

CHAPTER 303.

[S. B. 214.]

INSURANCE.

AN ACT relating to insurance; amending section 16, chapter 190, Laws of 1949 and RCW 48.13.120, section .13.13, chapter 79, Laws of 1947 and RCW 48.13.130, section .13.14, chapter 79, Laws of 1947 and RCW 48.13.140, section .14.01, chapter 79, Laws of 1947 and RCW 48.14.010, section .15.09, chapter 79, Laws of 1947 and RCW 48.15.090, section .15.10, chapter 79, Laws of 1947 and RCW 48.15.100, section .15.11, chapter 79, Laws of 1947 and RCW 48.15.110, section .15.15, chapter 79, Laws of 1947 and RCW 48.15.150, section 23, chapter 190, Laws of 1949 and RCW 48.17.110, section .17.20, chapter 79, Laws of 1947 and RCW 48.17.200, section .17.33, chapter 79, Laws of 1947 and RCW 48.17.330, section 8, chapter 197, Laws of 1953 and RCW 48.17.510, section .18.30, chapter 79, Laws of 1947 and RCW 48.18.300, section .21.11, chapter 79, Laws of 1947 and RCW 48.21.110, section .24.02, chapter 79, Laws of 1947 and RCW 48.24.020, section .24.04, chapter 79, Laws of 1947 and RCW 48.24.040, section .24.05, chapter 79, Laws of 1947 and RCW 48.24.050, section 11, chapter 197, Laws of 1953 and RCW 48.24.060, section 12, chapter 197, Laws of 1953 and RCW 48.24.070, section .24.16, chapter 79, Laws of 1947 and RCW 48.24.160, section .24.18, chapter 79, Laws of 1947 and RCW 48.24.180, section 14, chapter 197, Laws of 1953 and RCW 48.36.070, and section 31, chapter 190, Laws of 1949 and RCW 48.36.350; adding a new section to chapter 48.24 RCW; and repealing section .17.14, chapter 79, Laws of 1947 and RCW 48.17.140, and section .32.11, chapter 79, Laws of 1947 and RCW 48.36.110.

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

SECTION 1. Section 16, chapter 190, Laws of 1949 and RCW 48.13.120 are each amended to read as follows:

Amendment.

(1) No mortgage loan or investment therein upon any one parcel of real property shall exceed in amount at the time of acquisition:

Limitation on amount of mortgage loan or investment therein, on any one parcel of real property.

(a) Seventy-five percent of the fair value of the property if the property is a dwelling house primarily intended for occupancy by one family and the loan is required to be amortized within not more than twenty-five years by payment of installments thereon

at regular intervals not less frequent than every three months; or

(b) sixty-six and two-thirds percent of the fair value of the property in all other cases.

(2) The extent to which a mortgage loan made under subdivision (3) or (4) of RCW 48.13.110 is guaranteed or insured by the Federal Housing Administration or guaranteed by the Administrator of Veterans' Affairs may be deducted before application of the limitations contained in subsection (1) of this section.

Deductions before applications of limitations contained in subsection (1).

Amendment.

SEC. 2. Section .13.13, chapter 79, Laws of 1947 and RCW 48.13.130 are each amended to read as follows:

Real property not deemed encumbered within meaning of RCW 48.13.110 by reason of existence of following.

(1) Real property shall not be deemed to be encumbered within the meaning of RCW 48.13.110 by reason of the existence of:

(a) Instruments reserving mineral, oil, timber or similar rights, rights of way, sewer rights, or rights in walls;

(b) Liens for taxes or assessments not delinquent, or liens not delinquent for community recreational facilities, or for the maintenance of community facilities, or for service and maintenance of water rights;

(c) Building restrictions or other restrictive covenants;

(d) Encroachments, if such encroachments are taken into consideration in determining the fair value of the property;

(e) A lease under which rents or profits are reserved to the owner if in any event the security for the loan or investment is a first lien upon the real property; or

(f) With respect to loans secured by mortgage, deed of trust, or other collateral guaranteed or insured in full or in part by the government of the United States, such encumbrances as are allowed as

exceptions in title by the administrator or administration of the division of such government so guaranteeing or insuring.

