

Section 1. Section 1, chapter 162, Laws of 1955 and RCW 1.12-.025 are each amended to read as follows:

If at any session of the legislature there are enacted two or more acts amending the same section of the session laws or of the official code, each amendment without reference to the others, each act shall be given effect to the extent that the amendments do not conflict in purpose, otherwise the act last filed in the office of the secretary of state in point of time, shall control: PROVIDED, That if an extraordinary session shall immediately follow any regular session, this rule of construction shall apply to the laws enacted at either or both sessions.

NEW SECTION. Sec. 2. There is added to chapter 162, Laws of 1955 and to chapter 1.12 RCW a new section to read as follows:

The provisions of RCW 1.12.025 as now or hereafter amended shall apply retrospectively as well as prospectively.

NEW SECTION. Sec. 3. This 1969 amendatory act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the House May 10, 1969
Passed the Senate May 11, 1969
Approved by the Governor May 22, 1969
Filed in office of Secretary of State May 22, 1969

CHAPTER 241
[Substitute House Bill No. 427]
INSURANCE

AN ACT Relating to insurance; adding a new section to chapter 79, Laws of 1947 and to chapter 48.05 RCW; amending section .06.11, chapter 79, Laws of 1947 as last amended by section 2, chapter 86, Laws of 1955 and RCW 48.06.110; amending section .05.14, chapter 79, Laws of 1947 as amended by section 4, chapter 150, Laws of 1967 and RCW 48.05.140; amending section .13.11, chapter 79, Laws of 1947 and RCW 48.13.110; amending section .13.12, chapter 79, Laws of 1947 as last amended by section 11, chap-

ter 150, Laws of 1967 and RCW 48.13.120; amending section 10, chapter 150, Laws of 1967 and RCW 48.13.125; amending section .13.16, chapter 79, Laws of 1947 as last amended by section 13, chapter 95, Laws of 1967 ex. sess. and RCW 48.13.160; amending section .14.01, chapter 79, Laws of 1947 as last amended by section 12, chapter 150, Laws of 1967 and RCW 48.14.010; amending section 14.02, chapter 79, Laws of 1947 and RCW 48.14.020; amending section .15.09, chapter 79, Laws of 1947 as amended by section 5, chapter 303, Laws of 1955 and RCW 48.55.090; adding a new section to chapter 79, Laws of 1947 and to chapter 48.15 RCW; amending section .17.53, chapter 79, Laws of 1947 as amended by section 23, chapter 150, Laws of 1967 and RCW 48.17.530; amending section 2, chapter 95, Laws of 1967 ex. sess. and RCW 48.18.295; amending section 6; chapter 229, Laws of 1951 and RCW 48.20.052; amending section .31.19, chapter 79, Laws of 1947 as amended by section 31, chapter 150, Laws of 1967 and RCW 48.31.190; amending section 2, chapter 219, Laws of 1961 and RCW 48.34.020; amending section 10, chapter 219, Laws of 1961 and RCW 48.34.100; amending section 32.15, chapter 79, Laws of 1947 and RCW 48.36.150; and amending section .33.02, chapter 79, Laws of 1947 and RCW 48.48.020; adding a new section to chapter 79, Laws of 1947 and to chapter 48.08 RCW; adding new sections to chapter 48.18 RCW; repealing section 1, chapter 95, Laws of 1967 ex. sess. and RCW 48.18.294; and providing effective dates.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Section 1. There is added to chapter 79, Laws of 1947 and to chapter 48.05 RCW a new section to read as follows:

Officers and directors of an insurer or a corporation holding a controlling interest in an insurer shall be deemed to stand in a fiduciary relation to the insurer, and shall discharge the duties of their respective positions in good faith, and with that diligence, care and skill which ordinary prudent men would exercise under similar circumstances in like positions.

