

Washington shall receive no compensation as judge pro tempore. A judge who has retired from the supreme court or superior court of the state of Washington shall receive compensation as judge pro tempore in the amount of sixty percent of the amount payable to a judge pro tempore under this section.

Passed the Senate March 7, 1967.

Passed the House March 7, 1967.

Approved by the Governor March 21, 1967.

CHAPTER 150.

[Substitute Senate Bill No. 199.]

INSURANCE.

AN ACT relating to insurance; amending section 02.08, chapter 79, Laws of 1947 and RCW 48.02.080; adding two new sections to chapter 79, Laws of 1947 and to chapter 48.05 RCW; amending section 05.14, chapter 79, Laws of 1947 and RCW 48.05.140; amending section 7, chapter 195, Laws of 1963 and RCW 48.05.340; amending section 06.04, chapter 79, Laws of 1947 and RCW 48.06.040; amending section 06.05, chapter 79, Laws of 1947 and RCW 48.06.050; amending section 11.08, chapter 79, Laws of 1947 and RCW 48.11.080; repealing section 11.09, chapter 79, Laws of 1947 and RCW 48.11.090; adding a new section to chapter 79, Laws of 1947 and to chapter 48.13 RCW; amending section 13.12, chapter 79, Laws of 1947, as last amended by section 1, chapter 303, Laws of 1955, and RCW 48.13.120; amending section 14.01, chapter 79, Laws of 1947, as last amended by section 4, chapter 303, Laws of 1955, and RCW 48.14.010; adding two new sections to chapter 79, Laws of 1947 and to chapter 48.17 RCW; amending section 17.09, chapter 79, Laws of 1947 and RCW 48.17.090; amending section 17.11, chapter 79, Laws of 1947, as last amended by section 19, chapter 70, Laws of 1965 extraordinary session, and RCW 48.17.110; amending section 17.12, chapter 79, Laws of 1947, as last amended by section 11, chapter 303, Laws of 1955, and RCW 48.17.120; amending section 17.13, chapter 79, Laws of 1947 and RCW 48.17.130; amending section 17.15, chapter 79, Laws of 1947, as last amended by section 4, chapter 194, Laws of 1961, and RCW 48.17.150; amending section 17.16, chapter 79, Laws of 1947, as last amended by section 6, chapter

225, Laws of 1959, and RCW 48.17.160; amending section 17.19, chapter 79, Laws of 1947 and RCW 48.17.190; amending section 17.24, chapter 79, Laws of 1947 and RCW 48.17.240; amending section 17.53, chapter 79, Laws of 1947 and RCW 48.17.530; amending section 17.54, chapter 79, Laws of 1947 and RCW 48.17.540; amending section 17.56, chapter 79, Laws of 1947 and RCW 48.17.560; adding a new section to chapter 79, Laws of 1947 and to chapter 48.20 RCW; adding a new section to chapter 79, Laws of 1947 and to chapter 48.22 RCW; amending section 24.04, chapter 79, Laws of 1947, as last amended by section 9, chapter 194, Laws of 1961, and RCW 48.24.040; repealing section 22, chapter 303, Laws of 1955 and RCW 48.24.085; amending section 29.13, chapter 79, Laws of 1947 and RCW 48.29.130; and amending section 31.19, chapter 79, Laws of 1947 and RCW 48.31.190.

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

Section 1. Section 02.08, chapter 79, Laws of 1947 and RCW 48.02.080 are each amended to read as follows:

RCW 48.02.080 amended.

(1) The commissioner may prosecute an action in any court of competent jurisdiction to enforce any order made by him pursuant to any provision of this code.

Insurance. Insurance commissioner. Enforcement.

(2) If the commissioner has cause to believe that any person has violated any penal provision of this code or of other laws relating to insurance he shall certify the facts of the violation to the public prosecutor of the jurisdiction in which the offense was committed.

(3) If the commissioner has cause to believe that any person is violating or is about to violate any provision of this code or any regulation or order of the commissioner, he may:

(a) issue a cease and desist order; and/or
 (b) bring an action in any court of competent jurisdiction to enjoin the person from continuing the violation or doing any action in furtherance thereof.

(4) The attorney general and the several prosecuting attorneys throughout the state shall prose-

cute or defend all proceedings brought pursuant to the provisions of this code when requested by the commissioner.