(2) If under any of the exceptions set forth in subsection (1) of this section there is any sum owing but not due or delinquent, the total amount of such sum shall be deducted from the amount which otherwise might be loaned on the property. The value of any mineral, oil, timber or similar right reserved shall not be included in the fair value of the property.

SEC. 3. Section .13.14, chapter 79, Laws of 1947 and RCW 48.13.140 are each amended to read as follows: Amendment.

(1) The fair value of property shall be determined by appraisal by a competent appraiser at the time of the making or acquiring of a mortgage loan or investing in a contract for the deed thereon; except, that as to bonds or notes secured by mortgage or trust deed guaranteed or insured by the Federal Housing Administration, or guaranteed or insured as to principal in full or in part by the Administrator of Veterans' Affairs, or guaranteed or insured by the Farmers Home Administration, the valuation made by such administration or administrator shall be deemed to have been made by a competent appraiser for the purposes of this subsection. Determining fair value of property.

(2) Buildings and other improvements located on the mortgaged premises shall be kept insured for the benefit of the mortgagee against loss or damage from fire in an amount not less than the unpaid balance of the obligation, or the insurable value of the property, whichever is the lesser. Buildings and improvements to be kept insured.

(3) An insurer shall not make or acquire a loan or loans upon the security of any one parcel of real property in aggregate amount in excess of twenty-five thousand dollars or more than the amount permissible under RCW 48.13.030, whichever is the greater. Limitation on loans made or acquired as security on parcel of real estate.

Amendment. SEC. 4. Section .14.01, chapter 79, Laws of 1947 and RCW 48.14.010 are each amended to read as follows:

Fees collected in advance by commissioner. (1) The commissioner shall collect in advance the following fees:

- Charter documents. (a) For filing charter documents: (i) Original charter documents, bylaws or record of organization of insurers, or certified copies thereof, required to be filed \$25.00 (ii) Amended charter documents, or certified copy thereof, other than amendments of bylaws \$10.00 (iii) No additional charge or fee shall be required for filing any of such documents in the office of secretary of state.

- Certificate of authority. (b) Certificate of authority: (i) Issuance \$10.00 (ii) Renewal \$10.00

- Annual statement of insurer. Organization of financing of domestic insurers and affiliated corporations. (c) Annual statement of insurer, filing \$20.00 (d) Organization or financing of domestic insurers and affiliated corporations: (i) Application for solicitation permit, filing \$15.00 (ii) Issuance of solicitation permit \$10.00

- Agents' licenses. (e) Agents' licenses: (i) Agent's license for life, or disability insurance, only, or both for same insurer, each year \$2.00 (ii) Agent's license for other kind or kinds of insurance, three-year period \$10.00 Filing of appointment of each such agent \$5.00 (iii) Limited license as travel insurance agent, each year \$1.00 (iv) Temporary license as agent \$2.00

- Brokers' licenses. (f) Brokers' licenses: (i) Resident or nonresident broker, each year \$100.00 (ii) Surplus line broker, twelve-month period \$100.00 (iii) Temporary license as broker \$25.00

- Solicitor's license. (g) Solicitor's license, each year \$2.00

(h) Adjusters' licenses:		Adjusters' licenses.
(i) Independent adjuster, each year.....	\$10.00	
(ii) Public adjuster, each year.....	\$10.00	
(i) Resident general agent's license, each year	\$5.00	Resident general agent's license.
(j) Examination for license, each examination	\$2.00	Examination for license.
Filing application for first examination for license	\$3.00	Filing application for first examination for license.
(k) Miscellaneous services:		Miscellaneous services.
(i) Filing other documents, each.....	\$1.00	
(ii) Commissioner's certificate under seal..	\$1.00	
(iii) Copy of documents filed in the commissioner's office, reasonable charge therefor as determined by the commissioner.		

(2) All fees so collected shall be remitted by the commissioner to the state treasurer not later than the first business day following, and shall be placed to the credit of the general fund. Remittance to state treasurer.