Sec. 2. Section .06.11, chapter 79, Laws of 1947 as last amended by section 2, chapter 86, Laws of 1955 and RCW 48.06.110 are each amended to read as follows:

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

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

(2) In lieu of filing such bond, the person may deposit with the commissioner ~~((ten))~~ fifty thousand dollars in cash or in United States government bonds at par value, to be held in trust upon the same conditions as required for the bond.

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

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

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

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

Sec. 3. Section .05.14, chapter 79, Laws of 1947 as amended by section 4, chapter 150, Laws of 1967 and RCW 48.05.140 are each

amended to read as follows:

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:

(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.

(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.

(9) Does business through agents or brokers in this state or in any other state who are not properly licensed under applicable laws and duly enacted regulations adopted pursuant thereto.

Sec. 4. Section .13.11, chapter 79, Laws of 1947 and RCW 48.13.110 are each amended to read as follows:

An insurer may invest any of its funds in:

(1) (a) Bonds or evidences of debt which are secured by first mortgages or deeds of trust on improved unencumbered real property located in the United States;

(b) Chattel mortgages in connection therewith pursuant to RCW 48.13.150;

(c) The equity of the seller of any such property in the contract for a deed, covering the entire balance due on a bona fide sale of such property, in amount not to exceed ten thousand dollars or the amount permissible under RCW 48.13.030, whichever is greater, in any one such contract for deed (~~(7--not-in-any-amount-in-excess-of-the-following-percentages-of-the-actual-sale-price-or-fair-value-of-the-property,-whichever-is-the-smaller:~~

~~{i)--If-a-dwelling-primarily-designed-for-a-single-family-occupancy-and-occupied-by-the-purchaser-under-such-contract,-seventy-five-percent}).~~

~~((ii)--In-all-other-cases,-sixty-six-and-two-thirds-percent,))~~

(2) Purchase money mortgages or like securities received by it upon the sale or exchange of real property acquired pursuant to RCW 48.13.160 as amended in section 7 of this 1969 amendatory act.

(3) Bonds or notes secured by mortgage or trust deed guaranteed or insured by the Federal Housing Administration under the terms of an act of congress of the United States of June 27, 1934, entitled the "National Housing Act," as amended.

(4) Bonds or notes secured by mortgage or trust deed guaranteed or insured as to principal in whole or in part by the Administrator of Veterans' Affairs pursuant to the provisions of Title III of an act of congress of the United States of June 22, 1944, entitled the "Servicemen's Readjustment Act of 1944," as amended.

(5) Evidences of debt secured by first mortgages or deeds of trust upon leasehold estates, running for a term of not less than fifteen years beyond the maturity of the loan as made or as extended, in improved real property, otherwise unencumbered, and if the mortgagee is entitled to be subrogated to all the rights under the leasehold.

Sec. 5. Section .13:12, chapter 79, Laws of 1947 as last amended by section 11, chapter 150, Laws of 1967 and RCW 48.13.120 are each amended to read as follows:

(1) ~~((No mortgage loan or investment therein upon any one parcel of real property shall exceed in amount at the time of acquisition))~~ An investment made pursuant to the provisions of section 4 of this 1969 amendatory act shall not exceed seventy-five percent of the fair value of the particular property at the time of investment. This restriction shall not apply to purchase money mortgages or like securities received by an insurer upon the sale or exchange of real property acquired pursuant to section 7 of this 1969 amendatory act.

~~((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.

Sec. 6. Section 10, chapter 150, Laws of 1967 and RCW 48.13-.125 are each amended to read as follows:

~~((A mortgage loan or investment therein upon a one-family dwelling property))~~ Loans on one family dwellings secured by mortgages or deeds of trust or investments therein shall be amortized within not more than thirty years and two months 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)) those guaranteed or insured in whole or in part by the Federal Housing Administration, the Administrator of Veterans' Affairs or the Farmers Home Administration.

