

**271B.8-510 Authority to indemnify.**

- (1) Except as provided in subsection (4) of this section, a corporation may indemnify an individual made a party to a proceeding because he is or was a director against liability incurred in the proceeding if:
  - (a) He conducted himself in good faith; and
  - (b) He reasonably believed:
    1. In the case of conduct in his official capacity with the corporation, that his conduct was in its best interests; and
    2. In all other cases, that his conduct was at least not opposed to its best interests; and
  - (c) In the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful.
- (2) A director's conduct with respect to an employee benefit plan for a purpose he reasonably believed to be in the interests of the participants in and beneficiaries of the plan shall be conduct that satisfies the requirement of subsection (1)(b)2. of this section.
- (3) The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not be, of itself, determinative that the director did not meet the standard of conduct described in this section.
- (4) A corporation may not indemnify a director under this section:
  - (a) In connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation; or
  - (b) In connection with any other proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him.
- (5) Indemnification permitted under this section in connection with a proceeding by or in the right of the corporation shall be limited to reasonable expenses incurred in connection with the proceeding.

**Effective:** January 1, 1989

**History:** Created 1988 Ky. Acts ch. 23, sec. 95, effective January 1, 1989.