New section. Sec. 2. There is added to chapter 79, Laws of 1947 and to chapter 48.05 RCW a new section to read as follows:

Insurance—Insurers—Requirements. No certificate of authority shall be granted to a foreign or alien applicant that has not actively transacted for three years the classes of insurance for which it seeks to be admitted; except, the foregoing shall not apply to any subsidiary of a seasoned, reputable insurer that has held a certificate of authority in this state for at least three years.

New section. Sec. 3. There is added to chapter 79, Laws of 1947 and to chapter 48.05 RCW a new section to read as follows:

Transacting business with in state—Submission to jurisdiction of courts. (1) Any foreign or alien insurer not thereunto authorized by the commissioner, whether it be a surplus lines insurer operating under chapter 48.15 RCW or not, who, by mail or otherwise, solicits insurance business in this state or transacts insurance business in this state as defined by RCW 48.01.060, thereby submits itself to the jurisdiction of the courts of this state in any action, suit or proceeding instituted by or on behalf of an insured, beneficiary or the commissioner arising out of such unauthorized solicitation of insurance business, including, but not limited to, an action for injunctive relief by the commissioner.

(2) In any such action, suit or proceeding instituted by or on behalf of an insured or beneficiary, service of legal process against such unauthorized foreign or alien insurer may be made by service of duplicate copies of legal process on the commissioner by a person competent to serve a summons or by registered mail. At the time of service the plaintiff shall pay to the commissioner two dollars, tax-

able as costs in the action. The commissioner shall forthwith mail one of the copies of the process, by registered mail with return receipt requested, to the defendant at its last known principal place of business. The defendant insurer shall have forty days from the date of the service on the commissioner within which to plead, answer or otherwise defend the action.

(3) In any such action, suit or proceeding by the commissioner, service of legal process against such unauthorized foreign or alien insurer may be made by personal service of legal process upon any officer of such insurer at its last known principal place of business outside the state of Washington. The summons upon such unauthorized foreign or alien insurer shall contain the same requisites and be served in like manner as personal summons within the state of Washington; except, the insurer shall have forty days from the date of such personal service within which to plead, answer or otherwise defend the action.

Sec. 4. Section 05.14, chapter 79, Laws of 1947 and RCW 48.05.140 are each amended to read as follows:

RCW 48.05.140 amended.

The commissioner may refuse, suspend, or revoke an insurer's certificate of authority, in addition to other grounds therefor in this code, if the insurer:

Certificate of authority—
Discretionary refusal, revocation or suspension—
Grounds.

(1) Fails to comply with any provision of this code other than those for violation of which refusal, suspension, or revocation is mandatory, or fails to comply with any proper order of the commissioner.

(2) Is found by the commissioner to be in such condition that its further transaction of insurance in this state would be hazardous to policyholders and the people in this state.

Certificate of authority—
Discretionary refusal, revocation or suspension—
Grounds.

(3) Refuses to remove or discharge a director or officer who has been convicted of any crime involving fraud, dishonesty, or like moral turpitude.

(4) Usually compels claimants under policies either to accept less than the amount due them or to bring suit against it to secure full payment of the amount due.

(5) Is affiliated with and under the same general management, or interlocking directorate, or ownership as another insurer which transacts insurance in this state without having a certificate of authority therefor, except as is permitted by this code.

(6) Refuses to be examined, or if its directors, officers, employees or representatives refuse to submit to examination or to produce its accounts, records, and files for examination by the commissioner when required, or refuse to perform any legal obligation relative to the examination.

(7) Fails to pay any final judgment rendered against it in this state upon any policy, bond, recognizance, or undertaking issued or guaranteed by it, within thirty days after the judgment became final or within thirty days after time for taking an appeal has expired, or within thirty days after dismissal of an appeal before final determination, whichever date is the later.

(8) Is found by the commissioner, after investigation or upon receipt of reliable information, to be managed by persons, whether by its directors, officers, or by any other means, who are incompetent or untrustworthy or so lacking in insurance company managerial experience as to make a proposed operation hazardous to the insurance-buying public; or that there is good reason to believe it is affiliated directly or indirectly through ownership, control, reinsurance or other insurance or business relations, with any person or persons whose business operations are or have been marked, to the

detriment of policyholders or stockholders or investors or creditors or of the public, by bad faith or by manipulation of assets, or of accounts, or of reinsurance.

Sec. 5. Section 7, chapter 195, Laws of 1963 and RCW 48.05.340 are each amended to read as follows:

RCW 48.05.340 amended.