Sec. 7. Section .13.16, chapter 79, Laws of 1947 as last amended by section 13, chapter 95, Laws of 1967 ex. sess. and RCW 48.13.160 are each amended to read as follows:

(1) An insurer may own and invest or have invested in its home office and branch office buildings any of its funds in aggregate amount not to exceed ten percent of its assets unless approved by the commissioner, or if a mutual or reciprocal insurer not to exceed ten percent of its assets nor such amount as would reduce its surplus, exclusive of such investment, below fifty thousand dollars unless approved by the commissioner.

(2) An insurer may own real property acquired in satisfaction or on account of loans, mortgages, liens, judgments, or other debts previously owing to the insurer in the course of its business.

(3) An insurer may invest or have invested in aggregate amount not exceeding three percent of its assets in the following real property, and in the repair, alteration, furnishing, or improvement thereof:

(a) Real property requisite for its accommodation in the convenient transaction of its business if approved by the commissioner.

(b) Real property acquired by gift or devise.

(c) Real property acquired in exchange for real property owned by it. If necessary in order to consummate such an exchange, the insurer may put up cash in amount not to exceed twenty percent of the fair value of its real property to be so exchanged, in addition to such property.

(d) Real property acquired through a lawful merger or consolidation with it of another insurer and not required for the purposes specified in subsection (1) and in paragraph (a) of subsection (2) of this section.

(e) Upon approval of the commissioner, in real property and equipment incident to real property, requisite or desirable for the protection or enhancement of the value of other real property owned by the insurer.

(4) A domestic life insurer with assets of at least twenty-five million dollars and at least ten million dollars in capital and surplus, may, in addition to the real property included in subsections (1), (2) and (3) of this section, own such real property other than property to be used primarily for agricultural, horticultural, ranch, mining, recreational, amusement, or club purposes, as may be acquired as an investment for the production of income, or as may be acquired to be improved or developed for such investment purpose pursuant to an existing program therefor, subject to the following limitations and conditions:

(a) The cost of each parcel of real property so acquired under this subsection (4), including the estimated cost to the insurer of the improvement or development thereof; when added to the

book value of all other real property under this subsection (4), together with the admitted value of all common stock, then held by it, shall not exceed twenty percent of its admitted assets or fifty percent of its surplus over the minimum required surplus, whichever is greater, as of the thirty-first day of December next preceding; and

(b) The cost of each parcel of real property so acquired, including the estimated cost to the insurer of the improvement or development thereof, shall not exceed as of the thirty-first day of December nextpreceding, ~~((one))~~four percent of its admitted assets.

(c) Indirect or proportionate interests in real estate held by a domestic life insurer through any subsidiary shall be included in proportion to such insurer's interest in the subsidiary in applying the limits provided in subsection (4).

Sec. 8. Section .14.01, chapter 79, Laws of 1947 as last amended by section 12, chapter 150, Laws of 1967 and RCW 48.14.010 each amended to read as follows:

(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 the secretary of state.
- (b) Certificate of authority:
 - (i) Issuance.....~~\$(20.00)~~ 100.00
 - (ii) Renewal.....~~\$(20.00)~~ 25.00
- (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))	<u>25.00</u>
(e)	Agents' licenses:	
(i)	Agent's license for life, or disability insurance, only, or both for same insurer, each year.....\$((2+00))	<u>5.00</u>
(ii)	Agent's license for other kind or kinds of insurance, three-year period...\$((10+00))	<u>25.00</u>
	Filing of appointment of each such agent.....\$((5+00))	<u>10.00</u>
(iii)	Limited license issued pursuant to RCW 48.17.190, each year.....\$((2+00))	<u>5.00</u>
(iv)	Temporary license as agent.....\$((2+00))	<u>5.00</u>
(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))	<u>5.00</u>
(h)	Adjusters' licenses:	
(i)	Independent adjuster, each year.....\$((10+00))	<u>15.00</u>
(ii)	Public adjuster, each year.....\$((10+00))	<u>15.00</u>
(i)	Resident general agent's license, each year.....\$((5+00))	<u>25.00</u>
(j)	Examination for license, each examination:	
(i)	<u>Filing application for first examination</u>	

