

Emergency
fund.

association may create, maintain disperse [disburse] and apply a reserve or emergency fund in accordance with its constitution or by-laws.

Passed the House February 26, 1903.

Passed the Senate March 10, 1903.

Approved by the Governor March 14, 1903.

CHAPTER 97.

[H. SUB. B. No. 225.]

PROVIDING FOR THE INCORPORATION AND REGULATION OF MUTUAL FIRE INSURANCE COMPANIES.

AN ACT providing for the incorporation and regulation of mutual fire insurance companies and associations, repealing Chapter CXXXII of the Session Laws of 1899, and declaring an emergency.

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

SECTION 1. Any ten or more persons, residents of this State, who may desire to form a company or association for the purpose of mutual protection of the members thereof against loss by fire, shall make and subscribe written articles of incorporation in triplicate, and acknowledge the same before any officer authorized to take the acknowledgements of deeds, and file one of such articles in the office of the county auditor in which the principal place of business of the company is intended to be located, the second in the office of the Secretary of State and retain the third in the possession of the company. Said articles shall state the corporate name of the company, the objects for which the same shall be formed, the time of its existence, not to exceed fifty years, the number of trustees and their names who shall manage the affairs of the company for such length of time, not less than two nor more than six months, as may be designated in said articles, and the name of the city, the town and county in which the principal place of business of the company is to be located; and upon filing of said arti-

Articles of
incorporation
—where to
be filed and
what to con-
tain.

cles with the Insurance Commissioner of this State, together with a statement certified under the oath of its president and secretary showing the amount of insurance and the number of risks pledged upon its books, and that it has otherwise complied with the provisions of this statute, then the Insurance Commissioner shall grant such company or association a certificate of authority to do business. Amendments may be made to the articles of incorporation by supplemental articles executed and filed the same as original articles. The trustees of any such company shall adopt such by-laws as they may deem proper for the government of its officers and the conduct of its affairs, and said by-laws shall also provide for the liability of its members for the payment of losses and expenses: *Provided*, That such liability shall not be less than a sum equal to one annual premium nor more than a sum equal to five times the amount of one annual premium, and such liability when so determined by the by-laws shall be the entire liability of each member.

Statement showing number of risks, etc.

Certificate of authority.

By-laws.

Liability of members.

SEC. 2. No policy of insurance shall be issued by any such company or association until not less than two hundred thousand dollars insurance has been subscribed and entered upon its books: *Provided, however*, That when any ten persons or companies operating manufacturing plants within this State shall have organized an association or corporation hereunder, such company can begin to issue policies under such conditions as its board of directors may provide.

Issuance of policies.

SEC. 3. No such company or corporation shall expose itself to a loss on any single risk for a greater amount than one thousand dollars for each seven hundred and fifty thousand dollars, or fraction thereof, insurance in force, unless protected by re-insurance: *Provided, however*, That when persons or companies owning and operating manufacturing plants shall have organized for mutual protection, as herein provided, such company or association so organized may issue policies at such times and in such amounts as may be provided by its board of trustees.

Amount of single risk.

Proviso as to manufacturing plants.

SEC. 4. No policy of insurance shall be issued for more than three-fourths of the estimated cash value of the property insured.

Limit of risk.

SEC. 5. Any member of such company or association may withdraw and be released from all liability as a member, by surrendering his policy of insurance in such com-

Release of members from liability.

pany or association, and by giving five days notice in writing of his intention to withdraw, and paying all dues and assessments due or pending at the time of his withdrawal; but the liability of members for their *pro rata* share of the losses of such company or association shall not cease until the foregoing conditions have been complied with.

Annual meetings.

SEC. 6. Every company or association organized or operating under the provisions of this act shall hold an annual meeting of its members, at which each member shall be entitled to vote in the election of trustees, but no officer of such company or association shall be allowed to vote the proxy of any other member.

Filing of statement and fees of Insurance Commissioner.

SEC. 7. It shall be the duty of the president and secretary of such company or association doing business under the provisions of this act, on or before the fifteenth day of January of each year, to prepare and file in the office of the Insurance Commissioner of this State a statement certified under the oath of said president and secretary, exhibiting the following facts and items:

Amount of risks.

