

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1989.

Approved May 19, 1989.

CHAPTER 450

(House Bill 990)

AN ACT concerning

Corporations and Associations - Indemnification
of Directors, Officers, Employees, and Agents

FOR the purpose of clarifying the circumstances under which a Maryland corporation may indemnify a director, officer, employee, or agent who is made a party to any proceeding by reason of service in that capacity.

BY repealing and reenacting, with amendments,

Article - Corporations and Associations
Section 2-418(b)
Annotated Code of Maryland
(1985 Replacement Volume and 1988 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Corporations and Associations

2-418.

(b) (1) A corporation may indemnify any director made a party to any proceeding by reason of service in that capacity unless it is [proved] ESTABLISHED that:

(i) The act or omission of the director was material to the [cause of action adjudicated in] MATTER GIVING RISE TO the proceeding; and

1. Was committed in bad faith; or
2. Was the result of active and deliberate dishonesty; or

(ii) The director actually received an improper personal benefit in money, property, or services; or