SEC. 5. Section .15.09, chapter 79, Laws of 1947 and RCW 48.15.090 are each amended to read as follows: Amendment.

(1) A surplus line broker shall not knowingly place surplus line insurance with insurers unsound financially. The broker shall ascertain the financial condition of the unauthorized insurer before placing insurance therewith. The broker shall not so insure with any insurer having surplus as to policyholders of less than four hundred and fifty thousand dollars, unless there is on file with the commissioner a copy of a trust agreement, certified by the trustee, evidencing a subsisting trust deposit of not less than four hundred and fifty thousand dollars by such insurer with a bank or trust company in the United States, and which deposit is held for the protection of United States policyholders. The commissioner may, by rule and regulation, prescribe the terms under which the foregoing financial requirements may be waived in circumstances where insurance Placing of surplus line insurance by surplus line broker.

Financial requirement as to insurer.

Financial requirement waived.

cannot be otherwise procured on risks located in this state.

Violation by broker of section; penalty.

(2) For any violation of this section the broker shall be fined not less than twenty-five dollars or more than two hundred and fifty dollars, his surplus line broker's license shall be revoked, and the broker may not again be so licensed within a period of two years thereafter.

Amendment.

SEC. 6. Section .15.10, chapter 79, Laws of 1947 and RCW 48.15.100 are each amended to read as follows:

Broker's records; contents of.

(1) Each licensed surplus line broker shall keep a full and true record of each surplus line contract procured by him including a copy of the daily report, if any, showing such of the following items as may be applicable:

- (a) Amount of the insurance;
- (b) Gross premiums charged;
- (c) Return premium paid, if any;
- (d) Rate of premium charged upon the several items of property;
- (e) Effective date of the contract, and the terms thereof;
- (f) Name and address of the insurer;
- (g) Name and address of the insured;
- (h) Brief general description of property insured and where located;
- (i) Other information as may be required by the commissioner.

Records available for inspection.

(2) All such records as to any particular transaction shall be kept available and open to the inspection of the commissioner at any business time during the five years next following the date of completion of such transaction.

Amendment.

SEC. 7. Section .15.11, chapter 79, Laws of 1947 and RCW 48.15.110 are each amended to read as follows:

(1) Each surplus line broker shall on or before the first day of March of each year file with the commissioner a verified statement of all surplus line insurance transacted by him during the preceding calendar year.

Verified statement filed of all surplus line insurance transacted.

(2) The statement shall be on forms as prescribed and furnished by the commissioner and shall show:

Statement form and contents.

(a) Aggregate of net premiums;

(b) Additional information as required by the commissioner.

SEC. 8. Section .15.15, chapter 79, Laws of 1947 and RCW 48.15.150 are each amended to read as follows:

Amendment.

(1) An unauthorized insurer shall be sued, upon any cause of action arising in this state under any contract issued by it as a surplus line contract, pursuant to this chapter, in the superior court of the county in which the cause of action arose.

Venue.

(2) Service of legal process against the insurer may be made in any such action by service upon the commissioner. At the time of such service the plaintiff shall pay to the commissioner two dollars, taxable as costs in the action. The commissioner shall forthwith mail the documents of process served, or a true copy thereof, to the person designated by the insurer in the policy for the purpose by prepaid registered mail with return receipt requested. The insurer shall have forty days from the date of service upon the commissioner within which to plead, answer, or otherwise defend the action. Upon service of process upon the commissioner in accordance with this provision, the court shall be deemed to have jurisdiction in personam of the insurer.

Service of legal process; procedure.

Costs.

Time limitation.

Jurisdiction in personam.

(3) An unauthorized insurer issuing such policy shall be deemed thereby to have authorized service of process against it in the manner and to the effect as provided in this section. Any such policy shall

Unauthorized insurer; process against.

contain a provision stating the substance of this section, and designating the person to whom the commissioner shall mail process as provided in subsection (2) of this section.

Amendment. SEC. 9. Section .17.06, chapter 79, Laws of 1947 and RCW 48.17.060 are each amended to read as follows:

Prohibition on persons acting without license.

(1) No person shall in this state act as or hold himself out to be an agent, broker, solicitor, or adjuster unless then licensed therefor by this state.

