

filled until after the organization meeting of the county central committee and the new county chairman selected as provided by RCW 29.42.030.

Passed the Senate March 11, 1953.

Passed the House March 9, 1953.

Approved by the Governor March 19, 1953.

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## CHAPTER 197.

[ S. B. 248. ]

### INSURANCE.

AN ACT relating to insurance; and amending sections 48.06.070, 48.06.110, 48.07.090, 48.08.010, 48.11.070, 48.17.450, 48.17.500, 48.17.510, 48.17.520, 48.24.030, 48.24.060, 48.24.070, 48.24.190, 48.36.070, 48.36.360 and 48.36.380, RCW.

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

SECTION 1. Section 48.06.070, RCW, as derived from section .06.07, chapter 79, Laws of 1947, is amended to read as follows: Amendment.

Every solicitation permit issued by the commissioner shall: Solicitation permits.

(1) Be for a period of not over two years, subject to the right of the commissioner to grant a reasonable extension for good cause. Duration.

(2) State the securities for which subscriptions are to be solicited, the number, classes, par value, and selling price thereof, or identify the insurance contract for which applications and advance premiums or deposits are to be solicited. Identification of securities or contracts.

(3) Limit the portion of funds received on account of stock or syndicate subscriptions, if any are proposed to be taken, which may be used for promotion and organization expenses to such amount as he deems adequate, but in no event to exceed fifteen percent of such funds as and when actually received. Limitation of promotion and organization expense for stock or syndicate subscriptions.

Limitation of promotion and organization expense of mutual or reciprocal insurers.

(4) If to be a mutual or reciprocal insurer, limit the portion of funds received on account of applications for insurance which may be used for promotion or organization expenses to a reasonable commission upon such funds, giving consideration to the kind of insurance and policy involved and to the costs incurred by insurers generally in the production of similar business, and provide that no such commission shall be deemed to be earned nor be paid until the insurer has received its certificate of authority and the policies applied for and upon which such commission is to be based, have been actually issued and delivered.

Other information.

(5) Contain such other information required by this chapter or reasonable conditions relative to accounting and reports or otherwise as the commissioner deems necessary.

Amendment.

SEC. 2. Section 48.06.110, RCW, as derived from section .06.11, chapter 79, Laws of 1947, is amended to read as follows:

Solicitation permits; bond.

(1) The commissioner shall not issue a solicitation permit until the person applying therefor files with him a corporate surety bond in the penalty of ten thousand dollars, in favor of the state and for the use and benefit of the state and of subscribers and creditors of the proposed organization.

Conditions.

The bond shall be conditioned upon the payment of costs incurred by the state in event of any legal proceedings for liquidation or dissolution of the proposed organization before completion of organization or in event a certificate of authority is not granted; and upon a full accounting for funds received until the proposed insurer has been granted its certificate of authority, or until the proposed corporation or syndicate has completed its organization as defined in the solicitation permit.

Deposit in lieu of bond.

(2) In lieu of filing such bond, the person may deposit with the state treasurer through the com-

missioner ten thousand dollars in cash or in United States government bonds at par value, to be held in trust upon the same conditions as required for the bond.

(3) The commissioner may waive the requirement for a bond or deposit in lieu thereof if the permit provides that: Waiver.

(a) The proposed securities are to be distributed solely and finally to those few persons who are the active promoters intimate to the formation of the insurer, or other corporation or syndicate, or Grounds for waiver.

(b) The securities are to be issued in connection with subsequent financing as provided in RCW 48.06.180.

(4) Any bond filed or deposit or remaining portion thereof held under this section shall be released and discharged upon settlement or termination of all liabilities against it. Release and discharge of bond or deposit.

SEC. 3. Section 48.07.090, RCW, as derived from section .07.09, chapter 79, Laws of 1947, is amended to read as follows: Amendment.

(1) No incorporated domestic insurer shall make any contract whereby any person is granted or is to enjoy in fact the control and management, or the controlling or preemptive right to produce substantially all insurance business for the insurer, unless such contract is filed with and approved by the commissioner. The contract shall be deemed approved unless disapproved by the commissioner within thirty days after date of filing. Any disapproval shall be delivered to the insurer in writing, stating the grounds therefor. Surrender of management and exclusive agency contracts; approval required.

(2) The commissioner shall not approve any contract referred to in subsection (1) which: Grounds for disapproval.