(1) Subject to RCW 48.05.350 and 48.05.360 to qualify for authority to transact any one kind of insurance as defined in chapter 48.11 RCW or combination of kinds of insurance as shown below, a foreign or alien insurer, whether stock, mutual, or a reciprocal, or a domestic stock insurer hereafter formed shall possess and thereafter maintain unimpaired paid-in capital stock, if a stock insurer, or unimpaired basic surplus if a foreign mutual insurer or foreign reciprocal insurer, and shall possess when first so authorized additional funds in surplus as follows:

Insurers—
Capital and
surplus
requirements.

	Paid-in capital stock or basic surplus	Additional surplus
Kind or kinds of insurance		
Life	\$400,000	\$400,000
Disability	400,000	400,000
Life and disability.....	500,000	500,000
Property	400,000	400,000
Marine & transportation....	450,000	450,000
General casualty	500,000	500,000
Vehicle	400,000	400,000
Surety	500,000	500,000
Any two of the following kinds of insurance: Prop- erty, marine & transporta- tion, general casualty, vehicle, surety, disability.	550,000	550,000
Multiple lines (all insur- ances except life and title insurance)	650,000	650,000

Insurers—
Capital and
surplus
requirements.

Title (in accordance with the
provisions of chapter 48.29
RCW)

(2) Capital and surplus requirements are based upon all the kinds of insurance transacted by the insurer wherever it may operate or propose to operate, whether or not only a portion of such kinds are to be transacted in this state.

(3) An insurer holding a certificate of authority to transact insurance in this state immediately prior to the effective date of this act may continue to be authorized to transact the same kinds of insurance as long as it is otherwise qualified for such authority and thereafter maintains unimpaired the amount of paid-in capital stock, if a stock insurer, or basic surplus, if a mutual or reciprocal insurer, and special surplus as required of it under laws in force immediately prior to such effective date; and any proposed domestic insurer which is in process of formation or financing under a solicitation permit which is outstanding immediately prior to the effective date of this act shall, if otherwise qualified therefor, be authorized to transact any kind or kinds of insurance upon the basis of the capital and surplus requirements of such an insurer under the laws in force immediately prior to such effective date.

(4) As to surplus required for qualification to transact one or more kinds of insurance and thereafter to be maintained, domestic mutual insurers are governed by chapter 48.09 RCW, and reciprocal insurers are governed by chapter 48.10 RCW.

RCW 48.06.040
amended.

Sec. 6. Section 06.04, chapter 79, Laws of 1947 and RCW 48.06.040 are each amended to read as follows:

To apply for a solicitation permit the person shall:

(1) File with the commissioner a request therefor showing,

(a) name, type, and purpose of insurer, corporation or syndicate proposed to be formed;

(b) names, addresses, fingerprints, and business records of each person associated or to be associated in the formation of the proposed insurer, corporation, or syndicate;

(c) full disclosure of the terms of all understandings and agreements existing or proposed among persons so associated relative to the proposed insurer, corporation, or syndicate, or the formation thereof;

(d) the plan according to which solicitations are to be made;

(e) such additional information as the commissioner may reasonably require.

(2) File with the commissioner,

(a) original and copies in triplicate of proposed articles of incorporation, or syndicate agreement; or, if the proposed insurer is a reciprocal, original and duplicate of the proposed subscribers' agreement and attorney in fact agreement;

(b) original and duplicate copy of any proposed bylaws;

(c) copy of any security proposed to be issued and copy of application or subscription agreement therefor;

(d) copy of any insurance contract proposed to be offered and copy of application therefor;

(e) copy of any prospectus, advertising, or literature proposed to be used;

(f) copy of proposed form of any escrow agreement required.

(3) Deposit with the commissioner the fees required by law to be paid for the application, for filing of the articles of incorporation of an insurer, for filing the subscribers' agreement and attorney in fact agreement if the proposed insurer is a reciprocal, for the solicitation permit, if granted, and for

Domestic
Insurers—
Application for
solicitation
permit.

filing articles of incorporation with the secretary of state.

RCW 48.06.050 amended.

Sec. 7. Section 06.05, chapter 79, Laws of 1947 and RCW 48.06.050 are each amended to read as follows:

Insurers—
Solicitation
permit—Pro-
cedure upon
application.

The commissioner shall expeditiously examine the application for a solicitation permit and make any investigation relative thereto deemed necessary.

