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CIRCULAR LETTER NO. 1692

MEMBER HOME OFFICE ONLY

BUREAU CONSTITUTION AND POOL PLAN OF OPERATION

The revised Bureau Constitution and Pool Plan of Operation distributed on August 5, 1994, in Circular Letter No. 1690, contained a typographical error in the Indemnification Section of each document. Revised pages correcting the error in the Constitution (Article XV, page 13, line 13), and Pool Plan of Operation (Article X, page 10, line 11) are attached for your information and replacement.

ROY STEWART
President

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Enclosures

ARTICLE XIV TERMINATION OF MEMBERSHIP OR SUBSCRIBERSHIP (Cont.)

upon a fair preponderance of the evidence. Such member or subscriber shall be obligated to the Bureau for its proportion of all assessments for which it is liable up to the date of cessation of its membership or subscribership. Any termination hereunder shall be subject to all rights afforded any terminated member or subscriber by statute or order of the Commissioner.

3. Any member or subscriber who resigns or for any reason ceases to be a member or subscriber shall have no right, title or interest in any of the statistical data, property, assets or services of the Bureau, other than refund of the excess of any assessments previously paid.

ARTICLE XV INDEMNIFICATION

1. Any person or insurer made or threatened to be made a party to any action, suit or proceeding, because such person or insurer was a member or subscriber, or served on a committee or was an officer or employee of the Bureau shall be indemnified against all judgments, fines, reasonable amounts paid in settlement, reasonable costs and expenses including attorneys' fees and any other liabilities that may be incurred as a result of such action, suit or proceeding, or threatened action, suit or proceeding, except in relation to matters as to which he or it shall be adjudged in such action, suit or proceeding to be liable by reason of willful misconduct in the performance of his or its duties or obligations to the Bureau and, with respect to any criminal actions or proceedings, except when such person or insurer had reasonable cause to believe that his or its conduct was lawful. Such indemnification shall be provided

(Revised 8/24/94)

4. **Special Accounts.** Funds temporarily held for the benefit of members also may be kept on deposit with any authorized depository, but in a special account designated as such, subject to withdrawal upon check signed by any two (2) of the officers of the Bureau duly authorized by the Residual Market Committee if authorized by, and subject to, the terms and conditions contained in a written instrument signed by any two (2) of the officers of the Bureau authorized by the Residual Market Committee. Accurate records shall be kept to identify the funds so deposited.

5. **Safe Deposit.** Access may be had to any safe deposit box, hired vault, or like place of safekeeping, standing in the name of the Pool, by any two (2) officers of the Bureau, duly authorized by the Residual Market Committee.

6. **Investment Income.** All income on the funds held for the benefit of members of the Pool shall, upon receipt thereof, become subject to all the appropriate provisions of this Plan.

ARTICLE X

INDEMNIFICATION

Indemnification. Any person or insurer made, or threatened to be made, a party to any action, suit or proceeding, because such person or insurer was a member of the Pool, or a servicing carrier, or served as a member or representative of a member on the Residual Market Committee or other Bureau committee, or was an officer or employee of the Bureau acting on behalf of the Pool, shall be indemnified against all judgments, fines, amounts paid in settlement, costs and expenses including attorney's fees, and any other liabilities that may be incurred as a result of such action, suit or proceeding, or threatened action, suit or proceeding, except in relation to matters as to which he, she or it shall be adjudged in such action, suit or proceeding to be liable by reason of willful misconduct in the performance of his, her or its duties or obligations to the Pool and, with respect to any criminal actions or proceedings, except when such person or insurer had reasonable cause to believe that his, her or its conduct was lawful. Such indemnification shall be provided whether or not such person or insurer is a member of the Pool, or a servicing carrier, or is holding office, or is employed at the time of such action, suit or proceeding, and whether or not any such liability is incurred prior to the adoption of this Article. Such indemnification shall not be exclusive of other rights such person or insurer may have, and shall pass to the successors, heirs, executors or administrators of such person or insurer. The termination of any such civil or criminal action, suit or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such person or insurer was liable by reason of willful misconduct, or that he, she or it had reasonable cause to believe that his, her or its conduct was unlawful. If any such action, suit or proceeding is compromised, it must be with the approval of the Residual Market Committee; provided, however, that the Residual Market Committee may delegate to the President of the Bureau the authority to approve any such compromise of financial liability requiring payment by the Pool which is less than an amount as may be fixed from time to time by the Residual Market Committee.