

§ 58-15-120. Subscriber's agreement and power of attorney.

(a) Every subscriber of a domestic reciprocal shall 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. The subscriber's agreement and power of attorney shall contain in substance the following provisions:

- (1) A designation and appointment of the attorney 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 (i) to accept service of legal process on behalf of the reciprocal and (ii) to appoint the Commissioner agent of the reciprocal upon whom may be served all legal process against the reciprocal;
- (3) Except for nonassessable policies, a provision for a contingent assessment liability of each subscriber in a specified amount in accordance with G.S. 58-15-60; and
- (4) The maximum amount to be deducted from advance premiums or deposits to be paid the attorney, 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 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 an advisory committee;
- (4) Provide for indemnification of the attorney, officers, employees, agents, and subscribers' advisory committee of the reciprocal against liability and litigation expenses to the extent permitted in the case of domestic business corporations; or
- (5) Contain other lawful provisions considered advisable. (1989, c. 425, s. 1.)