	for license.....	\$ 3.00
(ii)	Resident or nonresident broker's license.....	\$ 25.00
((ii)) (iii)	All other examinations.....	\$(5.00) <u>10.00</u>
(k)	Miscellaneous services:	
(1)	Filing other documents.....	\$(2.00) <u>3.00</u>
(ii)	Commissioner's certificate under seal.....	\$(2.00) <u>3.00</u>
(iii)	Copy of documents filed in the com- missioner'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.

Sec. 9. Section 14.02, chapter 79, Laws of 1947 and RCW 48.14-.020 are each amended to read as follows:

(1) Subject to other provisions of this chapter, each authorized insurer except title insurers shall on or before the first day of March of each year pay to the state treasurer through the commissioner's office a tax on premiums. Except as provided in subsection (2) of this section, such tax shall be in the amount of two percent of all premiums, excluding amounts returned to or the amount of reductions in premiums allowed to holders of industrial life policies for payment of premiums directly to an office of the insurer, collected or received by the insurer during the preceding calendar year in the case of foreign and alien insurers, and in the amount of one percent of all such premiums in the case of domestic insurers, for direct insurances, other than ocean marine and foreign trade insurances, after deducting premiums paid to policyholders as returned premiums, upon risks or property resident, situated, or to be performed in this state. For the purposes of this section the consideration received by an insurer for the granting of an annuity is deemed to be a premium.

(2) In the case of insurers which require the payment by their

policyholders at the inception of their policies of the entire premium thereon in the form of premiums or premium deposits which are the same in amount, based on the character of the risks, regardless of the length of term for which such policies are written, such tax shall be in the amount of two percent of the gross amount of such premiums and premium deposits upon policies on risks resident, located, or to be performed in this state, in force as of the thirty-first day of December next preceding, less the unused or unabsorbed portion of such premiums and premium deposits computed at the average rate thereof actually paid or credited to policyholders or applied in part payment of any renewal premiums or premium deposits on one-year policies expiring during such year.

(3) Each authorized insurer shall with respect to all ocean marine and foreign trade insurance contracts written within this state during the preceding calendar year, on or before the first day of March of each year pay to the state treasurer through the commissioner's office a tax of three-quarters of one percent on its gross underwriting profit. Such gross underwriting profit shall be ascertained by deducting from the net premiums (i.e., gross premiums less all return premiums and premiums for reinsurance) on such ocean marine and foreign trade insurance contracts the net losses paid (i.e., gross losses paid less salvage and recoveries on reinsurance ceded) during such calendar year under such contracts. In the case of insurers issuing participating contracts, such gross underwriting profit shall not include, for computation of the tax prescribed by this subsection, the amounts refunded, or paid as participation dividends, by such insurers to the holders of such contracts.

(4) The state does hereby preempt the field of imposing ~~excise~~ or privilege taxes upon insurers or their agents, other than title insurers, and no county, city, town or other municipal subdivision shall have the right to impose any such taxes upon such insurers or their agents.

(5) If an authorized insurer collects or receives any such premiums on account of policies in force in this state which were originally issued by another insurer and which other insurer is not authorized to transact insurance in this state on its own account, such collecting insurer shall be liable for and shall pay the tax on such premiums.

(6) This section shall be effective as to and shall govern the payment of all taxes, falling due after the effective date of this code.

Sec. 10. Section .15.09, chapter 79, Laws of 1947 as amended by section 5, chapter 303, Laws of 1955 and RCW 48.15.090 are each amended to read as follows:

(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~~) six 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~~) six 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 policy holders. The commissioner may, by rule and regulation, prescribe the terms under which the foregoing financial requirements may be waived in circumstances where insurance cannot be otherwise procured on risks located in this state.