(2) No agent, solicitor, or broker shall solicit or take applications for, procure, or place for others any kind of insurance for which he is not then licensed.

Section shall have no application.

(3) This section shall not apply with respect to any person securing and forwarding information required for the purposes of group insurance covering the unpaid balance, or remaining payments proposed to be made, in connection with the purchase of merchandise or securities, and where no commission or other compensation is payable on account of such insurance to such person.

Violator subject to penalty.

(4) Any person violating this section shall be liable to a fine of not to exceed five hundred dollars and imprisonment for not to exceed six months for each instance of such violation.

Amendment. SEC. 10. Section 23, chapter 190, Laws of 1949 and RCW 48.17.110 are each amended to read as follows:

Applicants for license to take examination.

(1) Each applicant for license as agent, broker, solicitor, or adjuster shall prior to the issuance of any such license, personally take and pass to the satisfaction of the commissioner an examination given by the commissioner as a test of his qualifications and competence; but this requirement shall not apply to:

Examination requirement shall not apply to following.

(a) Applicants for limited licenses, as travel insurance agents only, under RCW 48.17.190, nor, at the

discretion of the commissioner, to applicants for licenses as disability insurance agents for the purpose of handling limited coverages pertaining to sports and recreation.

(b) Applicants who within the five-year period next preceding date of application have been licensed in this state under a license requiring qualifications similar to qualifications required by the license applied for and who are deemed by the commissioner to be fully qualified and competent.

(c) Applicants for license as nonresident agent or as nonresident broker who have fulfilled qualification requirements in their state of residence and who are deemed by the commissioner to be fully qualified and competent.

(d) Applicants for an agent's or solicitor's license covering the same kinds of insurance as an agent's or solicitor's license then held by them.

(2) Applicants for the renewal of licenses in force on October 1, 1947, or issued thereafter shall not be required to take an examination except as provided in subsection (3) of this section.

(3) The commissioner may at any time require any licensed agent, broker, solicitor, or adjuster to take and successfully pass an examination testing his competence and qualifications as a condition to the continuance or renewal of his license, if the licensee has been guilty of violation of this code, or has so conducted his affairs under his license as to cause the commissioner reasonably to desire further evidence of his qualifications.

Examination as condition to continuance or renewal of license.

SEC. 11. Section .17.12, chapter 79, Laws of 1947 and RCW 48.17.120 are each amended to read as follows: Amendment.

(1) Each such examination shall be as the commissioner prescribes and shall be of sufficient scope reasonably to test the applicant's knowledge relative to the kinds of insurance which may be dealt with

Examination; manner and scope.

under the license applied for, and of the duties and responsibilities of, and laws of this state applicable to, such a licensee.

(2) Examination as to ocean marine and related coverages may be waived by the commissioner as to any applicant deemed by the commissioner to be qualified by past experience to deal in such insurances.

Manual made available for applicants.

(3) The commissioner shall prepare and make available to insurers, general agents, brokers, agents, and applicants a printed manual specifying in general terms the subjects which may be covered in any examination for a particular license.

Repeal.

SEC. 12. Section .17.14, chapter 79, Laws of 1947 and RCW 48.17.140 are each hereby repealed.

Amendment.

SEC. 13. Section .17.16, chapter 79, Laws of 1947 and RCW 48.17.160 are each amended to read as follows:

Written notice of appointment of agent.

(1) Each insurer on appointing an agent in this state shall file written notice thereof in duplicate with the commissioner on forms as prescribed and furnished by him, and shall pay the filing fee therefor as provided in RCW 48.14.010. If then licensed, or as soon as licensed, the commissioner shall mail one copy of the appointment to the agent.

Appointment continues in force until terminated as follows:

(2) Each such appointment shall continue in force until:

(a) The commissioner notifies the insurer that the person so appointed is no longer licensed as an agent by this state; or

(b) the appointment is revoked by the insurer by written notice of such revocation to the agent. The insurer shall forthwith file a duplicate copy of such notice of revocation with the commissioner. No fee shall be charged for filing such copy.

Date revocation effective.

