

# FINAL BILL REPORT

## SHB 1537

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Synopsis as Enacted

**Brief Description:** Protecting credit union directors and committee members.

**Sponsors:** By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Roach, Hatfield, Benson, Miloscia and Keiser).

**House Committee on Financial Institutions & Insurance**  
**Senate Committee on Labor, Commerce & Financial Institutions**

**Background:**

State credit unions are governed by a board of directors that must have at least five, but not more than 15 members. The directors are elected by the credit union members at an annual meeting, and serve terms of between one and three years. Officers and employees of the credit union may serve as directors. By statute, board members are deemed to stand in a fiduciary relationship to the credit union, and have specified duties stemming from this relationship.

A supervisory committee— of at least three members must be elected at the annual membership meeting, to serve a term of three years. It is the duty of the supervisory committee to monitor both the financial condition of the credit union and the decisions of the board. Officers and employees of the credit union are prohibited from serving on the supervisory committee.

**Summary:**

Credit union directors and committee members are made exempt from personal liability for harms caused by negligent acts or omissions, under the following conditions:

- the act was performed on behalf of the credit union; and
- the act was within the scope of his or her official duties; and
- the act did not constitute a breach of fiduciary duty; and
- the act was not criminal, wilful, or grossly negligent; and
- the act was not committed while he or she was operating any vehicle, vessel, or aircraft requiring either a license or insurance.

The liability exemption does not affect the liability of credit union employees acting within the scope of their employment.

The exemption does not affect a director's or committee member's liability to the credit union or a governmental entity for harm caused by the director or committee member.

The exemption does not affect the liability of the credit union itself with respect to harm to any person caused by the negligent acts of a director or committee member.

**Votes on Final Passage:**

House 98 0

Senate 47 0

**Effective:** July 22, 2001