If the commissioner finds that

- (1) the application is complete; and
- (2) the documents therewith filed are equitable in terms and proper in form; and

(3) the management of the company, whether by its directors, officers, or by any other means is competent and trustworthy and not so lacking in managerial experience as to make a proposed operation hazardous to the insurance-buying public; and that there is no reason to believe the company is affiliated, directly or indirectly, through ownership, control, reinsurance, or other insurance or business relations, with any other person or persons whose business operations are or have been marked, to the detriment of the policyholders or stockholders or investors or creditors or of the public, by bad faith or by manipulation of assets, or of accounts, or of reinsurance; and

(4) the agreements made or proposed are equitable to present and future shareholders, subscribers, members or policyholders, he shall give notice to the applicant that he will issue a solicitation permit, stating the terms to be contained therein, upon the filing of the bond required by RCW 48.06.110 of this code.

If the commissioner does not so find, he shall give notice to the applicant that the permit will not be granted, stating the grounds therefor, and shall refund to the applicant all sums so deposited except the application fee.

Sec. 8. Section 11.08, chapter 79, Laws of 1947 and RCW 48.11.080 are each amended to read as follows:

RCW 48.11.080 amended.

“Surety insurance” includes:

Insuring powers—
“Surety insurance” defined.

(1) Credit insurance as defined in subdivision (9) of RCW 48.11.070.

(2) Bail bond insurance.

(3) Fidelity insurance, which is insurance guaranteeing the fidelity of persons holding positions of public or private trust.

(4) Guaranteeing the performance of contracts, other than insurance policies, and guaranteeing and executing bonds, undertakings, and contracts of suretyship.

(5) Indemnifying banks, bankers, brokers, financial or moneyed corporations or associations against loss resulting from any cause of bills of exchange, notes, bonds, securities, evidence of debts, deeds, mortgages, warehouse receipts, or other valuable papers, documents, money, precious metals and articles made therefrom, jewelry, watches, necklaces, bracelets, gems, precious and semiprecious stones, including any loss while the same are being transported in armored motor vehicles, or by messenger, but not including any other risks of transportation or navigation; also against loss or damage to such an insured’s premises, or to his furnishings, fixtures, equipment, safes and vaults therein, caused by burglary, robbery, theft, vandalism or malicious mischief, or any attempt thereat.

Sec. 9. Section 11.09, chapter 79, Laws of 1947 and RCW 48.11.090 are each repealed.

Repeal.

Sec. 10. There is added to chapter 79, Laws of 1947 and to chapter 48.13 RCW a new section to read as follows:

New section.

A mortgage loan or investment therein upon a one-family dwelling property shall be amortized

Insurance companies—
Investments—
Mortgage loan on single family dwelling.

within not more than thirty years by payments of installments thereon at regular intervals not less frequent than every three months; except that the initial amortization period of the mortgage or investment, when added to the age of the dwelling at the time of the making of the mortgage loan or investment, shall in no event exceed forty-five years.

RCW 48.13.120 amended.

Sec. 11. Section 13.12, chapter 79, Laws of 1947, as last amended by section 1, chapter 303, Laws of 1955, and RCW 48.13.120 are each amended to read as follows:

Mortgage loan limited by property value.

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

(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; 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.

RCW 48.14.010 amended.

Sec. 12. Section 14.01, chapter 79, Laws of 1947, as last amended by section 4, chapter 303, Laws of 1955, and RCW 48.14.010 are each amended to read as follows:

Insurance—
Fees and taxes.
Fee schedule.

(1) The commissioner shall collect in advance the following fees:

(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.
- (b) Certificate of authority:
- (i) Issuance \$20.00
- (ii) Renewal \$20.00
- (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
- (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 issued pursuant to RCW 48.17.190, each year..... \$ 2.00
- (iv) Temporary license as agent..... \$ 2.00
- (f) Brokers' licenses:
- (i) Resident or nonresident broker, casualty-property or life and disability, each year \$25.00
- (ii) All lines broker's license..... \$50.00
- (iii) Surplus line broker, twelve-month period\$100.00
- (iv) Temporary license as broker..... \$25.00
- (g) Solicitors' license, each year..... \$ 2.00

Insurance—
Fees and taxes.
Fee schedule.

- (h) 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
 - (j) Examination for license, each examination:
 - (i) Resident or nonresident broker's license \$25.00
 - (ii) All other examinations \$ 5.00
 - (k) Miscellaneous services:
 - (i) Filing other documents \$ 2.00
 - (ii) Commissioner's certificate under seal \$ 2.00
 - (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.

New section.

Sec. 13. There is added to chapter 79, Laws of 1947 and to chapter 48.17 RCW a new section to read as follows:

Agents, brokers, solicitors and adjusters.

