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SENATE BILL 5874

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State of Washington

52nd Legislature

1991 Regular Session

By Senators Newhouse and Moore.

Read first time February 28, 1991. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to certain banks acting as insurance agents; and  
2 amending RCW 30.08.140.

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

4 **Sec. 1.** RCW 30.08.140 and 1986 c 279 s 29 are each amended to read  
5 as follows:

6 Upon the issuance of a certificate of authority to a bank, the  
7 persons named in the articles of incorporation and their successors  
8 shall thereupon become a corporation and shall have power:

9 (1) To adopt and use a corporate seal.

10 (2) To have perpetual succession.

11 (3) To make contracts.

12 (4) To sue and be sued, the same as a natural person.

13 (5) To elect directors who, subject to the provisions of the  
14 corporation's bylaws, shall have power to appoint such officers as may  
15 be necessary or convenient, to define their powers and duties and to

1 dismiss them at pleasure, and who shall also have general supervision  
2 and control of the affairs of such corporation.

3 (6) To make and alter bylaws, not inconsistent with its articles of  
4 incorporation or with the laws of this state, for the administration  
5 and regulation of its affairs.

6 (7) To invest and reinvest its funds in marketable obligations  
7 evidencing the indebtedness of any person, copartnership, association,  
8 or corporation in the form of bonds, notes, or debentures commonly  
9 known as investment securities except as may by regulation be limited  
10 by the supervisor.

11 (8) To discount and negotiate promissory notes, drafts, bills of  
12 exchange and other evidences of debt, to receive deposits of money and  
13 commercial paper, to lend money secured or unsecured, to issue all  
14 forms of letters of credit, to buy and sell bullion, coins and bills of  
15 exchange.

16 (9) To take and receive as bailee for hire upon terms and  
17 conditions to be prescribed by the corporation, for safekeeping and  
18 storage, jewelry, plate, money, specie, bullion, stocks, bonds,  
19 mortgages, securities and valuable paper of any kind and other valuable  
20 personal property, and to rent vaults, safes, boxes and other  
21 receptacles for safekeeping and storage of personal property.

22 (10) If the bank ((be)) is located in a city of not more than five  
23 thousand inhabitants, to act as insurance agent. A bank exercising  
24 this power shall only be permitted to market or otherwise conduct  
25 promotional offerings of any products or services provided as an  
26 insurance agent to the inhabitants of the city in which the bank is  
27 located. A bank exercising this power may continue to act as an  
28 insurance agent notwithstanding a change of the population of the city  
29 in which it is located.

1 (11) To accept drafts or bills of exchange drawn upon it having not  
2 more than six months sight to run, which grow out of transactions  
3 involving the importation or exportation of goods; or which grow out of  
4 transactions involving the domestic shipment of goods, providing  
5 shipping documents conveying or securing title are attached at the time  
6 of acceptance; or which are secured at the time of acceptance by a  
7 warehouse receipt or other such document conveying or securing title to  
8 readily marketable staples. No bank shall accept, either in a foreign  
9 or a domestic transaction, for any one person, company, firm or  
10 corporation, to an amount equal at any one time in the aggregate to  
11 more than ten percent of its paid up and unimpaired capital stock and  
12 surplus unless the bank is secured by attached documents or by some  
13 other actual security growing out of the same transaction as the  
14 acceptance; and no bank shall accept such bills to an amount equal at  
15 any time in the aggregate to more than one-half of its paid up and  
16 unimpaired capital stock and surplus: PROVIDED, HOWEVER, That the  
17 supervisor, under such general regulations applicable to all banks  
18 irrespective of the amount of capital or surplus, as he may prescribe  
19 may authorize any bank to accept such bills to an amount not exceeding  
20 at any time in the aggregate one hundred percent of its paid up and  
21 unimpaired capital stock and surplus: PROVIDED, FURTHER, That the  
22 aggregate of acceptances growing out of domestic transactions shall in  
23 no event exceed fifty percent of such capital stock and surplus.

24 (12) To accept drafts or bills of exchange drawn upon it, having  
25 not more than three months sight to run, drawn under regulations to be  
26 prescribed by the supervisor by banks or bankers in foreign countries  
27 or dependencies or insular possessions of the United States for the  
28 purpose of furnishing dollar exchange as required by the usages of  
29 trade in the respective countries, dependencies or insular possessions.  
30 Such drafts or bills may be acquired by banks in such amounts and

1 subject to such regulations, restrictions and limitations as may be  
2 provided by the supervisor: PROVIDED, HOWEVER, That no bank shall  
3 accept such drafts or bills of exchange referred to in this subdivision  
4 for any one bank to an amount exceeding in the aggregate ten percent of  
5 the paid up and unimpaired capital and surplus of the accepting bank  
6 unless the draft or bill of exchange is accompanied by documents  
7 conveying or securing title or by some other adequate security, and  
8 that no such drafts or bills of exchange shall be accepted by any bank  
9 in an amount exceeding at any time the aggregate of one-half of its  
10 paid up and unimpaired capital and surplus: PROVIDED FURTHER, That  
11 compliance by any bank which is a member of the federal reserve system  
12 of the United States with the rules, regulations and limitations  
13 adopted by the federal reserve board thereof with respect to the  
14 acceptance of drafts or bills of exchange by members of such federal  
15 reserve system shall be a sufficient compliance with the requirements  
16 of this subdivision or paragraph relating to rules, regulations and  
17 limitations prescribed by the supervisor.

18 (13) To have and exercise all powers necessary or convenient to  
19 effect its purposes.

20 (14) To serve as custodian of an individual retirement account and  
21 pension and profit sharing plans qualified under internal revenue code  
22 section 401(a), the assets of which are invested in deposits of the  
23 bank or trust company or are invested, pursuant to directions from the  
24 customer owning the account, in securities traded on a national  
25 securities market: PROVIDED, That the bank or trust company shall  
26 accept no investment responsibilities over the account unless it is  
27 granted trust powers by the supervisor.

28 (15) To be a limited partner in a limited partnership that engages  
29 in only such activities as are authorized for the bank.