First. The amount of the property at risk on the 31st day of December next preceding the date of the report; the amount of risks added during the previous year; the amount of risks cancelled, withdrawn or terminated during the year, and the largest amount of insurance carried on any single risk.

Cash receipts for insurance.

Second. The amount of cash received with applications, whether paid to agents or officers, for insurance during the year; the amount received from assessments levied; the amount received from all other sources, and the total income.

Amount paid for losses.

Third. The amount paid for losses during the year; the amount paid officers and trustees; the amount paid office help; the amount paid agents; the amount of all other expenditures, and the total expenditures.

Amount of assets.

Fourth. The amount of cash on hand; the amount and nature of all other assets, and the total assets.

Amount of losses.

Fifth. The amount of losses reported during the year and unpaid; the amount and nature of all other liabilities, and the total liabilities; and no such company or association shall use or exhibit for advertising purposes any other financial statement than the one referred to in this section, or a copy thereof.

SEC. 8. Whenever it shall appear to the Insurance Commissioner, from its annual report, or otherwise, that the solvency of any mutual company or association doing business under this act is impaired, or that the provisions of this act are being violated, he shall immediately make examination of such company or association, and for that purpose he shall have access to all books and papers of the company or association and shall have power to administer oaths and to examine the various officers thereof as to all matters pertaining to the business of such company or association, and also such other witnesses as may be material or important. If the unpaid losses of the company amount to twenty-five cents on each one hundred (\$100.00) dollars, insurance actually in force, or if the laws of the State are being violated by the company or association the Commissioner shall order the laws complied with and require all losses to be paid within sixty days. If such company or association shall fail to comply with such requirements within sixty days the Commissioner shall revoke its license to do business until all liabilities shall have been paid in full and the laws are complied with in all respects. And whenever the Commissioner shall make an examination as provided in this section, he shall make a written report of such examination, together with a sworn statement of the expense of such examination, which amount and no more shall be collected from such examined company or association, and file the same his office. Should any company or association issue a policy of insurance without a license from the Insurance Department of this State, or after the license of such company or association has been suspended or revoked it shall be liable to a penalty of one hundred dollars for each offense: *Provided, however,* That the Insurance Commissioner shall have no power or authority to refuse a mutual fire insurance company or association a license to do business in this State if such company or association is solvent and has fully complied with the laws of this State: *And, provided further,* That such Insurance Commissioner shall have no authority to revoke or suspend the license of any association or corporation transacting the business of mutual fire insurance, if such association or corporation is solvent and complies with the provisions of this act.

Duty of Insurance Commissioner—in cases of insolvency, etc.

Revocation license.

Examination by Commissioner.

Issuance of policies without license—penalty.

Proviso as to authority of Commissioner.

Payments to Insurance Commissioner. SEC. 9. Each insurance company or association doing business under this act shall pay to the Insurance Commissioner:

For filing articles of incorporation\$10 00
 For annual license to do business in this State 10 00
 For filing each annual statement..... 10 00
 For annual license of each agent or solicitor of such company 2 00

Rate of assessments. SEC. 10. All assessments levied shall be at the rate of fifteen per cent. of the amount of the annual premium charged by stock insurance companies, as set forth in rate book No. four of the issue of 1900, or the special rate books used by said stock companies: *Provided*, Any association or company operating under the provisions of this act may, in the discretion of its trustees, accept cash premiums for the term of the policy in lieu of assessments levied upon its members.

Proviso as to cash premiums.

Filing of certificate with Insurance Commissioner.

SEC. 11. Any mutual fire insurance company or association organized and now doing business under the provisions of Chapter CXXXII of the Session Laws of 1899 is hereby authorized to transact business hereafter under the provisions of this act, by filing in the office of the Insurance Commissioner of this State a certificate of its election or intention to do so.

Exemption from other insurance laws.

SEC. 12. Any company or association organized or operating under this act shall be exempt from all other insurance laws of this State.

Term "person" defined.

SEC. 13. The term "persons" as used in this act, shall be held to include corporations; and any such corporation may become a member of any association or corporation organized under this act.

Repeal.

SEC. 14. Chapter CXXXII of the Session Laws of 1899 is hereby repealed.

Emergency.

SEC. 15. An emergency exists, and this act shall take effect immediately.

Passed the House February 26, 1903.

Passed the Senate March 6, 1903.

Approved by the Governor March 14, 1903.