Every insurance agent, broker, adjuster, or other person licensed under this chapter shall promptly reply in writing to an inquiry of the commissioner relative to the business of insurance.

New section.

Sec. 14. There is added to chapter 79, Laws of 1947 and to chapter 48.17 RCW a new section to read as follows:

Insurance advisory examining board.

(1) There is hereby created an insurance advisory examining board, hereafter referred to as the examining board or the board.

(2) The examining board shall consist of seven members, the commissioner who shall serve ex officio as a member and shall act as chairman, and

six members appointed by the commissioner. Appointments shall be made within thirty days after the effective date of this act.

(3) The insurance commissioner as chairman shall keep a record of all proceedings of the board, send out notices of meetings of the board, draft rules and regulations of the board, and perform such other duties as may be required.

(4) The members of the board appointed by the commissioner shall have been licensed insurance agents or brokers of this state for at least five years prior to their appointments, three of whom shall have been engaged in the life or disability fields and the remaining three in other insurance fields. Consistent with the representation on the board, it may function as two separate committees, at which meetings the commissioner shall also preside.

(5) The first terms for members of the examining board appointed by the commissioner shall be as follows: Two members for one year; two members for two years; two members for three years. Thereafter, the terms shall be for two years and until their successors are appointed and qualified.

(6) The examining board, or any committee of the board, shall meet at the call of the commissioner. A majority of the members of the board or of a committee shall constitute a quorum for the transaction of business by the board or a committee of the board.

(7) The board shall have the advisory power:

(a) To recommend general policy concerning the scope, contents, procedure and conduct of examinations to be given for respective licenses as agent, broker and solicitor.

(b) To recommend the questions comprising each particular such examination and from time to time to change such questions as the board deems advisable, and where examinations are composed by

—Insurance
advisory ex-
amining board.

the board results of these examinations shall be evaluated by the board.

(c) To review other state insurance examination papers and the grading thereof.

(d) To recommend the scope and contents of material furnished agent, broker or solicitor examination applicants by the commissioner under RCW 48.17.120 for the purpose of preparing for any such examination.

(e) To recommend rules and regulations for the procedure to be followed in the conduct of such examinations, including, but not limited to, application for examination, frequency and place of examinations, minimum waiting period before reexamination, monitoring, and the safeguarding of examination questions and papers. The board shall file copies of all such rules and regulations, and of all amendments or modifications thereof, with the commissioner and with the code reviser for public inspection and information.

(f) To make such recommendations to the commissioner in regard to the administration of the examination requirement as the board from time to time deems appropriate.

(8) Members may be removed by the commissioner for any cause which unreasonably interferes with the proper discharge of the responsibilities of the board or any member thereof. Any vacancy shall be filled by the commissioner within ninety days after it occurs by appointment for the remainder of the unexpired term.

(9) Appointed members of the examining board shall receive compensation from the appropriation to the insurance commissioner at the rate of twenty-five dollars per day while discharging their duties as directed and approved by the commissioner, and shall be reimbursed for their necessary travel expenses incurred in the actual performance

of their duties at the rate provided by statute for state employees: *Provided, however,* That the powers and recommendations of the examining board shall be advisory only.

Sec. 15. Section 17.09, chapter 79, Laws of 1947 and RCW 48.17.090 are each amended to read as follows:

RCW 48.17.090 amended.

(1) Application for any such license shall be made to the commissioner upon forms as prescribed and furnished by him. As a part of or in connection with any such application the applicant shall furnish information concerning his identity, including his fingerprints, personal history, experience, business record, purposes, and other pertinent facts, as the commissioner may reasonably require.

Agents, brokers, solicitors and adjusters
—Application for license.

(2) If the applicant is a firm or corporation, the application shall show, in addition, the names of all members and officers, and shall designate each individual who is to exercise the powers to be conferred by the license upon such firm or corporation. The commissioner shall require each such individual to furnish information to him as though for an individual license.

(3) Any person wilfully misrepresenting any fact required to be disclosed in any such application shall be liable to penalties as provided by this code.

Sec. 16. Section 17.11, chapter 79, Laws of 1947, as last amended by section 19, chapter 70, Laws of 1965, extraordinary session, and RCW 48.17.110 are each amended to read as follows:

RCW 48.17.110 amended.

(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 examining authority, an examination given as a test of his qualifications and competence, but this requirement shall not apply to:

Insurance agents, brokers, solicitors and adjusters
—Examination of applicants.

