

SAVINGS BANK ACT (EXCERPT)
Act 354 of 1996

487.3326 Indemnification of party.

Sec. 326. (1) A savings bank may indemnify a person who was or is a party or is threatened to be made a party to a threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, other than an action by or in the right of the savings bank, or by reason of the fact that he or she is or was a director, officer, employee, or agent of the savings bank or is or was serving at the request of the savings bank as a director, officer, partner, trustee, employee, or agent of another financial institution, foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses, including attorneys' fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit, or proceeding if the person acted in good faith and in a manner he or she reasonably believed to be in and not opposed to the best interests of the savings bank or its members or shareholders, and in a criminal action or proceeding, if the person had no reasonable cause to believe his or her conduct was unlawful. The termination of an action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, does not create a presumption that the person did not act in good faith and in a manner that he or she reasonably believed to be in and not opposed to the best interests of the savings bank or its members or shareholders, and in a criminal action or proceeding create a presumption that the person had reasonable cause to believe that his or her conduct was unlawful.

(2) A savings bank may indemnify a person who was or is a party to or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the savings bank to procure a judgment in its favor or by reason of the fact that he or she is or was a director, officer, partner, trustee, employee, or agent of the savings bank or is or was serving at the request of the savings bank as a director, officer, partner, trustee, employee, or agent of another financial institution, foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses, including actual and reasonable attorneys' fees and amounts paid in settlement actually and reasonably incurred by the person in connection with the action or suit if the person acted in good faith and in a manner the person reasonably believed to be in and not opposed to the best interests of the savings bank or its shareholders or members. Indemnification shall not be made for a claim, issue, or matter in which the person has been found liable to the savings bank except as authorized in subsection (3).

(3) A director, officer, employee, or agent of the savings bank who is a party or threatened to be made a party to an action, suit, or proceeding may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction. On receipt of an application, the court after giving any notice it considers necessary may order indemnification if it determines that the person is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not he or she met the applicable standard of conduct set forth in this section or was adjudged liable, but if he or she was adjudged liable, his or her indemnification is limited to reasonable expenses incurred.

History: 1996, Act 354, Imd. Eff. July 1, 1996;—Am. 2000, Act 482, Imd. Eff. Jan. 11, 2001.