(a) Subjects the insurer to excessive charges for expenses or commissions; or

(b) does not contain fair and adequate standards of performance; or

(c) is to extend for an unreasonable length of time; or

(d) contains other inequitable provisions or provisions which may jeopardize the security of policyholders.

Amendment.

SEC. 4. Section 48.08.010, RCW, as derived from section .08.01, chapter 79, Laws of 1947, is amended to read as follows:

Increase of capital stock; amendment to articles of incorporation.

(1) Increase of the capital stock of a domestic stock insurer shall be by amendment to its articles of incorporation.

By stock dividends.

(2) If the increased capital stock is to be distributed as a stock dividend, such increased capital stock may be fully paid in out of any available surplus funds as is provided in RCW 48.08.030, and such payment shall be effected by a transfer on the insurer's books from its surplus account to its capital account.

Certificate of increased capital fully paid.

(3) When the increased capital has been fully paid in, a certificate to such effect shall be made in quadruplicate under oath and the corporate seal by the insurer's president and secretary and filed in the public offices named in RCW 48.07.070.

Amendment.

SEC. 5. Section 48.11.070, RCW, as derived from section .11.07, chapter 79, Laws of 1947, is amended to read as follows:

"General casualty insurance" defined. Vehicle insurance.

"General casualty insurance" includes vehicle insurance as defined in RCW 48.11.060, and in addition is insurance:

Legal liability.

(1) Against legal liability for the death, injury, or disability of any human being, or for damage to property.

Medical expenses.

(2) Of medical, hospital, surgical and funeral benefits to persons injured, irrespective of legal liability of the insured, when issued with or supplemental to insurance against legal liability for the death, injury or disability of human beings.

(3) Of the obligations accepted by, imposed upon, or assumed by employers under law for workmen's compensation.

Workmen's compensation.

(4) Against loss or damage by burglary, theft, larceny, robbery, forgery, fraud, vandalism, malicious mischief, confiscation or wrongful conversion, disposal or concealment, or from any attempt of any of the foregoing; also insurance against loss of or damage to moneys, coins, bullion, securities, notes, drafts, acceptances or any other valuable papers or documents, resulting from any cause, except while in the custody or possession of and being transported by any carrier for hire or in the mail.

Burglary, theft, conversion, etc.

(5) Upon personal effects against loss or damage from any cause.

Personal effects.

(6) Against loss or damage to glass, including its lettering, ornamentation and fittings.

Glass.

(7) Against any liability and loss or damage to property resulting from accidents to or explosions of boilers, pipes, pressure containers, machinery, or apparatus and to make inspection of and issue certificates of inspection upon elevators, boilers, machinery, and apparatus of any kind.

Accidents or explosions of boilers, etc.

(8) Against loss or damage to any property caused by the breakage or leakage of sprinklers, water pipes and containers, or by water entering through leaks or openings in buildings.

Water damage.

(9) Against loss or damage resulting from failure of debtors to pay their obligations to the insured (credit insurance).

Credit insurance.

(10) Against any other kind of loss, damage, or liability properly the subject of insurance and not within any other kind or kinds of insurance as defined in this chapter, if such insurance is not contrary to law or public policy.

Other kinds of loss, damage or liability.

SEC. 6. Section 48.17.450, RCW, as derived from section .17.45, chapter 79, Laws of 1947, is amended to read as follows:

Amendment.

Agents, brokers and adjusters; place of business required.

Every licensed agent, broker, and adjuster, other than an agent licensed for life or disability insurances only, shall have and maintain in this state, or, if a nonresident agent or nonresident broker, in the state of his domicile, a place of business accessible to the public. Such place of business shall be that wherein the agent principally conducts transactions under his licenses. The address of his place of business shall appear on all licenses of the licensee, and the licensee shall promptly notify the commissioner of any change thereof. If the licensee maintains more than one place of business in this state, he shall obtain a duplicate of his license or licenses for each additional such place, and shall pay the full fee therefor.

License to indicate place of business.

Amendment.

SEC. 7. Section 48.17.500, RCW, as derived from section .17.50, chapter 79, Laws of 1947, is amended to read as follows:

Expiration date of one year licenses.

(1) Agents' licenses for life, or life and disability, or disability insurances only, and all brokers', solicitors', and adjusters' licenses shall expire as at 12:01 a. m. o'clock on the first day of April next following date of issuance.

Expiration date of three year licenses.

(2) Agents' licenses for all other kinds of insurance or combinations thereof shall expire as at 12:01 a. m. o'clock on the first day of April three years after the first day of April nearest to the date of issuance of the license.