(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.

Sec. 11. Section .17.53, chapter 79, Laws of 1947 as amended

by section 23, chapter 150, Laws of 1967 and RCW 48.17.530 are each amended to read as follows:

(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 or applicant wilfully violates or knowingly participates in the violation of any provision of this code.

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

(h) If (~~in the conduct of his affairs under the license~~) the licensee or applicant 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 commissioner 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) Any conduct of an applicant or licensee which constitutes ground for disciplinary action under this code shall be deemed such ground notwithstanding that such conduct took place in another state.

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

Sec. 12. Section 6, chapter 229, Laws of 1951 and RCW 48.20-.052 are each amended to read as follows:

There shall be a provision as follows:

TIME LIMIT ON CERTAIN DEFENSES: (a) After (~~three~~) two years from the date of issue of this policy no misstatements except fraudulent misstatements, made by the applicant in the application for such policy shall be used to void the policy or to deny a claim for loss incurred or disability (as defined in the policy) commencing after the expiration of such (~~three~~) two year period.

(The foregoing policy provision shall not be so construed as to affect any legal requirement for avoidance of a policy or denial of a claim during such initial (~~three~~) two year period, nor to

limit the application of RCW 48.20.172, 48.20.182, 48.20.192, 48.20-.202, and 48.20.212 in the event of misstatement with respect to age or occupation or other insurance.)

(A policy which the insured has the right to continue in force subject to its terms by the timely payment of premium (1) until at least age 50 or, (2) in the case of a policy issued after age 44, for at least five years from its date of issue, may contain in lieu of the foregoing the following provision (from which the clause in parentheses may be omitted at the insurer's option) under the caption "IN-CONTESTABLE":

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

(b) No claim for loss incurred or disability (as defined in the policy) commencing after (~~three~~) two years from the date of issue of this policy shall be reduced or denied on the ground that a disease or physical condition not excluded from coverage by name or specific description effective on the date of loss had existed prior to the effective date of coverage of this policy. More stringent provisions may be required by the commissioner in connection with individual disability policies sold without any application or with minimal applications and with the approval of prima facie rates for credit insurance in accordance with section 17 of this 1969 amendatory act.

Sec. 13. Section .31.19, chapter 79, Laws of 1947 as amended by section 31, chapter 150, Laws of 1967 and RCW 48.31.190 are each amended to read as follows:

(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 policy holders 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.

(6) No appeal taken from a superior court order, entered after a hearing, granting the commissioner's petition to rehabilitate an insurer or to carry out an insolvency proceeding under this chapter, shall stay the action of the commissioner in the discharge of his responsibilities under this chapter, pending a decision by the appellate court in the matter.

(7) In any proceeding under this chapter the commissioner and his deputies shall be responsible on their official bonds for the faithful performance of their duties. If the court deems it desirable for the protection of the assets, it may at any time require

an additional bond from the commissioner or his deputies.

Sec. 14. Section 2, chapter 219, Laws of 1961 and RCW 48.34-.020 are each amended to read as follows:

(1) This chapter is a part of the insurance code.

(2) All life insurance and all accident and health insurance in connection with loans or other credit transactions shall be subject to the provisions of this chapter, except ~~((life))~~ such insurance under an individual policy in connection with a loan or other credit transaction of more than ~~((five))~~ ten years duration. Insurance shall not be subject to the provisions of this chapter where its issuance is an isolated transaction on the part of the insurer not related to an agreement or a plan for insuring debtors of the creditor.

Sec. 15. Section 10, chapter 219, Laws of 1961 and RCW 48.34-.100 are each amended to read as follows:

(1) All policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements, and riders delivered or issued for delivery in this state and the schedules of premium rates pertaining thereto shall be filed with the commissioner.

