any insured, any amount of benefit provided for such insured pursuant to any compulsory benefit statute (including any workmen's compensation or employer's liability statute) whether provided by a governmental agency or otherwise shall in all cases be deemed to be "other valid coverage" of which the insurer has had notice. In applying the foregoing policy provision no third party liability coverage shall be included as "other valid coverage."

[See note to sec. 1.]

SEC. 23. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows: New section.

(1) There may be a provision as follows:

*Relation of earnings to insurance:* If the total monthly amount of loss of time benefits promised for the same loss under all valid loss of time coverage upon the insured, whether payable on a weekly or monthly basis, shall exceed the monthly earnings of the insured at the time disability commenced or his average monthly earnings for the period of two years immediately preceding a disability for which claim is made, whichever is the greater, the insurer will be liable only for such proportionate amount of such benefits under this policy as the amount of such monthly earnings of the insured bears to the total amount of monthly benefits for the same loss under all such coverage upon the insured at the time such disability commences and for the return of such part of the premiums paid during such two years as shall exceed the *pro rata* amount of the premiums for the benefits actually paid hereunder; but this shall not operate to reduce the total monthly amount of benefits payable under all such coverage upon the insured below the sum of two hundred dollars or the sum of the monthly benefits specified in such Relation of earnings to insurance.



coverages, whichever is the lesser, nor shall it operate to reduce benefits other than those payable for loss of time.

Foregoing provision available, when.

(2) The foregoing policy provision may be inserted only in a policy which the insured has the right to continue in force subject to its terms by the timely payment of premiums (1) until at least age 50 or, (2) in the case of a policy issued after age 44, for at least five years from its date of issue. The insurer may, at its option, include in this provision a definition of "valid loss of time coverage," approved as to form by the commissioner, which definition shall be limited in subject matter to coverage provided by governmental agencies or by organizations subject to regulation by insurance law or by insurance authorities of this or any other state of the United States or any province of Canada, or to any other coverage the inclusion of which may be approved by the commissioner or any combination of such coverages. In the absence of such definition such term shall not include any coverage provided for such insured pursuant to any compulsory benefit statute (including any workmen's compensation or employer's liability statute), or benefits provided by union welfare plans or by employer or employee benefit organizations.

Optional inclusion of definition of "valid loss of time coverage."

[See note to sec. 1.]

New section.

SEC. 24. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

There may be a provision as follows:

Unpaid premium.

*Unpaid premium:* Upon the payment of a claim under this policy, any premium then due and unpaid or covered by any note or written order may be deducted therefrom.

[See note to sec. 1.]

New section.

SEC. 25. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

There may be a provision as follows:

*Cancellation:* The insurer may cancel this policy at any time by written notice delivered to the insured, or mailed to his last address as shown by the records of the insurer, stating when, not less than five days thereafter, such cancellation shall be effective; and after the policy has been continued beyond its original term the insured may cancel this policy at any time by written notice delivered or mailed to the insurer, effective upon receipt or on such later date as may be specified in such notice. In the event of cancellation, the insurer will return promptly the unearned portion of any premium paid. If the insured cancels, the earned premium shall be computed by the use of the short-rate table last filed with the state official having supervision of insurance in the state where the insured resided when the policy was issued. If the insurer cancels, the earned premium shall be computed *pro rata*. Cancellation shall be without prejudice to any claim originating prior to the effective date of cancellation.

[See note to sec. 1.]

SEC. 26. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

There may be a provision as follows:

*Conformity with state statutes:* Any provision of this policy which, on its effective date, is in conflict with the statutes of the state in which the insured resides on such date is hereby amended to conform to the minimum requirements of such statutes.

[See note to sec. 1.]

SEC. 27. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

There may be a provision as follows:

*Illegal occupation:* The insurer shall not be liable for any loss to which a contributing cause was the insured's commission of or attempt to commit a felony or to which a contributing cause was the insured's being engaged in an illegal occupation.

[See note to sec. 1.]

New section.

SEC. 28. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

There may be a provision as follows:

Intoxicants and narcotics.

*Intoxicants and narcotics:* The insurer shall not be liable for any loss sustained or contracted in consequence of the insured's being intoxicated or under the influence of any narcotic unless administered on the advice of a physician.

[See note to sec. 1.]

New section.

SEC. 29. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

Provisions to appear in policy in consecutive order; other order optional.

The provisions which are the subject of sections 5 to 28, inclusive, of this act, or any corresponding provisions which are used in lieu thereof in accordance with such sections, shall be printed in the consecutive order of the provisions in such sections or, at the insurer's option, any such provision may appear as a unit in any part of the policy, with other provisions to which it may be logically related, provided the resulting policy shall not be in whole or in part unintelligible, uncertain, ambiguous, abstruse, or likely to mislead a person to whom the policy is offered, delivered or issued.

[See note to sec. 1.]

New section.

SEC. 30. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

"Insured"; how construed.

The word "insured," as used in this act, shall not be construed as preventing a person other than the insured with a proper insurable interest from making application for and owning a policy covering the insured or from being entitled under such a policy to any indemnities, benefits and rights provided therein.

[See note to sec. 1.]

New section.

SEC. 31. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

Policy of a foreign insurer.

