

Article - Insurance

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§8-420.

(a) (1) The officers, trustees, directors, or other individuals who have general control of the management of the affairs and funds of the society shall be elected by the supreme legislative or governing body of the society.

(2) The election shall be held within 1 year after a permanent certificate of authority is issued under § 8-417 of this subtitle.

(b) The officers of a grand, supreme, or subordinate lodge or branch of a society are not personally liable for payment of a benefit provided by the society.

(c) (1) An individual may be indemnified and reimbursed by a society for expenses reasonably incurred by, and liabilities imposed on, the individual in connection with or arising out of any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, in which the individual may be involved because the individual is or was a director, officer, employee, or agent of the society or of any firm, corporation, or organization in which the individual served in any capacity at the request of the society.

(2) An individual may not be indemnified or reimbursed:

(i) in relation to any matter in an action, suit, or proceeding as to which the individual 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

(ii) in relation to any matter in a threatened or pending action, suit, or proceeding that has been made the subject of a compromise settlement, unless the individual:

1. acted in good faith for a purpose the individual reasonably believed to be in, or not opposed to, the best interests of the society; and

2. in a criminal action or proceeding, had no reasonable cause to believe that the individual's conduct was unlawful.

(3) The determination of whether the conduct of an individual met the standard required to justify indemnification and reimbursement in relation to any matter described in paragraph (2) of this subsection may be made only by:

(i) the supreme governing body or board of directors of the society by a majority vote of a quorum that consists of individuals who were not parties to the action, suit, or proceeding; or

(ii) a court of competent jurisdiction.

(4) The termination of an action, suit, or proceeding by judgment, order, settlement, conviction, or on a plea of no contest, as to an individual shall not in itself create a conclusive presumption that the individual did not meet the standard of conduct required to justify indemnification and reimbursement.

(5) The right of indemnification and reimbursement under this subsection shall not be exclusive of other rights to which an individual may be entitled as a matter of law, and shall inure to the benefit of the individual's heirs, executors, and administrators.

(d) A society may purchase and maintain insurance on behalf of any individual 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 individual and incurred by the individual in any such capacity or arising out of the individual's status as such, whether or not the society would have the power to indemnify the individual against such liability under this section.

(e) No director, officer, employee, member, or volunteer of a society serving without compensation, shall be liable, and no cause of action may be brought, for damages resulting from the exercise of judgment or discretion in connection with the duties or responsibilities of the individual for the society unless the act or omission involved willful or wanton misconduct.

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