Request for renewals.

(3) Subject to the right of the commissioner to suspend, revoke, or refuse to renew any license as provided in this code, any such license may be renewed into another like period by filing with the commissioner on or before the expiration date a written request, by or on behalf of the licensee, for such renewal accompanied by payment of the renewal fee as specified in RCW 48.14.010. An agent or broker shall make and file renewal requests on behalf of his solicitors.

(4) If request and fee for renewal of license is filed with the commissioner prior to expiration of the existing license, the licensee may continue to act under such license, unless sooner revoked or suspended, until the issuance of renewal license or until the expiration of five days after the commissioner has refused to renew the license and has mailed notice of such refusal to the licensee. Any request for renewal not so filed until after date of expiration may be considered by the commissioner as an application for a new license.

Conduct of business during renewal period.

Late renewal requests.

(5) As to all licenses where renewal must be applied for by the licensee, if request for renewal of license or payment of the license fee is not received by the commissioner prior to expiration date as required under subsection (3) the applicant for renewal of license shall pay to the commissioner and the commissioner shall collect, in addition to the regular license fee, a surcharge for such license as follows: For the first thirty days or part thereof of delinquency the surcharge shall be five dollars; for all delinquencies extending more than thirty days, the surcharge shall be ten dollars. This subsection shall not be deemed to exempt any person from any penalty provided by law for transacting business without a valid and subsisting license, or affect the commissioner's right, at his discretion, to consider such delinquent application as one for a new license.

Penalty for late renewal request by licensee.

Other penalties not affected.

SEC. 8. Section 48.17.510, RCW, as derived from section .17.51, chapter 79, Laws of 1947, is amended to read as follows:

Amendment.

(1) The commissioner may issue an agent's or broker's temporary license in the following circumstances:

Issuance of temporary agent's or broker's license.

(a) To applicants for licensing as agent of a life insurer, and pending completion of the course of instruction and examination provided for in RCW 48.17.140.

(b) To the surviving spouse or next of kin or to the administrator or executor, or the employee of the administrator or executor, of a licensed agent or broker becoming deceased.

(c) To the spouse, next of kin, employee, or legal guardian of a licensed agent or broker becoming disabled because of sickness, insanity, or injury.

(d) To a surviving member of a firm or surviving officer or employee of a corporation licensed as agent or broker upon the death of an individual designated in the firm or corporation's license to exercise powers thereunder.

Qualification. (2) An individual to be eligible for any such temporary license must be qualified as for a permanent license except as to experience, training, or the taking of any examination.

Fee. (3) Any fee paid to the commissioner for issuance of a temporary license as specified in RCW 48.14.010 shall be credited toward the fee required for a permanent license which is issued to replace the temporary license prior to the expiration of such temporary license.

Amendment. SEC. 9. Section 48.17.520, RCW, as derived from section .17.52, chapter 79, Laws of 1947, is amended to read as follows:

Temporary agent's or broker's license; duration. (1) No such temporary license shall be effective for more than ninety days in any twelve month period, subject to extension for an additional period of not more than ninety days at the commissioner's discretion and for good cause shown. The commissioner may refuse so to license again any person who has previously been so licensed.

Renewals may be refused.

Limitation where death or disability of agent.

(2) An individual requesting temporary agent's license on account of death or disability of an agent, shall not be so licensed for any insurer as to which such agent was not licensed at the time of death or commencement of disability.



(3) No person writing or renewing any "controlled business," as defined in this chapter, under any temporary license, shall be entitled to receive any commission or other compensation on account thereof unless and until prior to the expiration of the temporary license such person fully qualifies for and receives a permanent license in replacement of the temporary license. Otherwise, the licensee under such temporary license may exercise the same powers as under a like permanent license.

Persons writing or renewing "controlled business."

SEC. 10. Section 48.24.030, RCW, as derived from section .24.03, chapter 79, Laws of 1947, is amended to read as follows:

Amendment.

(1) Insurance under any group life insurance policy issued pursuant to RCW 48.24.020, or 48.24.050 or 48.24.070 may, if seventy-five percent of the then insured employees or labor union members elect, be extended to insure the spouse and minor children, or any class or classes thereof, of each such insured employee or member who so elects, in amounts in accordance with a plan which precludes individual selection by the employees or members or by the employer or labor union or trustee, and which insurance on the life of any one family member shall not be in excess of fifty percent of the insurance on the life of the insured employee or member or the amount shown in the schedule below, whichever is less:

Group life insurance; dependents of employees, labor union groups and trustee groups.

