

§ 58-20-20. Mutual agreement for indemnification.

- (a) An agreement made under this Article shall contain provisions for:
- (1) A system or program of loss control;
 - (2) The termination of membership;
 - (3) The payment by the Club of all claims for which a member incurred liability during the period of his membership;
 - (4) The non-payment of claims where a member has individually retained the risk, or where the risk is not specifically covered, or where the amount of the claim exceeds the coverage provided by the Club;
 - (5) The assessment of members;
 - (6) The payment of contributions from members to satisfy deficiencies;
 - (7) The maintenance of claim reserves equal to known incurred losses and loss adjustment expenses and to an estimate of incurred but not reported losses; and
 - (8) Final accounting and settlement of the obligations or refunds to a terminating member when all incurred claims are settled.
- (b) The agreement required by this section may also include provisions authorizing the Club to:
- (1) To establish offices where necessary in this State, and employ necessary staff to carry out its purposes;
 - (2) Retain legal counsel, actuaries, claims adjusters, auditors, engineers, private consultants, and advisors, and other persons as the board of trustees or the administrator deem to be necessary;
 - (3) Amend or repeal its bylaws;
 - (4) Purchase, lease, or rent real and personal property as it deems necessary; and
 - (5) Enter into agreements with financial institutions that permit it to issue checks or other negotiable instruments in its own name. (1987, c. 330.)