(2) No such policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements, or riders shall be used in this state until approved by the commissioner pursuant to RCW 48.18.100 and RCW 48.18.110. In addition to any grounds for disapproval provided therein, the form shall be disapproved both as to credit life and credit accident and health insurance if the benefits provided therein are not reasonable in relation to the premium charged.

(3) If a group policy of credit life insurance or credit accident and health insurance has been delivered in this state before ~~((the-effective-date-of-this-act))~~ midnight, June 7, 1961, on the first anniversary date following ~~((the-effective-date-of-this-act))~~ such time the terms of the policy as they apply to persons newly insured thereafter shall be rewritten to conform with the provisions

of this chapter.

(4) (~~(This section does not apply as to certificates of insurance issued under group policies which policies are not delivered or issued for delivery in this state.)~~) If a group policy has been or is delivered in another state before or after the effective date of this 1969 amendatory act, the forms to be filed by the insurer with the commissioner are the group certificates and notices of proposed insurance delivered or issued for delivery in this state. He shall approve them if:

(a) They provide the information that would be required if the group policy was delivered in this state; and

(b) The applicable premium rates or charges do not exceed those established by his rules or regulations.

Sec. 16. Section .32.15, chapter 79, Laws of 1947 and RCW 48.36.150 are each amended to read as follows:

Societies which are now authorized to transact business in this state may continue such business until the first day of April next succeeding the passage of this chapter, and the authority of such societies may thereafter be renewed annually, but in all cases to determine on the first day of the succeeding April: PROVIDED, That the license shall continue in full force and effect until the new license be issued or specifically refused. For each such license or renewal the society shall pay the commissioner (~~ten dollars~~) the fee charged for a certificate of authority pursuant to section 8 of this 1969 amendatory act: PROVIDED, That the retaliatory provisions of RCW 48.14.040 shall be applicable.

A duly certified copy or duplicate of such license shall be prima facie evidence that the licensee is a fraternal benefit society within the meaning of this chapter.

Sec. 17. Section .33.02, chapter 79, Laws of 1947 and RCW 48.48.020 are each amended to read as follows:

(1) The state fire marshal may appoint a chief deputy state

fire marshal and such additional deputy state fire marshals as he deems necessary for the discharge of his duties pursuant to this chapter, and shall fix their compensation and from time to time prescribe their respective duties. The state fire marshal may terminate any such appointment at any time.

(2) Any power or duty vested in the state fire marshal by this chapter may be exercised or discharged by any deputy state fire marshal acting in the name and by the authority of the state fire marshal.

(3) The commissioner may also designate as an ex officio resident fire marshal, the chief of any organized fire department within this state, or the fire marshal, fire supervisor or inspector of any county or of any state college, university, hospital, or other state institution, and may revoke any such designation so made.

NEW SECTION. Sec. 18. There is added to chapter 79, Laws of 1947 and to chapter 48.08 RCW a new section to read as follows:

Any person who fails to file information, documents, or reports required to be filed under this 1969 amendatory act or any rule or regulation thereunder shall forfeit to the state of Washington the sum of one hundred dollars for each and every day such failure to file shall continue. Such forfeiture, which shall be in lieu of any criminal penalty for such failure to file which might be deemed to arise under this title, shall be payable to the treasurer of the state of Washington and shall be recoverable in a civil suit in the name of the state of Washington.

NEW SECTION. Sec. 19. There is added to chapter 48.18 RCW a new section to read as follows:

(1) No contract of insurance predicated upon the use of a private passenger automobile shall be terminated by cancellation by the insurer until at least twenty days after mailing written notice of cancellation to the named insured at the latest address filed with the insurer by or on behalf of the named insured: PROVIDED, That

where cancellation is for nonpayment of premium, at least ten days notice of cancellation, accompanied by the reason therefor, shall be given.

