

271B.8-550 Determination and authorization of indemnification.

- (1) A corporation shall not indemnify a director under KRS 271B.8-510 unless authorized in the specific case after a determination has been made that indemnification of the director is permissible in the circumstances because he has met the standard of conduct set forth in KRS 271B.8-510.
- (2) The determination shall be made:
 - (a) By the board of directors by majority vote of a quorum consisting of directors not at the time parties to the proceeding;
 - (b) If a quorum cannot be obtained under subsection (2)(a) of this section, by majority vote of a committee duly designated by the board of directors (in which designation directors who are parties may participate), consisting solely of two (2) or more directors not at the time parties to the proceeding;
 - (c) By special legal counsel:
 1. Selected by the board of directors or its committee in the manner prescribed in subsection (2)(a) and (b) of this section; or
 2. If a quorum of the board of directors cannot be obtained under subsection (2)(a) of this section and a committee cannot be designated under subsection (2)(b) of this section, selected by majority vote of the full board of directors (in which selection directors who are parties may participate); or
 - (d) By the shareholders, but shares owned by or voted under the control of directors who are at the time parties to the proceeding shall not be voted on the determination.
- (3) Authorization of indemnification and evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by those entitled under subsection (2)(c) of this section to select counsel.

Effective: January 1, 1989

History: Created 1988 Ky. Acts ch. 23, sec. 99, effective January 1, 1989.