

Memorial Park, as long as the abutting uplands are used for park purposes.

Passed the Senate February 17, 1931.

Passed the House March 11, 1931.

Approved by the Governor March 20, 1931.

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## CHAPTER 101.

[ S. B. 159. ]

### FRATERNAL BENEFIT SOCIETIES.

AN ACT relating to fraternal benefit societies; amending the Insurance Code, Sections 7266, 7281 and 7282 of Remington's Compiled Statutes of Washington.

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

SECTION 1. That section 7266 of Remington's Compiled Statutes of Washington be amended to read as follows:

Section 7266. Every certificate issued by any such society shall specify the amount of benefit provided thereby and the plan of insurance upon which it is written and shall provide that the certificate, the charter or articles of incorporation, or if a voluntary association, the articles of association, the constitution and laws of the society, and the application for membership signed by the applicant, and all amendments to each thereof shall constitute the agreement between the society and the member, and copies of the same certified by the secretary of the society, or corresponding officer, shall be received in evidence of the terms and conditions thereof, and any changes, additions or amendments to said charter or articles of incorporation, or articles of association if a voluntary association, constitution or laws duly made or enacted subsequent to the issuance of the benefit certificates, shall bind the member and his beneficiaries and shall govern and con-

Amends  
§ 7266, Rem.  
Comp. Stat.

Certificates,  
specify  
amount  
and plan.

Agreement  
with  
members.

trol the agreement in all respects the same as though such changes, additions or amendments had been made prior to and were in force at the time of the application for membership.

SEC. 2. That section 7281 of Remington's Compiled Statutes of Washington be amended to read as follows:

Amends  
§ 7281, Rem.  
Comp. Stat.

Section 7281. Every society transacting business in this state shall annually, on or before the fifteenth day of March, file with the commissioner in such form as he may require, a statement under oath of its president and secretary, or corresponding officers, of its condition and standing on the thirty-first day of December next preceding, and of its transactions for one year ending on that date, and also shall furnish such other information as the commissioner may deem necessary to a proper exhibit of its business and plan of working. The commissioner may at other times require any further statement he may deem necessary to be made relating to such society.

Annual  
statement.

In addition to the annual report herein required, each society shall annually report to the commissioner in valuation of its certificates in force on the thirty-first day of December last preceding, excluding those issued within the year for which the report is filed, in cases where the contributions for the first year in whole or in part are used for current mortality and expenses: *Provided*, That the first report of valuation shall be made as of December thirty-first, nineteen hundred and thirty-one. Such report of valuation shall show, as contingent liabilities, the present mid-year value of the promised benefits provided in the constitution and laws of such society under certificates then subject to valuation; and, as contingent assets, the present mid-year value of the future net contributions provided in the constitution and laws as the same are in practice actually col-

Annual  
certificate  
valuation  
report.

Showing.

lected. At the option of any society, in lieu of the above, the valuation may show the net value of the certificates subject to valuation hereinbefore provided, and said net value, when computed in case of monthly contributions, may be the mean of the terminal values for the end of the preceding and of the current insurance years. Such valuation shall be certified by a competent accountant or actuary, or, at the request and expense of the society, verified by the actuary of the department of insurance of the home state of the society, and shall be filed with the commissioner within ninety days after the submission of the last preceding annual report. The legal minimum standard of valuation for all certificates, except for disability benefits, shall be the national fraternal congress table of mortality as adopted by the national fraternal congress August 23, 1899, or, at the option of the society, any higher table, or at its option, it may use a table based upon the society's own experience of at least twenty years and covering not less than one hundred thousand lives with interest assumption not more than four per cent per annum. Each such valuation report shall set forth clearly and fully the mortality and interest basis and the method of valuation. Each society shall value its certificates according to the plan named therein. Any society providing for disability benefits shall keep the net contributions for such benefits in a fund separate and apart from all other benefit and expense funds and the valuation of all other business of the society: *Provided*, That where a combined contribution table is used by a society for both death and permanent total disability benefits, the valuation shall be according to tables of reliable experience and in such case a separation of the funds shall not be required.

An annual report of such valuation and an explanation of the facts concerning the condition of

the society thereby disclosed shall be printed and mailed to each beneficiary member of the society not later than June first of each year, or, in lieu thereof, such report of valuation and showing of the society's condition as thereby disclosed may be published in the society's official paper and the issue containing the same mailed to each beneficiary member of the society. The laws of such society shall provide that if the stated periodical contributions of its members, together with the admitted assets, are insufficient to mature its certificates in full, and to provide for the creation and maintenance of the funds required by its laws, additional, increased or extra rates of contribution shall be collected from the members to meet such deficiency; and such laws may provide that, upon the written application or consent of the member, his certificate may be charged with its proportion of any deficiency disclosed by valuation, with interest not exceeding five per cent per annum.

Contributions of members.

SEC. 3. That section 7282 of Remington's Compiled Statutes of Washington be amended to read as follows:

Amends § 7282, Rem. Comp. Stat.

Section 7282. If the valuation of the certificates as hereinbefore provided, on December 31, 1931, shall show that the present value of future net contributions together with the admitted assets is less than ninety per cent of present value of the promised benefits and accrued liabilities, such society shall be required thereafter to reduce such deficiency not less than ten per centum of the total deficiency on said December 31, 1931, at each succeeding triennial valuation. If at any succeeding triennial valuation such society does not show such percentage of improvement, the commissioner shall direct that it thereafter comply with the requirements herein specified. If the next succeeding triennial valuation after the receipt of such notice shall show that the society has not made the percentage of improvement

Deficiency in valuation of certificates.

Reduce.

Triennial valuation.

required herein, the commissioner may, in the absence of good cause shown for such failure, institute proceedings for the dissolution of such society in accordance with the provisions of section 230 (7283 Remington's Compiled Statutes) of this act, or in the case of a foreign society, he may cancel its license to transact business in this state.

Any such society shown by any triennial valuation subsequent to December 31, 1931, not to have made the improvements herein required, shall, within one year thereafter, complete such deficient improvement, or thereafter as to all new members admitted be subject, so far as stated rates of contributions are concerned, to the provisions of section 217 (7270 Remington's Compiled Statutes) of this act applicable to the organization of new societies: *Provided*, That the contributions and funds of such new members shall be kept separate and apart from the other funds of the society until the required improvement shall be shown by valuation. If such required improvement is not shown by the succeeding triennial valuation, then the said new members shall be placed in a separate class and their certificates valued as an independent society in respect to contributions and funds.

New  
members.

Passed the Senate February 12, 1931.

Passed the House March 9, 1931.

Approved by the Governor March 20, 1931.