

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.8170 Personal liability; indemnification and reimbursement; purchase of insurance.

Sec. 8170.

(1) The officers and members of the supreme governing body or any subordinate body of a society shall not be personally liable for any benefits provided by a society.

(2) A person may be indemnified and reimbursed by a society for expenses reasonably incurred by, and liabilities imposed upon, that person in connection with or arising out of an action or proceeding, whether civil, criminal, administrative, or investigative, or the threat thereof, in which the person may be involved by reason of the fact that he or she is or was a director, officer, employee, or agent of the society or of any firm, corporation, or organization which he or she served in any capacity at the request of the society. A person shall not be indemnified or reimbursed in relation to any matter in an action or proceeding if he or she is finally adjudged to be or have been guilty of breach of a duty as a director, officer, employee, or agent of the society or for any matter in an action or proceeding, or the threat thereof, which has been made the subject of a compromise settlement, unless in either case, the person acted in good faith for a purpose the person reasonably believed to be in or not opposed to the best interests of the society and, for a criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. The determination of whether a person acted in good faith or without reasonable cause may only be made by the supreme governing body or board of directors by a majority vote of a quorum consisting of persons who were not parties to the action or proceeding or by a court of competent jurisdiction. The termination of an action or proceeding by judgment, order, settlement, conviction, or upon a plea of no contest, as to the person shall not in itself create a conclusive presumption that the person did not meet the standard of conduct required in order to justify indemnification and reimbursement. This right of indemnification and reimbursement shall not be exclusive of other rights to which the person may be entitled as a matter of law and shall inure to the benefit of the person's heirs, executors, and administrators.

(3) A society may purchase and maintain insurance on behalf of a person who is or was a director, officer, employee, or agent of the society, or who is or was serving at the request of the society as a director, officer, employee, or agent of any other firm, corporation, or organization against any liability asserted against the person and incurred by him or her in his or her official capacity or arising out of his or her status as such, whether or not the society would have the power to indemnify the person against the liability under this section.

History: Add. 1990, Act 1, Eff. Apr. 1, 1990

Popular Name: Act 218