(2) (a) No notice of cancellation by the insurer as to a contract of insurance to which subsection (1) applies shall be valid if sent more than sixty days after the policy has been in effect unless:

(i) The named insured fails to discharge when due any of his obligations in connection with the payment of premium for the policy or any installment thereof, whether payable directly to the insurer or to its agent or indirectly under any premium finance plan or extension of credit.

(ii) The driver's license of the named insured, or of any other operator who customarily operates an automobile insured under the policy, has been under suspension or revocation during the policy period or, if the policy is a renewal, during its policy period or the one hundred eighty days immediately preceding the effective date of the renewal policy.

(b) Modification by the insurer of automobile physical damage coverage by the inclusion of a deductible not exceeding one hundred dollars shall not be deemed a cancellation of the coverage or of the policy.

(3) The substance of subsections (1) and (2) (a) of this section must be set forth in each contract of insurance subject to the provisions of subsection (1) above, and may be in the form of an attached endorsement.

(4) No notice of cancellation of a policy which can be canceled only pursuant to subsection (2) shall be effective unless the reason therefor accompanies or is included in the notice of cancellation, or unless the notice of cancellation shall state or be accompanied by a statement that upon written request of the named insured, mailed or delivered to the insurer not less than five days prior to the effective date of cancellation, the insurer will specify the reason for such cancellation.

NEW SECTION. Sec. 20 There is added to chapter 48.18 RCW a new section to read as follows:

(1) No contract of insurance subject to section 19 of this 1969 amendatory act shall be terminated by refusal to renew by the insurer unless:

(a) The insurer gives the named insured twenty days' notice in writing as provided for in section 19 (1) of this 1969 amendatory act, that:

(i) It proposes to refuse to renew the insurance contract upon such date; and

(ii) Upon receipt of a written request from the named insured, it will forthwith mail to the named insured a written explanation of its actual reason or reasons for refusing to renew; and

(iii) The named insured, within ten days after receipt of such notice, may at his option, request the insurer to furnish such written explanation; and

(b) If the named insured exercises his option, the insurer shall forthwith, but, in any event, prior to the expiration date of the policy, mail to the named insured a written explanation giving the actual reason or reasons for its refusal to renew the contract.

(c) This subsection (1) shall not apply in any of the following situations:

(i) If the insurer has communicated its willingness to renew in writing or orally through a duly authorized agent.

(ii) If the named insured fails to discharge when due any of his obligations in connection with the payment of premium for the policy or any installment thereof, whether payable directly to the insurer or to its agent or indirectly under any premium finance plan or extension of credit.

(iii) If the insured's agent or broker has procured other coverage acceptable to the insured at least twenty days prior to the expiration of the policy period.

(2) Renewal of a policy shall not constitute a waiver or

estoppel with respect to grounds for cancellation which existed before the effective date of such renewal.

(3) "Renewal" or "to renew" means the issuance and delivery by an insurer of a policy replacing at the end of the policy period a policy previously issued and delivered by the same insurer, or the issuance and delivery of a certificate or notice extending the term of a policy beyond its policy period or term: PROVIDED, HOWEVER, That any policy with a policy period or term of six months or less whether or not made continuous for successive terms upon the payment of additional premiums shall for the purpose of sections 19 through 25 of this 1969 amendatory act be considered as if written for a policy period or term of six months: PROVIDED, FURTHER, That any policy written for a term longer than one year or any policy with no fixed expiration date, shall, for the purpose of sections 19 through 25 of this 1969 amendatory act, be considered as if written for successive policy periods or terms of one year.

NEW SECTION. Sec. 21. There is added to chapter 48.18 RCW a new section to read as follows:

(1) There shall be no liability on the part of, and no cause of action of any nature shall arise against, the insurance commissioner, his agents, or members of his staff, or against any insurer, its authorized representative, its agents, its employees, or any firm, person or corporation furnishing to the insurer information as to reasons for cancellation or refusal to renew, for any statement made by any of them in any written notice of cancellation or refusal to renew, or in any other communications, oral or written, specifying the reasons for cancellation or refusal to renew or the providing of information pertaining thereto, or for statements made or evidence submitted in any hearing conducted in connection therewith.