Age of family member at death	Maximum insurance
Under 6 months.....	\$100
6 months and under 2 years.....	\$200
2 years and under 3 years.....	\$400
3 years and under 4 years.....	\$600
4 years and under 5 years.....	\$800
5 years and over .....	\$1,000

Premiums for the insurance on such family members shall be paid by the policyholder, either from

Premiums.

the employer's funds or funds contributed by him, trustee's funds, or labor union funds, and/or from funds contributed by the insured employees or members, or from both.

Conversion right of spouse.

(2) Such a spouse insured pursuant to this section shall have the same conversion right as to the insurance on his or her life as is vested in the employee or member under this chapter.

Amendment.

SEC. 11. Section 48.24.060, RCW, as derived from section .24.06, chapter 79, Laws of 1947, is amended to read as follows:

Group life insurance; public employees.

The lives of a group [of] public employees may be insured under a policy issued to the departmental head or to a trustee, or issued to an association of public employees formed for purposes other than obtaining insurance and having, when the policy is placed in force, a membership in the classes eligible for insurance of not less than seventy-five percent of the number of employees eligible for membership in such classes, which department head or trustee or association shall be deemed the policyholder, to insure such employees for the benefit of persons other than the policyholder or any of its officials, subject to the following requirements:

Persons eligible.

(1) The persons eligible for insurance under the policy shall be all of the employees of the department or members of the association, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the association, or both.

Premium payments.

(2) The premium for the policy shall be paid by the policyholder, in whole or in part either from salary deductions authorized by, or charges collected from, the insured employees or members specifically for the insurance, or from the association's own funds, or from both. Any such deductions from salary may be paid by the employer to the association or directly to the insurer. No policy may be placed

in force unless and until at least seventy-five percent of the then eligible employees or association members, excluding any as to whom evidence of individual insurability is not satisfactory to the insurer, have elected to be covered and have authorized their employer to make any required deductions from salary.

75% must be covered.

(3) Charges to the insured employees or members specifically for the insurance, and the dues of the association if they include the cost of insurance, shall be determined according to each attained age or in not less than four reasonably spaced attained age groups. In no event shall the rate of such dues or charges be level for all members regardless of attained age.

Determination of charges.

(4) The policy must cover at least twenty-five persons at date of issue.

Minimum policy coverage.

(5) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the employees or members or by the association. Such amounts shall in no event exceed three thousand dollars in the case of any employee or member, and shall not exceed five hundred dollars in the case of retired employees or members and persons over age sixty-five.

Amounts of coverage.

As used herein, "public employees" means employees of the United States government, or of any state, or of any political subdivision or instrumentality of any of them.

"Public employees" defined.

SEC. 12. Section 48.24.070, RCW, as derived from section .24.07, chapter 79, Laws of 1947, is amended to read as follows:

Amendment.

The lives of a group of individuals may be insured under a policy issued to the trustees of a fund established by two or more employers in the same industry, or by one or more labor unions, or by one or more employers in the same industry and one or more labor unions, or by one or more employers and

Trustee groups.

one or more labor unions whose members are in the same or related occupations or trades, which trustees shall be deemed the policyholder, to insure employees or members for the benefit of persons other than the employers or the unions, subject to the following requirements:

Persons eligible.

(1) The persons eligible for insurance shall be all of the employees of the employers or all of the members of the unions, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the unions, or to both. The policy may provide that the term "employees" shall include the individual proprietor or partners if an employer is an individual proprietor or a partnership. The policy may provide that the term "employees" shall include the trustees or their employees, or both, if their duties are connected with such trusteeship. The policy may provide that the term "employees" shall include retired employees.

Premium payments.

(2) The premium for the policy shall be paid by the trustees wholly from funds contributed by the employers of the insured persons. Such funds may be derived by the employers in part from contributions by the employees insured. The policy must insure all eligible persons, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

Minimum of persons covered.

(3) The policy must cover at least one hundred persons at date of issue.

Amounts of insurance.

(4) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the insured persons or by the policyholder, employers, or unions. No policy may be issued which provides insurance on any person which together with any other insurance under any group life insurance policies issued to the trustees exceeds ten thousand dollars; except, that this limitation shall not apply to amounts of group insurance

issued in connection with a pension plan which does not exceed the amount required at normal retirement date to provide the pension specified by the plan.