(3) Revocation of an appointment by the insurer shall be deemed to be effective as of the date designated in the notice as being the effective date if the

notice is actually received by the agent prior to such designated date; otherwise, as of the earlier of the following dates:

(a) The date such notice of revocation was received by the agent.

(b) The date such notice, if mailed to the agent at his last address of record with the insurer, in due course should have been received by the agent.

SEC. 14. Section .17.20, chapter 79, Laws of 1947 and RCW 48.17.200 are each amended to read as follows: Amendment.

(1) An agent appointed by an insurer for life insurance, or for life and disability insurances, or for disability insurance only, shall be separately licensed as to such insurer. Agent separately licensed as to insurer.

(2) An agent is required to have but one license inclusive of all other kinds or combination of kinds of insurance he is licensed to handle, regardless of the number of insurers for whom he is appointed as agent for such insurances or any of them. Agent required to have but one license.

(3) An agent or broker shall have separate and additional license or licenses as to each office location in excess of one, maintained by him in this state for the transaction of business as such agent or broker. Agent or broker to have separate licenses—each office location.

SEC. 15. Section 8, chapter 197, Laws of 1953 and RCW 48.17.510 are each 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 agent's or broker's temporary license.

(a) To applicants for licensing as agent of a life insurer, and pending taking of the examination provided for in RCW 48.17.110 within ninety days from date of license without privilege of extension, notwithstanding the provisions of RCW 48.17.520 (1).

(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.

Qualifications for temporary license.

(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.

Crediting of 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. 16. Section .18.30, chapter 79, Laws of 1947 and RCW 48.18.300 are each amended to read as follows:

Cancellation of policy by insured.

(1) Cancellation by the insured of any policy which by its terms is cancellable at the insured's option or of any binder based on such policy may be effected by written notice thereof to the insurer or surrender of the policy or binder for cancellation prior to or on the effective date of such cancellation. In event the policy or binder has been lost or destroyed and cannot be so surrendered, the insurer may in lieu of such surrender accept and in good faith rely upon the insured's written statement setting forth the fact of such loss or destruction.

Written notice.

Unearned portion of premium paid returned to insured.

(2) As soon as practicable following such cancellation the insurer shall pay to the insured or to the person entitled thereto as shown by the insurer's records, any unearned portion of any premium paid

on the policy as computed on the customary short rate or as otherwise specified in the policy. If no premium has been paid on the policy, the insured shall be liable to the insurer for premium for the period during which the policy was in force.

(3) The surrender of a policy to the insurer for any cause by any person named therein as having an interest insured thereunder shall create a presumption that such surrender is concurred in by all persons so named.

Presumption of occurrence in surrender.

(4) This section shall not apply to life insurance policies or to annuity contracts.

No application.

SEC. 17. Section .21.11, chapter 79, Laws of 1947 and RCW 48.21.110 are each amended to read as follows:

Amendment.

The benefits payable under any policy or contract of group or blanket disability insurance shall be payable to the employee or other insured member of the group or to the beneficiary designated by him, other than the policyholder, employer or the association or any officer thereof as such, subject to provisions of the policy in the event there is no designated beneficiary as to all or any part of any sum payable at the death of the individual insured.

Benefits payable under any policy or contract of group or blanket disability insurance.

The policy may provide that any hospital, medical, or surgical benefits thereunder may be made payable jointly to the insured employee or member and the person furnishing such hospital, medical, or surgical services.

SEC. 18. Section .24.04, chapter 79, Laws of 1947 and RCW 48.24.040 are each amended to read as follows:

Amendment.

The lives of a group of individuals may be insured under a policy issued to a creditor, who shall be deemed the policyholder, to insure debtors of the creditor, subject to the following requirements:

Group insurance; creditor-debtors.

(1) The debtors eligible for insurance under the policy shall be all of the debtors of the creditor whose

indebtedness is repayable in installments, or all of any class or classes thereof determined by conditions pertaining to the indebtedness or to the purchase giving rise to the indebtedness. The policy may provide that the term "debtors" shall include the debtors of one or more subsidiary corporations, and the debtors of one or more affiliated corporations, proprietors or partnerships if the business of the policyholder and of such affiliated corporations, proprietors or partnerships is under common control through stock ownership, contract, or otherwise.