(2) Proof of mailing of notice of cancellation or refusal to renew or of reasons for cancellation, to the named insured, at the latest address filed with the insurer by or on behalf of the named insured shall be sufficient proof of notice.

Sec. 22. Section 2, chapter 95, Laws of 1967 ex. sess. and RCW 48.18.295 are each amended to read as follows:

Nothing in (~~RCW-48-18-294~~) sections 19 through 25 of this 1969 amendatory act shall be construed to prevent the cancellation or nonrenewal of any such insurance where:

(1) Such cancellation or nonrenewal is ordered by the commissioner under a statutory delinquency proceeding commenced under the provisions of chapter 48.31 RCW, or

(2) Permission for such cancellation or nonrenewal has been given by the commissioner on a showing that the continuation of such coverage can reasonably be expected to create a condition in the company hazardous to its policyholder, or to its creditors, or to its members, subscribers, or stockholders, or to the public.

NEW SECTION. Sec. 23. There is added to chapter 48.18 RCW a new section to read as follows:

(1) The provisions of sections 19 through 25 of this 1969 amendatory act shall not apply to:

(a) Contracts of insurance issued under the assigned risk plan; and

(b) Contracts of insurance providing principally general casualty or property insurance in addition to vehicle insurance; and

(c) Contracts of insurance insuring more than four motor vehicles; and

(d) Any policy covering garage, automobile sales agency, repair shop, service station, or public parking place operation hazards.

NEW SECTION. Sec. 24. There is added to chapter 48.18 RCW a new section to read as follows:

A private passenger automobile as used in sections 19 through 25 of this 1969 amendatory act shall mean:

(1) An individually owned motor vehicle of the private passenger or station wagon type that is not used as a public or livery conveyance for passengers, nor rented to others.

(2) Any other individually owned four-wheel motor vehicle with

a load capacity of fifteen hundred pounds or less which is not used in the occupation, profession, or business of the insured.

NEW SECTION. Sec. 25. Sections 19 through 25 of this 1969 amendatory act shall become operative September 1, 1969, and shall apply to policies written or renewed, or which have a renewal anniversary thereafter. Sections 19 through 25 of this 1969 amendatory act shall not apply to or affect the validity of any notice of cancellation mailed or delivered prior to the operative date of this amendatory act. Sections 19 through 25 of this 1969 amendatory act shall not be construed to affect cancellation of a renewal policy, if notice of cancellation is mailed or delivered within sixty days after the operative date of sections 19 through 25 of this amendatory act. Sections 19 through 25 of this 1969 amendatory act shall not be construed to require notice of intention not to renew any policy which expires less than thirty days after the operative date of sections 19 through 25 of this 1969 amendatory act.

NEW SECTION. Sec. 26. Section 1, chapter 95, Laws of 1967 ex. sess. and RCW 48.18.294 are each repealed.

Passed the House May 12, 1969
Passed the Senate May 12, 1969
Approved by the Governor May 22, 1969
Filed in office of Secretary of State May 22, 1969

CHAPTER 242
[Substitute House Bill No. 84]
PROPERTY TAXES--LIMITATIONS ON REVENUE--
RURAL LIBRARY DISTRICTS

AN ACT Relating to taxation and revenue; and amending section 8, chapter 146, Laws of 1967 ex. sess. and RCW 84.54.080.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 8, chapter 146, Laws of 1967 ex. sess. and RCW 84.54.080 are each amended to read as follows:

Chapter 84.54 RCW as amended by (~~this-1967-amendatory-act~~) chapter 146, Laws of 1967 extraordinary session shall not apply to any rural library district, or school district: PROVIDED, HOWEVER, That no school district may make a regular property tax levy in excess of an amount that would be produced by a levy of fourteen mills