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Report of the Clients' Indemnity Fund Committee

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the integration of the Bar, or since the inception of the integrated Bar. You would be surprised as to how much help that should be. We had no ready record of previous actions of the Board on the various questions from time to time and it should help in causing greater consistency in the rulings of the Board in such instances.

During the year the Board sponsored a Law Day for the first time. With cooperation of some of the state's largest daily newspapers a full section was devoted to articles written by various members of the Bar calling attention to the freedoms enjoyed under our Constitution and the work of the lawyers in connection therewith. Speakers were provided for schools and other meetings throughout the state, and we are of the opinion that this trial sponsorship was a distinct success. I think anyone who saw the newspaper section of which I spoke had an opportunity to compare it with like newspaper sections in other cities of the country and would readily recognize that the work of our issues compared very favorably with that.

Before I close, I would like to pay my respects to and acknowledge the very helpful consideration given by the other Members of the Board during this past year. You know, I am the first President of the Association that has served without having been a Member of the Board of Governors. Mrs. Ralls and her staff have been very considerate and we feel to them we owe a vote of thanks.

Mrs. Kathreen Mechem briefly supplemented the published report of the Juvenile and Family Law Committee, which she chairs.

REPORT OF THE CLIENTS' INDEMNITY FUND COMMITTEE

Donald E. Spickard

Mr. President, and Fellow members of the Bar Association: First, a statement about the history of the committee. As President Gardner has pointed out, at last year's annual meeting the membership approved the establishment of a Clients' Indemnity Fund, and the Board of Governors appointed a committee. I think that it is necessary to have approval but the matters must be developed upon further research into the field and the final form that it will take will have to be considered.

Your committee consists of Wesley Mifflin, Seattle, Chairman; Hary Hazel, Yakima; Grant L. Kimer, Spokane; Joseph W. Kindall, Bellingham; Merrill Wallace, Bremerton; and myself. We understood to establish and follow the plans in effect in Philadelphia and in Vermont, which is an insured fund, and studied the plans which had been sug-

gested and adopted in other states. At the time this committee commenced operation there were only two plans in operation, the Philadelphia fund and the Vermont fund.

The history so far as this state is concerned and the basis upon which your Clients' Indemnity Fund originated came from a committee of the Seattle and King County Bar, which was instituted by Charles Horowitz three years ago, and that committee's reports and studies were worked upon by some county bar associations and brought to the floor and Mr. Gardner spoke in its behalf last year, which led to its adoption.

Now, in studying this it was thought essential last year that a plan be adopted. We were able to work out a plan with the United Pacific Insurance Company, which was sent to the insurance company and the Bar Association and the Insurance Department of the State of Washington. It ruled that neither the Bar Association Board of Governors nor the fund established by it have an insurable interest in losses of clients of dishonest lawyers. We feel that this ruling misses the point and that there is an insurable interest in the integrity of a fund established by the Board of Governors to pay such losses. There is little reason to challenge the ruling as the fund approach at present appears more widely acceptable and more economical.

Well, where we are now is that in August the Board of Governors adopted a by-law creating a Clients' Indemnity Fund, as President Gardner mentioned. We have such a fund or will have as soon as the Board appropriates the \$5,000.00 called for by the by-laws as the initial fund. Now, in this fund the initial appropriation will be \$5,000.00 to create that fund, which will be administered and held by the Board of Governors.

The Board of Governors may in subsequent years make such appropriation as is necessary to maintain the integrity of that fund. The Board of Governors will appoint a committee of five, who will serve staggered terms of five years, with a new man coming on each year. The purpose of this committee will be to receive and investigate claims and to make recommendations to the Board of Governors.

The claims that can be considered under the by-laws are claims involving a pecuniary loss to a client, direct loss resulting from fraud or dishonesty of an active member of the bar while in an attorney-client relationship, and where the Board of Governors has recommended disciplinary action to the supreme court, where a member has been adjudged insane or has been adjudged incompetent or the member is

deceased. To be specifically excluded are claims for errors, omissions, negligence or malpractice, and the like.

Claim payments will have limits according to the amount in the fund but not to exceed \$10,000.00 in respect to any one lawyer or \$5,000.00 for one client. The payments to be made are made as a matter of grace and not a matter of right and are at the sole discretion of the Board of Governors. There will be the usual provisions for reports and administrative details.

Your committee feels that this is a real step forward in the Bar's relations with the public. We are a leader in this field. The city of Philadelphia has a similar plan which has been in operation and is very highly recommended by the American Bar Association. But this is the first state I believe to establish a fund and put it in operation. The only ones who can and should redress the wrongs of our fellow members to the public is the Bar itself. We are our brother's keepers. Thank you.

Mr. Theodore P. Cummings spoke as Chairman of the Legislative Committee and the Special Committee on Joint Tenancy. Mr. Jack Whitmore reported for the Committee on Insurance. The association delegate to the House of Delegates of the American Bar Association, Mr. Joseph Gordon, reported on the Annual American Bar meeting which was held in Florida. Mr. Elias Wright was unable to be present and in his absence Mr. Phillip Weiss presented the names of association members who had passed away during the preceding year. This list appears on a subsequent page.

REPORT OF THE RESOLUTIONS COMMITTEE

Fred C. Palmer

The committee moved the adoption of the following resolutions:

"BE IT RESOLVED by the Washington State Bar Association in convention assembled at Yakima, Washington this 8th day of September, 1960, extends it gratitude and thanks to our visiting colleagues Hon. Philbrick McCoy, Felix F. Stumpf and Calvin W. Rawlings, who have contributed so materially to our education and entertainment, while attending this convention."

"BE IT RESOLVED by the Washington State Bar Association in convention assembled at Yakima, Washington, this 8th day of Sep-