Insurance
agents, brok-
ers, solicitors
and adjusters
—Examination
of applicants.

(a) Applicants for limited licenses under RCW 48.17.190, at the discretion of the commissioner.

(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 or who have successfully completed a course of study recognized as a mark of distinction by the insurance industry and who are deemed by the commissioner to be fully qualified and competent.

(c) Applicants for license as nonresident agent or as nonresident broker or as nonresident adjuster who are duly licensed in their state of residence and who are deemed by the commissioner to be fully qualified and competent for a similar license in this state.

(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.

(e) Applicants for an adjuster's license who for a period of one year next preceding the date of application have been a full time salaried employee of an insurer or of a general agent to adjust, investigate, or report claims arising under insurance contracts.

(2) Any person licensed as an insurance broker by this state prior to the effective date of this act, who is otherwise qualified to be a licensed insurance broker, shall be entitled to renew his broker's license by payment of the applicable fee for such of the broker's licenses authorized by RCW 48.17.240, as he shall elect, without taking any additional examination, except as provided in subsection (3).

(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.

Sec. 17. Section 17.12, chapter 79, Laws of 1947, as last amended by section 11, chapter 303, Laws of 1955, and RCW 48.17.120 are each amended to read as follows:

RCW 48.17.120
amended.

(1) Each such examination shall be of sufficient scope reasonably to test the applicant's knowledge relative to the kinds of insurance which may be dealt with under the license applied for, and of the duties and responsibilities of, and laws of this state applicable to, such a licensee.

Scope of ex-
amination.

(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.

(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.

Sec. 18. Section 17.13, chapter 79, Laws of 1947 and RCW 48.17.130 are each amended to read as follows:

RCW 48.17.130
amended.

(1) The answers of the applicant to any such examination shall be written by the applicant under the examining authority's supervision, and any such written examination may be supplemented by oral examination at the discretion of the examining authority.

Examina-
tions—Form—
Time of, fee.

(2) Examinations shall be given at such times and places within this state as the examining authority deems necessary reasonably to serve the

convenience of both the examining authority and applicants.

(3) The examining authority may require a waiting period of reasonable duration before giving a new examination to an applicant who has failed to pass a previous similar examination.

(4) For each examination taken, the commissioner shall collect in advance the fee provided in RCW 48.14.010.

RCW 48.17.150
amended.

Sec. 19. Section 17.15, chapter 79, Laws of 1947, as last amended by section 4, chapter 194, Laws of 1961, and RCW 48.17.150 are each amended to read as follows:

Insurance—
Agents' and
brokers'
qualifications.

(1) To qualify for an agent's or broker's license an applicant must otherwise comply with this code therefor and must

(a) be twenty-one years of age or over, if an individual;

(b) be a bona fide resident of and actually reside in this state, or if a corporation, be other than an insurer and maintain a lawfully established place of business in this state, except as provided in RCW 48.17.330;

(c) be empowered to be an agent or broker, as the case may be, under its members' agreement, if a firm, or by its articles of incorporation, if a corporation;

(d) successfully pass any examination as required under RCW 48.17.110;

(e) be a trustworthy person;

(f) not intend to use or use the license for the purpose principally of writing controlled business, as defined in RCW 48.17.080;

(g) if for an agent's license, be appointed as its agent by one or more authorized insurers, subject to issuance of the license;

(h) if for broker's license, have had at least two years experience either as an agent, solicitor, adjus-

ter, general agent, broker, or as an employee of insurers or representatives of insurers, and special education or training of sufficient duration and extent reasonably to satisfy the commissioner that he possesses the competence necessary to fulfill the responsibilities of broker.

(2) If the commissioner finds that the applicant is so qualified and that the license fee has been paid, he shall issue the license. Otherwise, the commissioner shall refuse to issue the license.

Sec. 20. Section 17.16, chapter 79, Laws of 1947, as last amended by section 6, chapter 225, Laws of 1959, and RCW 48.17.160 are each amended to read as follows:

RCW 48.17.160 amended.

(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 of agents—Revocation.

(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.

(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.

RCW 48.17.190 amended.

Sec. 21. Section 17.19, chapter 79, Laws of 1947 and RCW 48.17.190 are each amended to read as follows:

Insurance—
Agents, etc.—
Limited
licenses.

The commissioner may issue limited licenses to the following:

(1) Persons selling transportation tickets of a common carrier of persons or property who shall act as such agents only as to transportation ticket policies of disability insurance or baggage insurance on personal effects.

