

that any state agency, institution, or municipal corporation contract for services which are performed by the staff and equipment of such state agency, institution, or municipal corporation: PROVIDED FURTHER, That nothing in this section shall apply to state agencies or institutions or municipal corporations which are receiving fire protection services by contract from another municipality, city, town or other entities.

NEW SECTION. Sec. 2. This 1973 amendatory act shall take effect on July 1, 1974.

Passed the House March 27, 1973.

Passed the Senate April 10, 1973.

Approved by the Governor April 20, 1973.

Filed in Office of Secretary of State April 23, 1973.

CHAPTER 65

[House Bill No. 705]

HEALTH CARE SERVICE CONTRACTS--REQUISITES--
REGISTRATION--REJECTIONS

AN ACT Relating to health care service contractors; amending section 2, chapter 268, Laws of 1947 as last amended by section 1, chapter 115, Laws of 1969 and RCW 48.44.020; amending section 13, chapter 197, Laws of 1961 as amended by section 3, chapter 115, Laws of 1969 and RCW 48.44.160; amending section 9, chapter 115, Laws of 1969 and RCW 48.44.162; adding a new section to chapter 268, Laws of 1947 and to chapter 48.44 RCW; and prescribing penalties.

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

Section 1. Section 2, chapter 268, Laws of 1947 as last amended by section 1, chapter 115, Laws of 1969 and RCW 48.44.020 are each amended to read as follows:

(1) Any health care service contractor may enter into agreements with or for the benefit of persons or groups of persons which require prepayment for health care services by or for such persons in consideration of such health care service contractor providing one or more health care services to such persons and such activity shall not be subject to the laws relating to insurance if the health care services are rendered by the health care service contractor or by a participant.

(2) The commissioner may require the submission of contract forms for his examination and may on examination, subject to the right of the health care service contractor to demand and receive a hearing under chapters 48.04 and 34.04 RCW, disapprove any contract

form for any of the following grounds:

(a) If it contains or incorporates by reference any inconsistent, ambiguous or misleading clauses, or exceptions and conditions which unreasonably or deceptively affect the risk purported to be assumed in the general coverage of the contract; or

(b) If it has any title, heading or other indication of its provisions which is misleading; or

(c) If purchase of health care services thereunder is being solicited by deceptive advertising; or

(d) If, the benefits provided therein are unreasonable in relation to the amount charged for the contract; ~~((or))~~

(e) If it contains unreasonable restrictions on the treatment of patients; or

(f) If it fails to conform to minimum provisions or standards required by regulation made by the commissioner pursuant to chapter 34.04 RCW.

Sec. 2. Section 13, chapter 197, Laws of 1961 as amended by section 3, chapter 115, Laws of 1969 and RCW 48.44.16C are each amended to read as follows:

The insurance commissioner may, after notice and hearing, pursuant to chapters 48.04 and 34.04 RCW, revoke, suspend, or refuse to accept or renew registration from any health care service contractor, or he may issue a cease and desist order, or bring an action in any court of competent jurisdiction to enjoin a health care service contractor from doing further business in this state, if such health care service contractor:

(1) Fails to comply with any provision of chapter 48.44 RCW ~~((after written notice by the commissioner of such failure to comply and expiration of a reasonable period for compliance as specified in such notice))~~ or any proper order or regulation of the commissioner.

(2) Is found by the commissioner to be in such financial condition that its further transaction of business in this state would jeopardize the payment of claims and refunds to subscribers.

(3) Has refused to remove or discharge a director or officer who has been convicted of any crime involving fraud, dishonesty, or like moral turpitude, after written request by the commissioner for such removal, and expiration of a reasonable time therefor as specified in such request.

(4) Usually compels claimants under contracts 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 health care contractor which operates in this state without having registered therefor, except as is permitted by this chapter.

(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 contract, 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 health care contracting or related managerial experience as to make the operation hazardous to the subscribing public; or that there is good reason to believe it is affiliated directly or indirectly through ownership, control, or other 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 subscribers or of the public, by bad faith or by manipulation of assets, or of accounts, or of reinsurance.

Sec. 3. Section 9, chapter 115, Laws of 1969 and RCW 48.44.162 are each amended to read as follows:

The commissioner may suspend, revoke or refuse to issue or renew any agent's license which is issued or may be issued under this chapter, subject to the right of the licensee or applicant to demand and receive a hearing pursuant to chapters 48.04 and 34.04 RCW, in accordance with the procedure set forth in RCW 48.17.540, for any of the following causes if the licensee or applicant:

(1) Wilfully violates or knowingly participates in the violation of any provision of this chapter, or any proper order or regulation of the commissioner.

(2) Has attempted to obtain a license through misrepresentation or fraud.

(3) Has misappropriated or converted to his own use or has illegally withheld moneys paid to him in connection with a health care service contract.

(4) Has been convicted by final judgment of a felony.

(5) Has, with intent to deceive, materially misrepresented the terms or effect of any health care service contract, or has engaged or is about to engage in any fraudulent transaction.

(6) Has represented a health care service contractor unlawfully doing business here without being licensed therefor.

(7) Has shown himself to be incompetent, untrustworthy, or an actual or potential source of loss or injury to the public.

NEW SECTION. Sec. 4. There is added to chapter 268, Laws of 1947 and to chapter 48.44 RCW a new section to read as follows:

Every subscriber of an individual health care service plan contract issued after September 1, 1973, may return the contract to the health care service contractor or the agent through whom it was purchased within ten days of its delivery to the subscriber if, after examination of the contract, he is not satisfied with it for any reason, and the health care service contractor shall refund promptly any fee paid for such contract. Upon such return of the contract it shall be void from the beginning and the parties shall be in the same position as if no policy had been issued. Notice of the substance of this section shall be printed on the face of each such contract or be attached thereto.

Passed the House April 3, 1973.

Passed the Senate April 10, 1973.

Approved by the Governor April 20, 1973.

Filed in Office of Secretary of State April 23, 1973.

CHAPTER 66
[Substitute House Bill No. 722]
CHARITABLE FUND SOLICITATION--
REGISTRATION--RADIO, TV,
NEWSPAPERS EXEMPT

AN ACT Relating to the solicitation of funds for charity; adding a new section to Title 19 RCW and to chapter ..., Laws of 1973 (Enrolled Senate Bill 2525).

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

NEW SECTION. Section 1. There is added to chapter..., Laws of 1973 (Enrolled Senate Bill 2525) and to Title 19 RCW a new section reading as follows:

Nothing in this chapter shall require registration or application for registration by radio and television stations or legal newspapers, or their employees acting within the scope of their employment nor shall any such station, newspaper or employee thereof be considered a professional fund raiser, charitable organization, professional solicitor or trustee: PROVIDED, HOWEVER, The manager or publisher of any such station or newspaper which solicits and actually collects charitable cash contributions exceeding a total value of five hundred dollars for any single charitable purpose during any twelve month period, although exempt from the registration