

(2) WITH RESPECT TO A CIVIL, ADMINISTRATIVE, OR INVESTIGATIVE ACTION OR PROCEEDING, THE STATE SHALL INDEMNIFY A FIDUCIARY FOR THE EXPENSES OF THE ACTION OR PROCEEDING IF THE FIDUCIARY ACTED:

(I) IN GOOD FAITH; AND

(II) IN A MANNER THE FIDUCIARY REASONABLY BELIEVED TO BE IN OR NOT OPPOSED TO THE BEST INTEREST OF THE SEVERAL SYSTEMS.

(3) WITH RESPECT TO A CRIMINAL ACTION OR PROCEEDING, THE STATE SHALL INDEMNIFY A FIDUCIARY FOR THE EXPENSES OF THE ACTION OR PROCEEDING IF THE FIDUCIARY:

(I) ACTED IN GOOD FAITH;

(II) ACTED IN A MANNER THE FIDUCIARY REASONABLY BELIEVED TO BE IN OR NOT OPPOSED TO THE BEST INTEREST OF THE SEVERAL SYSTEMS; AND

(III) DID NOT HAVE REASONABLE CAUSE TO BELIEVE THAT THE FIDUCIARY'S CONDUCT WAS UNLAWFUL.

(C) TERMINATION OF ACTION CREATES NO PRESUMPTION.

ANY TERMINATION OF AN ACTION OR PROCEEDING DOES NOT, OF ITSELF, CREATE A PRESUMPTION THAT THE FIDUCIARY DID NOT MEET THE STANDARDS FOR INDEMNIFICATION DESCRIBED IN SUBSECTION (B) (2) AND (3) OF THIS SECTION.

(D) PROHIBITIONS ON INDEMNIFICATION.

THE STATE MAY NOT INDEMNIFY:

(1) A FIDUCIARY WITH RESPECT TO AN ACTION OR PROCEEDING AS TO WHICH THE FIDUCIARY WAS HELD LIABLE FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT IN THE PERFORMANCE OF THE FIDUCIARY'S DUTY TO THE SEVERAL SYSTEMS; OR

(2) AN INDEPENDENT CONTRACTOR FURNISHING SERVICES TO THE SEVERAL SYSTEMS.

(E) INSURANCE.

(1) THE STATE SHALL PROVIDE INSURANCE FOR A FIDUCIARY ELIGIBLE FOR INDEMNIFICATION UNDER THIS SECTION.

(2) FOR THE PURPOSE OF PARAGRAPH (1) OF THIS SUBSECTION, THE STATE MAY PROVIDE SELF-INSURANCE UNDER TERMS AND CONDITIONS SATISFACTORY TO THE STATE TREASURER.

(3) A FIDUCIARY MAY NOT BE REQUIRED TO PAY AMOUNTS ATTRIBUTABLE TO LIABILITY DESCRIBED IN THIS SECTION BECAUSE THE STATE DOES NOT PROVIDE ADEQUATE INSURANCE COVERAGE OR OTHERWISE FAILS TO INDEMNIFY IN ACCORDANCE WITH THIS SECTION.