(2) Compensated master policyholders of credit life and credit accident and health insurance, retail dealers compensated by any such master policyholders, or the authorized representative(s) of either.

RCW 48.17.240 amended.

Sec. 22. Section 17.24, chapter 79, Laws of 1947 and RCW 48.17.240 are each amended to read as follows:

Scope of broker's license.

A broker's license may be issued to cover the following lines of insurance:

(a) All lines of insurance; or

(b) All lines except life, which shall be designated as a casualty-property broker's license; or

(c) Life and disability only.

RCW 48.17.530 amended.

Sec. 23. Section 17.53, chapter 79, Laws of 1947 and RCW 48.17.530 are each amended to read as follows:

Insurance—
Refusal,
revocation,
suspension of
licenses.

(1) The commissioner may suspend, revoke, or refuse to issue or renew any license which is issued or may be issued under this chapter or any surplus line broker's license for any cause specified in any

other provision of this code, or for any of the following causes:

(a) For any cause for which issuance of the license could have been refused had it then existed and been known to the commissioner.

(b) If the licensee wilfully violates or knowingly participates in the violation of any provision of this code.

(c) If the licensee has obtained or attempted to obtain any such license through wilful misrepresentation or fraud, or has failed to pass any examination required under this chapter.

(d) If the licensee has misappropriated or converted to his own use or has illegally withheld moneys required to be held in a fiduciary capacity.

(e) If the licensee has, with intent to deceive, materially misrepresented the terms or effect of any insurance contract; or has engaged or is about to engage in any fraudulent transaction.

(f) If the licensee has been guilty of "twisting," as defined in RCW 48.30.180, or of rebating, as defined in chapter 48.30.

(g) If the licensee has been convicted, by final judgment, of a felony.

(h) If in the conduct of his affairs under the license, the licensee has shown himself to be, and is so deemed by the commissioner, incompetent, or untrustworthy, or a source of injury and loss to the public.

(i) If the licensee has dealt with, or attempted to deal with, insurances or to exercise powers relative to insurance outside the scope of his licenses.

(2) If any natural person named under a firm or corporate license, or application therefor, commits or has committed any act or fails or has failed to perform any duty which is a ground for the commissioner to revoke, suspend or refuse to issue or renew the license or application for license, the commis-

Insurance—
Refusal,
revocation,
suspension of
licenses.

sioner may revoke, suspend, refuse to renew, or refuse to issue:

(a) The license, or application therefor, of the corporation or firm; or

(b) The right of the natural person to act thereunder; or

(c) Any other license held or applied for by the natural person; or

(d) He may take all such steps.

(3) The holder of any license which has been revoked or suspended shall surrender the license certificate to the commissioner at the commissioner's request.

RCW 48.17.540
amended.

Sec. 24. Section 17.54, chapter 79, Laws of 1947 and RCW 48.17.540 are each amended to read as follows:

Procedure
to revoke,
suspend or re-
fuse licenses.

(1) The commissioner shall revoke or refuse to renew any such license immediately and without hearing, upon conviction of the licensee of a felony by final judgment of any court of competent jurisdiction.

(2) The commissioner may suspend, revoke, or refuse to renew any such license:

(a) By order given to the licensee not less than fifteen days prior to the effective date thereof, subject to the right of the licensee to have a hearing as provided in RCW 48.04.010; or

(b) by an order on hearing made as provided in RCW 48.04.090 effective as of ten days after date of the giving of the order, subject to the right of the licensee to appeal to the superior court for Thurston county as provided in chapter 48.04.

RCW 48.17.560
amended.

Sec. 25. Section 17.56, chapter 79, Laws of 1947 and RCW 48.17.560 are each amended to read as follows:

After hearing and in addition to or in lieu of the suspension, revocation, or refusal to renew any such

license, the commissioner may levy a fine upon the licensee for each offense in amount not less than twenty-five dollars and not more than two hundred and fifty dollars, but in no case more than a total of five hundred dollars. The order levying such fine shall specify the period within which the fine shall be fully paid, and which period shall be not less than fifteen nor more than thirty days from the date of the order. Upon failure to pay any such fine when due, the commissioner shall revoke the licenses of the licensee if not already revoked, and the fine shall be recovered in a civil action brought in behalf of the commissioner by the attorney general. Any fine so collected shall be paid by the commissioner to the state treasurer for the account of the general fund.

Fines may be imposed.

Sec. 26. There is added to chapter 79, Laws of 1947 and to chapter 48.20 RCW a new section to read as follows:

New section.