SEC. 13. Section 48.24.190, RCW, as derived from section .24.19, chapter 79, Laws of 1947, is amended to read as follows: Amendment.

There shall be a provision that if the group policy terminates or is amended so as to terminate the insurance of any class of insured individuals, every individual insured thereunder at the date of such termination, other than a child insured pursuant to RCW 48.24.030, whose insurance terminates and who has been so insured for at least five years prior to such termination date shall be entitled to have issued to him by the insurer an individual policy of life insurance, subject to the same conditions and limitations as are provided by RCW 48.24.180, except that the group policy may provide that the amount of such individual policy shall not exceed the smaller of (a) the amount of the individual's life insurance protection ceasing because of the termination or amendment of the group policy, less the amount of any life insurance for which he is or becomes eligible under any group policy issued or reinstated by the same or another insurer within thirty-one days of such termination and (b) two thousand dollars. Group life; conversion on termination of policy.

SEC. 14. Section 48.36.070, RCW, as derived from section 30, chapter 190, Laws of 1949, is amended to read as follows: Amendment.

Any society may admit to beneficiary membership any person not less than sixteen and not more than sixty-five years of age, who has been examined by a legally qualified practicing physician and whose examination has been supervised and approved in accordance with the laws of the society: *Provided*, That any beneficiary member of such society who Fraternal benefit societies; qualifications for membership.

shall apply for a certificate providing for disability benefits, need not be required to pass an additional medical examination therefor. Nothing herein contained shall prevent such society from accepting general or social members, or from admitting any person to beneficiary membership who is not less than sixteen nor more than sixty-five years of age, without medical examination: *Provided*, That such person so admitted shall have made a declaration of insurability acceptable to the society: *And provided further*, That the amount of the certificate issued to such person admitted without medical examination shall not exceed the sum of five thousand dollars.

Certificate amount limited if issued without medical examination.

Amendment.

SEC. 15. Section 48.36.360, RCW, as derived from section .32.36, chapter 79, Laws of 1947, is amended to read as follows:

Fraternal benefit societies; juvenile benefits; interest rate used in computation of reserves.

In the case of juvenile certificates issued after one year from the effective date of this section the rate of interest used in the computation of reserves shall not exceed three per centum per annum and:

Benefit and rate tables.

Life insurance benefits and the rates therefor shall be valued according to the American Men Ultimate Table of Mortality, with Bowermen's or Davis' Extension thereof or with the consent of the commissioner, the Commissioners' 1941 Standard Ordinary Mortality Table, or the Commissioners' 1941 Standard Industrial Table of Mortality.

Surplus in excess of reserve and other liabilities.

*Provided*, That contributions may be waived, or returns may be made from any surplus held in excess of reserve and other liabilities, as provided in the bylaws: *Provided further*, That extra contributions shall be made if the reserves hereafter provided for become impaired.

Impaired reserve.

Amendment.

SEC. 16. Section 48.36.380, RCW, as derived from section .32.38, chapter 79, Laws of 1947, is amended to read as follows:

Annual report.

A statement of all business transacted on account of juvenile benefit insurance shall be included

by any society in its annual report to the commissioner.

Passed the Senate March 11, 1953.

Passed the House March 9, 1953.

Approved by the Governor March 19, 1953.

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## CHAPTER 198.

[ H. B. 174. ]

### PORT DISTRICTS—ELECTIONS OF COMMISSIONERS AT LARGE.

AN ACT relating to port districts, providing for certain commissioners at large, and amending sections 53.12.120 and 53.12.130, RCW.

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

SECTION 1. Section 53.12.120, RCW, as derived from section 3, chapter 92, Laws of 1911, as last amended by section 2, chapter 62, Laws of 1913, is amended to read as follows: Amendment.

In port districts having a population of five hundred thousand or more, in accordance with the latest United States census, there shall be submitted to the voters of the district, at the first general election after the effective date of this act, the proposition of increasing the number of commissioners to five. At any general election thereafter, the same proposition may be submitted by resolution of the port commissioners, by filing a certified copy of the resolution with the county auditor at least four months prior to the general election. If the proposition is adopted, the commission in that port district shall consist of one commissioner from each of the three commissioner districts, and two commissioners elected at large. The two commissioners at large must have been residents of the district for three years and shall be nominated and elected at the same time and

Adoption of increase of commissioners in districts over 500,000 population.

Composition of commission.

Qualifications, nomination, and election of commissioners at large.