"Debtors" may include.

Premium payment; by policyholder.

(2) The premium for the policy shall be paid by the policyholder, either from the creditor's funds, or from charges collected from the insured debtors, or from both. A policy on which part or all of the premium is to be derived from the collection from the insured debtors of identifiable charges not required of uninsured debtors shall not include, in the class or classes of debtors eligible for insurance, debtors under obligations outstanding at its date of issue without evidence of individual insurability unless at least seventy-five percent of the then eligible debtors elect to pay the required charges. A policy on which no part of the premium is to be derived from the collection of such identifiable charges must insure all eligible debtors, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

Limitations as to issuance of policy.

(3) The policy may be issued only if the group of eligible debtors is then receiving new entrants at the rate of at least one hundred persons yearly, or may reasonably be expected to receive at least one hundred new entrants during the first policy year, and only if the policy reserves to the insurer the right to require evidence of individual insurability if less than seventy-five percent of the new entrants become insured.

(4) The amount of insurance on the life of any

debtor shall at no time exceed the amount owed by him which is repayable in installments over a period not in excess of five years, to the creditor, or ten thousand dollars, whichever is less.

Limitations on amount of insurance per debtor.

(5) The insurance shall be payable to the policyholder. Such payment shall reduce or extinguish the unpaid indebtedness of the debtor to the extent of such payment.

Insurance payable to policyholder.

(6) Payment by the debtor insured under any such group life insurance contract of the premium charged the creditor by the insurer for such insurance pertaining to the debtor, shall not be deemed to constitute a charge upon a loan in violation of any usuary law.

Not charge upon a loan.

SEC. 19. Section .24.05, chapter 79, Laws of 1947 and RCW 48.24.050 are each amended to read as follows:

Amendment.

The lives of a group of individuals may be insured under a policy issued to a labor union, which shall be deemed the policyholder, to insure members of such union for the benefit of persons other than the union or any of its officials, representatives or agents, subject to the following requirements:

Group insurance; labor unions.

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

Requirements.

(2) The premium for the policy shall be paid by the policyholder, either wholly from the union's funds, or partly from such funds and partly from funds contributed by the insured members specifically for their insurance. No policy may be issued of which the entire premium is to be derived from funds contributed by the insured members specifically for their insurance. A policy on which the premium is to be derived in part from funds contributed by the insured members specifically for their insur-

Members of union.

Premium payment by policyholder; funds for.

ance may be placed in force only if at least seventy-five percent of the then eligible members, excluding any as to whom evidence of individual insurability is not satisfactory to the insurer, elect to make the required contributions. A policy on which no part of the premium is to be derived from funds contributed by the insured members specifically for their insurance must insure all eligible members, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

Minimum coverage at date of issue.

(3) The policy must cover at least twenty-five members at date of issue.

Individual selection precluded.

(4) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the members or by the union.

Amendment.

SEC. 20. Section 11, chapter 197, Laws of 1953 and RCW 48.24.060 are each amended to read as follows:

Group 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:

Requirements.

Public employees.

(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 paid by policyholder; funds for.

(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 as 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.

(3) The rate of 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.

Rate of charges to insured members determined.

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

Minimum coverage at date of issue.

(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 five thousand dollars of life insurance in the case of any employee or member, and the amount of life insurance shall not exceed five hundred dollars in the case of retired employees or members and persons over age sixty-five.

Individual selection precluded.

Maximum amount of insurance per member.

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. 21. Section 12, chapter 197, Laws of 1953 and RCW 48.24.070 are each amended to read as follows:

Amendment.

Group insurance; employers—labor unions, in same industry.

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 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 for insurance.

(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.

"Employees" shall include.

Premium paid by trustees; funds for.