(1) Any policy of a foreign or alien insurer, when delivered or issued for delivery to any person in this state, may contain any provision which is

not less favorable to the insured or to the beneficiary than the provisions of this act and which is prescribed or required by the laws of the state under which the insurer is organized.

(2) Any policy of a domestic insurer may, when issued for delivery in any other state or country, contain any provision permitted or required by the laws of such other state or country.

[See note to sec. 1.]

SEC. 32. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

If any such policy contains a provision establishing, as an age limit or otherwise, a date after which the coverage provided by the policy will not be effective, and if such date falls within a period for which premium is accepted by the insurer or if the insurer accepts a premium after such date, the coverage provided by the policy will continue in force subject to any right of cancellation until the end of the period for which premium has been accepted. In the event the age of the insured has been misstated and if, according to the correct age of the insured, the coverage provided by the policy would not have become effective, or would have ceased prior to the acceptance of such premium or premiums, then the liability of the insurer shall be limited to the refund, upon request, of all premiums paid for the period not covered by the policy.

[See note to sec. 1.]

SEC. 33. There is hereby added to chapter 48.20, R.C.W. a new section to read as follows:

The provisions contained in sections 1 to 34, inclusive, of this act, shall take effect on the 1st day of September, 1951. A policy, rider or endorsement, which could have been lawfully used or delivered or issued for delivery to any person in this state immediately before such effective date may be used or

delivered or issued for delivery to any such person during five years after such effective date.

[See note to sec. 1.]

Repealing  
clause.

SEC. 34. The following sections are hereby repealed: Section 48.20.010, R.C.W., being section .20.01, chapter 79, Laws of 1947; section 48.20.020, R.C.W., being section .20.02, chapter 79, Laws of 1947; section 48.20.030, R.C.W., being section .20.03, chapter 79, Laws of 1947; section 48.20.040, R.C.W., being section .20.04, chapter 79, Laws of 1947; section 48.20.050, R.C.W., being section .20.05, chapter 79, Laws of 1947; section 48.20.060, R.C.W., being section .20.06, chapter 79, Laws of 1947; section 48.20.070, R.C.W., being section .20.07, chapter 79, Laws of 1947; section 48.20.080, R.C.W., being section .20.08, chapter 79, Laws of 1947; section 48.20.090, R.C.W., being section .20.09, chapter 79, Laws of 1947; section 48.20.100, R.C.W., being section .20.10, chapter 79, Laws of 1947; section 48.20.110, R.C.W., being section .20.11, chapter 79, Laws of 1947; section 48.20.120, R.C.W., being section .20.12, chapter 79, Laws of 1947; section 48.20.130, R.C.W., being section .20.13, chapter 79, Laws of 1947; section 48.20.140, R.C.W., being section .20.14, chapter 79, Laws of 1947; section 48.20.150, R.C.W., being section .20.15, chapter 79, Laws of 1947; section 48.20.160, R.C.W., being section .20.16, chapter 79, Laws of 1947; section 48.20.170, R.C.W., being section .20.17, chapter 79, Laws of 1947; section 48.20.180, R.C.W., being section .20.18, chapter 79, Laws of 1947; section 48.20.190, R.C.W., being section .20.19, chapter 79, Laws of 1947; section 48.20.200, R.C.W., being section .20.20, chapter 79, Laws of 1947; section 48.20.210, R.C.W., being section .20.21, chapter 79, Laws of 1947; section 48.20.220, R.C.W., being section .20.22, chapter 79, Laws of 1947; section 48.20.230, R.C.W., being section .20.23, chapter 79, Laws of 1947; section 48.20.240, R.C.W., being section .20.24, chapter 79, Laws of 1947; section

48.20.250, R.C.W., being section .20.25, chapter 79, Laws of 1947; section 48.20.260, R.C.W., being section .20.26, chapter 79, Laws of 1947; section 48.20.270, R.C.W., being section .20.27, chapter 79, Laws of 1947; section 48.20.280, R.C.W., being section .20.28, chapter 79, Laws of 1947; section 48.20.290, R.C.W., being section .20.29, chapter 79, Laws of 1947; section 48.20.300, R.C.W., being section .20.30, chapter 79, Laws of 1947; section 48.20.310, R.C.W., being section .20.31, chapter 79, Laws of 1947; section 48.20.320, R.C.W., being section .20.32, chapter 79, Laws of 1947; section 48.20.330, R.C.W., being section .20.33, chapter 79, Laws of 1947; section 48.20.370, R.C.W., being section .20.37, chapter 79, Laws of 1947.

[Rep. Rem. Supp. 1947, §§ 45.20.01 to 45.20.33 incl., and Rem. Supp. 1947, § 45.20.37.]

Passed the Senate February 21, 1951.

Passed the House March 3, 1951.

Approved by the Governor March 19, 1951.

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## CHAPTER 230.

[ S. B. 150. ]

### ISSUANCE AND SALE OF SECURITIES.

AN ACT relating to the issuance and the sales of securities; amending sections 21.04.040 and 21.04.070, R.C.W.

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

SECTION 1. Section 21.04.040, R.C.W., as derived from section 3, chapter 231, Laws of 1943, is amended to read as follows: Amendment.

An application for a permit shall be in writing, verified, and filed in the office of the director, and shall set forth: Application for permit.

The names, addresses, and occupations of the officers of the company, the location of the office of the company; a statement of the assets and liabilities Same; contents.