

MUNICIPAL HEALTH FACILITIES CORPORATIONS ACT (EXCERPT)
Act 230 of 1987

331.1502 Indemnification of certain persons.

Sec. 502.

(1) A corporation or subsidiary corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement and actually and reasonably incurred by the person in connection with such action, suit, or proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation or subsidiary corporation and the public, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that conduct was unlawful by reason of the fact the person acted in any of the following capacities:

(a) Is or was a trustee, officer, or employee of the corporation or the subsidiary corporation.

(b) Served as a member of a committee of the medical staff or as a member or officer of a department or other administrative unit of a health care facility of a corporation or subsidiary corporation charged with responsibility for reviewing the professional qualifications of applicants for employment, medical staff membership, or clinical privileges, for establishing, administering, or reviewing the professional standards applicable to health services provided by the corporation or subsidiary corporation or provided by others in its health care facilities or for reviewing utilization of health services.

(c) Executed any note, bond, or corporation obligation on behalf of the corporation or subsidiary corporation.

(d) Served at the request of the corporation as a trustee, director, officer, employee, or agent of another public or private corporation, partnership, joint venture, trust, or other enterprise. The termination of any action, suit, or proceeding by judgment, order, settlement conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation and the public and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct was unlawful.

(2) Notwithstanding the provisions of subsection (1), no indemnification shall be made with respect to any claim, issue, or matter arising from any threatened, pending, or completed action by the corporation or subsidiary corporation as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of a duty to the corporation or subsidiary corporation unless, and only to the extent that, the court in which such action or suit was brought determines upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as such court shall deem proper.

(3) A corporation or subsidiary corporation may, pursuant to bylaw, contract, agreement, or resolution of its board of trustees or subsidiary board obligate itself in advance to indemnify persons in accordance with subsections (1) and (2), may establish procedures for approval of indemnification in specific instances in accordance with subsections (1) and (2), and may pay expenses incurred in defending a civil or criminal action, suit, or proceeding described in subsection (1) in advance of the final disposition of such action, suit, or proceeding upon receipt of an undertaking on behalf of a person who may be entitled to indemnification to repay such amount unless it is ultimately determined that the person is entitled to be indemnified by the corporation or subsidiary corporation in accordance with subsections (1) and (2).

(4) A corporation or a subsidiary corporation may purchase and maintain insurance on behalf of any person described in subsection (1) against any liability asserted against the person and incurred by the person in any capacity or arising out of the status of the person described in subsection (1), whether or not the corporation would have the power to indemnify the person against such liability under this section.

(5) The powers conferred by this section, and the rights to indemnification which may be created pursuant to this section shall be in addition to all powers and rights with respect to indemnification otherwise provided by law.

History: 1987, Act 230, Eff. Feb. 27, 1988