(2) The premium for the policy shall be paid by the trustees wholly from funds contributed by the employer or employers of the insured persons, or by the union or unions, or by both, or partly from such funds and partly from funds contributed by the insured persons. A policy on which part of the premium is to be derived from funds contributed by the insured persons specifically for their insurance may be placed in force only if at least seventy-five percent of the then eligible persons, excluding any as to whom evidence of insurability is not satisfactory to the insurer, elect to make the required contribu-

tions. A policy on which no part of the premium is to be derived from funds contributed by the insured persons specifically for their insurance must insure all eligible persons, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

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

(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. Individual selection precluded.

SEC. 22. A new section is added to chapter 48.24 RCW to read as follows: New section.

No such policy of group life insurance may be issued to an employer, or to a labor union, or to the trustees of a fund established in whole or in part by an employer or a labor union, which provides term insurance on any person which together with any other term insurance under any group life insurance policy or policies issued to the employer or employers of such person or to a labor union or labor unions of which such person is a member or to the trustees of a fund or funds established in whole or in part by such employer or employers or such labor union or labor unions, exceeds twenty thousand dollars, unless one hundred and fifty percent of the annual compensation of such person from his employer or employers exceeds twenty thousand dollars, in which event all such term insurance shall not exceed forty thousand dollars or one hundred and fifty percent of such annual compensation, whichever is the lesser. Prohibition on issuance of policy to employer or labor union.

SEC. 23. Section .24.16, chapter 79, Laws of 1947 and RCW 48.24.160 are each amended to read as follows: Amendment.

There shall be a provision that any sum becoming due by reason of the death of the individual in- Procedure on death of insured.

sured shall be payable to the beneficiary designated by such individual, subject to the provisions of the policy in the event there is no designated beneficiary, as to all or any part of such sum, living at the death of the individual insured and subject to any right reserved by the insurer in the policy and set forth in the certificate to pay at its option a part of such sum not exceeding five hundred dollars to any person appearing to the insurer to be equitably entitled thereto by reason of having incurred funeral or other expenses incident to the last illness or death of the individual insured.

Amendment. SEC. 24. Section .24.18, chapter 79, Laws of 1947 and RCW 48.24.180 are each amended to read as follows:

Termination of employment or membership; right to individual policy. There shall be a provision that if the insurance, or any portion of it, on an individual covered under the policy, other than a child insured pursuant to RCW 48.24.030, ceases because of termination of employment or of membership in the class or classes eligible for coverage under the policy, such individual shall be entitled to have issued to him by the insurer, without evidence of insurability, an individual policy of life insurance without disability or other supplementary benefits, provided application for the individual policy shall be made, and the first premium paid to the insurer, within thirty-one days after such termination, and provided further that,

Requirements for individual policy issuance.

Form of insurance. (1) the individual policy shall, at the option of such individual, be on any one of the forms, except term insurance, then customarily issued by the insurer at the age and for the amount applied for;

Amount of policy. (2) the individual policy shall be in an amount not in any event in excess of the amount of life insurance which ceases because of such termination nor less than one thousand dollars unless a smaller amount of coverage was provided for such individual under the group policy, *Provided*, That any amount

of insurance which matures on the date of such termination or has matured prior thereto under the group policy as an endowment payable to the individual insured, whether in one sum or in installments or in the form of an annuity, shall not, for the purposes of this provision, be included in the amount which is considered to cease because of such termination; and

(3) the premium on the individual policy shall be at the insurer's then customary rate applicable to the form and amount of the individual policy, to the class of risk to which such individual then belongs, and to his age attained on the effective date of the individual policy. Premium rate.

SEC. 25. Section 14, chapter 197, Laws of 1953 and RCW 48.36.070 are each amended to read as follows: Amendment.

(1) Any society may admit to beneficial membership any person not less than fifteen years of age, who has been examined by a legally qualified physician, and whose examination has been supervised and approved in accordance with the laws of the society, or who has made a declaration of insurability acceptable to the society: *Provided*, That any beneficial member of a society who shall apply for additional benefits more than six months after becoming a beneficial member shall pass an additional medical examination, or make an additional declaration of insurability, as required by the society. Qualifications to be admitted to beneficial membership of society.

