

40-1626. Subscriber's agreement; requirements. (a) Every subscriber of a domestic reciprocal may execute a subscriber's agreement and power of attorney setting forth the rights, privileges and obligations of the subscriber as an underwriter and as a policyholder, and the powers and duties of the attorney-in-fact. If a domestic reciprocal does not require execution of a subscriber's agreement and power of attorney, the reciprocal shall include on its policies a statement that the subscriber shall be bound by the terms and conditions of the then current subscriber's agreement and power of attorney on file with the attorney-in-fact and the commissioner of insurance, and each subscriber shall by operation of law be bound by such subscriber's agreement and power of attorney as if individually executed. Without additional execution, notice or acceptance, every subscriber of a reciprocal agrees to be bound by any modification of the terms of the power of attorney and subscriber's agreement which is jointly made by the attorney-in-fact and the board of directors pursuant to K.S.A. 40-1616, and amendments thereto, and which shall be on file with the attorney-in-fact and the commissioner of insurance. The subscriber's agreement and power of attorney shall contain in substance the following provisions:

(1) A designation and appointment of the attorney-in-fact to act for and bind the subscriber in all transactions relating to or arising out of the operations of the reciprocal;

(2) a provision empowering the attorney-in-fact:

(A) To accept service of process on behalf of the reciprocal; and

(B) to appoint the commissioner as an agent of the reciprocal upon whom may be served all lawful process against or notice to the reciprocal; and

(3) the maximum amount to be deducted from advance premiums or deposits to be paid the attorney-in-fact, and the items of expense, in addition to losses, to be paid by the reciprocal.

(b) The subscriber's agreement may:

(1) Provide for the right of substitution of the attorney-in-fact and revocation of the power of attorney;

(2) impose any restrictions upon the exercise of the power agreed upon by the subscribers;

(3) provide for the exercise of any right reserved to the subscribers directly or through the board of directors; or

(4) contain other lawful provisions deemed to be advisable.

History: L. 2000, ch. 170, § 12; July 1.