Every individual disability insurance policy issued after January 1, 1968, except single premium nonrenewable policies, shall have printed on its face or attached thereto a notice stating in substance that the person to whom the policy is issued shall be permitted to return the policy within ten days of its delivery to the purchaser and to have the premium paid refunded if, after examination of the policy, the purchaser is not satisfied with it for any reason. If a policyholder or purchaser pursuant to such notice, returns the policy to the insurer at its home or branch office or to the agent through whom it was purchased, it shall be void from the beginning and the parties shall be in the same position as if no policy had been issued.

Disability insurance—
New policy.
Return within ten days.

Sec. 27. There is added to chapter 79, Laws of 1947 and to chapter 48.22 RCW a new section to read as follows:

New section.

Motor vehicle
insurance—
Minimum
limits of
liability.

On and after January 1, 1968, no new policy or renewal of an existing policy insuring against loss resulting from liability imposed by law for bodily injury or death suffered by any person arising out of the ownership, maintenance or use of a motor vehicle shall be delivered or issued for delivery in this state with respect to any motor vehicle registered or principally garaged in this state unless coverage is provided therein or supplemental thereto, in limits for bodily injury or death set forth in RCW 46.29.490, for the protection of persons insured thereunder who are legally entitled to recover damages from owners or operators of uninsured motor vehicles and hit-and-run motor vehicles because of bodily injury, sickness or disease, including death, resulting therefrom, except that the named insured may be given the right to reject such coverage, and except that, unless the named insured requests such coverage in writing, such coverage need not be provided in or supplemental to a renewal policy where the named insured had rejected the coverage in connection with a policy previously issued to him by the same insurer.

RCW 48.24.040
amended.

Sec. 28. Section 24.04, chapter 79, Laws of 1947, as last amended by section 9, chapter 194, Laws of 1961, and RCW 48.24.040 are each amended to read as follows:

Group life
insurance—
Debtor groups.

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 creditors, subject to the provisions of the insurance code relating to credit life insurance and credit accident and health insurance and to the following requirements:

(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, except that nothing in this section shall preclude an insurer from excluding from the classes eligible for insurance classes of debtors determined by age. 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.

(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.

(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.

Group life insurance—
Debtor groups.

(4) 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 usury law.

Repeal.

Sec. 29. Section 22, chapter 303, Laws of 1955 and RCW 48.24.085 are each repealed.

RCW 48.29.130 amended.

Sec. 30. Section 29.13, chapter 79, Laws of 1947 and RCW 48.29.130 are each amended to read as follows:

Title insurers—
Investments.

The funds of a domestic title insurer, other than those representing its guaranty fund deposit, shall be invested as follows:

(1) Funds in amount not less than its required special reserve shall be kept invested in investments eligible for domestic life insurers.

(2) Other funds may be invested in:

(a) The insurer's plant and equipment, up to a maximum of fifty percent of capital plus surplus.

(b) Stocks and bonds of abstract companies when approved by the commissioner.

(c) Investments eligible for the investment of funds of any domestic insurer.

RCW 48.31.190 amended.

Sec. 31. Section 31.19, chapter 79, Laws of 1947 and RCW 48.31.190 are each amended to read as follows:

Mergers—
Rehabilitation—
Liquidation—
Commencement of proceedings—
Venue.

(1) Proceedings under this chapter involving a domestic insurer shall be commenced in the superior court for the county in which is located the insurer's home office. Proceedings under this chapter involving other insurers shall be commenced in the superior court for Thurston county.

(2) The commissioner shall commence any such proceeding, the attorney general representing him, by an application to the court or to any judge thereof, for an order directing the insurer to show

cause why the commissioner should not have the relief prayed for.

(3) Upon a showing of an emergency or threat of imminent loss to policyholders of the insurer the court may issue an ex parte order authorizing the commissioner immediately to take over the premises and assets of the insurer, the commissioner then to preserve the status quo, pending a hearing on the order to show cause, which shall be heard as soon as the court calendar permits in preference to other civil cases.

(4) In response to any order to show cause issued under this chapter the insurer shall have the burden of going forward with and producing evidence to show why the relief prayed for by the commissioner is not required.

(5) On the return of such order to show cause, and after a full hearing, the court shall either deny the relief sought in the application or grant the relief sought in the application together with such other relief as the nature of the case and the interest of policyholders, creditors, stockholders, members, subscribers, or the public may require.

Passed the Senate February 14, 1967.

Passed the House March 9, 1967.

Approved by the Governor March 21, 1967.