

16-10a-902 Authority to indemnify directors.

- (1) Except as provided in Subsection (4), 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) his conduct was in good faith; and
 - (b) he reasonably believed that his conduct was in, or not opposed to, the corporation's 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 any employee benefit plan for a purpose he reasonably believed to be in or not opposed to the interests of the participants in and beneficiaries of the plan is conduct that satisfies the requirement of Subsection (1)(b).
- (3) The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, 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 that the director derived an improper personal benefit, whether or not involving action in his official capacity, in which proceeding he was adjudged liable on the basis that he derived an improper personal benefit.
- (5) Indemnification permitted under this section in connection with a proceeding by or in the right of the corporation is limited to reasonable expenses incurred in connection with the proceeding.

Enacted by Chapter 277, 1992 General Session