(2) Any person so admitted prior to attaining the full age of twenty-one years shall be bound by the terms of his or her application and certificate, and by all the laws, rules and regulations of the society, and shall be entitled to all the rights and privileges of membership therein, as fully and to the same extent as though he or she were a person of full legal age, and may at any time surrender his or her membership and insurance or give a valid dis- Application for additional benefits.

Persons admitted prior to majority age.

charge for any benefit accruing or any money payable thereunder.

No prohibition against general or social members.

(3) Nothing herein contained shall prevent such society from accepting general or social members, who shall have no voice or vote in the management of the insurance affairs of the society, nor from issuing juvenile certificates on the lives of children under the age of eighteen years.

Repeal.

SEC. 26. Section .32.11, chapter 79, Laws of 1947 and RCW 48.36.110 are each hereby repealed.

Amendment.

SEC. 27. Section 31, chapter 190, Laws of 1949 and RCW 48.36.350 are each amended to read as follows:

Fraternal benefit societies; provision for payment of death or annuity benefits upon the lives of children.

Any fraternal benefit society operating on the lodge system and authorized to transact the business of fraternal insurance in this state, may provide in its constitution and bylaws, in addition to other benefits provided for therein, for the payment of death or annuity benefits upon the lives of children between the ages of one and eighteen years at next birthday. Any such society may at its option organize and operate branches for such children and membership in local lodges and initiation therein shall not be required of such children, nor shall they have any voice in the management of the society.

SEC. 28. Section .17.33, chapter 79, Laws of 1947 and RCW 48.17.330 are each amended to read as follows:

License to nonresident.

(1) The commissioner may license as a life and/or disability insurance agent only, or as a broker, a person who is otherwise qualified therefor under this code but who is not a resident of or domiciled in this state, if by the laws of the state or province of his residence or domicile a similar privilege is extended to residents of or corporations domiciled in this state.

(2) Any such licensee shall be subject to the same obligations and limitations, and to the commissioner's supervision as though resident or domiciled in this state, subject to RCW 48.14.040.

Obligations and limitations on license.

(3) No such person shall be so licensed unless he files the power of attorney provided for in RCW 48.17.340, and, if a corporation, it must have complied with the laws of this state governing the admission of foreign corporations.

Power of attorney.

SEC. 29. Section .24.02, chapter 79, Laws of 1947 and RCW 48.24.020 are each amended to read as follows:

Amendment.

The lives of a group of individuals may be insured under a policy issued to an employer, or to the trustees of a fund established by an employer, which employer or trustee is deemed the policyholder, insuring employees of the employer for the benefit of persons other than the employer, subject to the following requirements:

Group insurance; employers.

(1) The employees eligible for insurance under the policy shall be all of the employees of the employer, or all of any class or classes thereof determined by conditions pertaining to their employment. The policy may provide that the term "employees" shall include the employees of one or more subsidiary corporations, and the employees, individual proprietors, and partners of one or more affiliated corporations, proprietors or partnerships if the business of the employer and of such affiliated corporations, proprietors or partnerships is under common control through stock ownership, contract or otherwise. The policy may provide that the term "employees" shall include the individual proprietor or partners if the employer is an individual proprietor or a partnership. The policy may provide that the term "employees" shall include retired employees.

Requirements.

Employees of employer.

"Employees" may include.

(2) The premium for the policy shall be paid by the policyholder, either wholly from the employer's

Premium paid by policyholder; funds for.

funds or funds contributed by him, or partly from such funds and partly from funds contributed by the insured employees. No policy may be issued on which the entire premium is to be derived from funds contributed by the insured employees. A policy on which part of the premium is to be derived from funds contributed by the insured employees may be placed in force only if at least seventy-five percent of the then eligible employees, excluding any as to whom evidence of individual insurability is not satisfactory to the insurer, elect to make the required contributions. A policy on which no part of the premium is to be derived from funds contributed by the insured employees must insure all eligible employees, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

Minimum coverage at date of issue.

(3) The policy must cover at least ten employees at date of issue.

Individual selection precluded.

(4) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the employees or by the employer or trustees.

Passed the Senate February 8, 1955.

Passed the House March 2, 1955.

Approved by the Governor March 21, 1955.