

WAC 284-87-050 Administration. (1) The association must be administered by a governing board, subject to the supervision of the commissioner, and operated by a service company or companies appointed by the board.

(2) The board must consist of five members. Three board members must be member insurers appointed by the commissioner. The other two board members must be licensees who are appointed by the commissioner to so serve, neither of whom shall have an interest, directly or indirectly, in any insurer except as a policyholder. Two of the original board members must be appointed to serve an initial term of three years, two must be appointed to serve an initial term of two years, and the remaining must be appointed to serve a one-year initial term. All other terms must be for three years or until a successor has been appointed. Not more than one member insurer in a group under the same management or ownership shall serve on the board at the same time. At least one of the three insurers on the board must be a domestic insurer. Members of the board may be removed by the commissioner for cause.

(3) The association must indemnify each person serving on the board or any subcommittee thereof, each member insurer of the association, and each officer and employee of the association all costs and expenses actually and necessarily incurred by him, her, or it in connection with the defense of any action, suit, or proceeding in which he, she, or it is made a party by reason of his, her, or its being or having been a member of the board, or a member or officer or employee of the association, except in relation to matters as to which he, she, or it has been judged in such action, suit, or proceeding to be liable by reason of willful misconduct in the performance of his, her, or its duties as a member of such board, or member, officer, or employee of the association. This indemnification shall not be exclusive of other rights as to which such member, or officer, or employee may be entitled as a matter of law.

(4) The association at the discretion of the board may agree to indemnify its appointed service company or companies and its staff from all costs and expenses actually and necessarily incurred by them in defense of any action, suit, or proceeding in which they are made a party by reason of their being or having been a service company of the association, except in relation to matters as to which they have been judged by a court of competent jurisdiction, to have engaged in willful misconduct in the performance of their duties as a service company on its behalf by staff.

[Statutory Authority: RCW 48.02.060, 48.87.100 and chapter 48.87 RCW. WSR 11-12-067 (Matter No. R 2011-04), § 284-87-050, filed 5/31/11, effective 7/1/11. Statutory Authority: RCW 48.02.060 and 48.87.100. WSR 10-15-014 (Matter No. R 2010-02), § 284-87-050, filed 7/8/10, effective 8/8/10; WSR 94-02-053 (Order R 93-18), § 284-87-050, filed 12/30/93, effective 1/30/94.]