

Section: General Administration

Section Number: 1.9

Subject: Indemnification Policy

Date of Present Issue: 03/25/93

Date of Previous Issues:

POLICY:

The following policy was adopted by the Board of Regents on March 25, 1993.

I. PURPOSE

The purpose of this policy is to establish guidelines for the indemnification of those individuals who have an action, claim, or proceeding brought against them arising out of their performance of duties on behalf of, or at the direction of, Lake Superior State University, and related to the Good Faith conduct or inaction of the individual within the individual's Scope of Authority. The individual must have acted in good faith and in a manner that he/she believed to be in the best interest of the University.

"Scope of Authority" shall mean within the duties and responsibilities of the individual, including any areas which the individual believes to be within his or her duties and responsibilities provided there is a reasonable basis for such belief. With respect to criminal action or proceeding, the individual must have had no reasonable cause to believe that his/her conduct was unlawful. A willful and knowing violation of federal, state or local law or the University's ordinances, policies, rules and regulations is outside of any individual's duties and responsibilities.

II. This policy applies to the following individuals or classes of individuals.

- a. Members of the Board of Regents.
- b. Employees, including officers, faculty, staff, and student employees.
- c. Students or volunteers performing duties on behalf of, authorized by, and under the direction of Lake Superior State University.

III. POLICY

- a. Except as prohibited by law, the University will indemnify individuals against whom an action, claim, or proceeding is brought or threatened as a result of their good faith performance of duties on behalf of, or at the direction of, Lake Superior State University.
- b. This indemnification will be against expenses, including attorney's fees, judgments, penalties, fines, and amounts in settlement actually and reasonably incurred by the individual in connection with the action, suit, or proceeding. The University reserves the right to approve and/or select legal counsel for the individual.
- c. This indemnification will be made only as authorized in a specific case upon application by an individual and after a determination that indemnification is proper in the circumstances and the individual has met the applicable standards of conduct set forth herein.
- d. Indemnification for the expenses of defense may be in advance of the final disposition of the action, suit, proceeding. The individual to be indemnified may be required to furnish a general, unsecured obligation to repay the University if it is ultimately decided by the University, wholly at its discretion, that the agent is not entitled to be indemnified.
- e. Indemnification will be made only to the extent that the individual is not made whole for his/her losses and expenses from all other sources, including insurance. In no case will indemnification from all other sources, exceed the actual amount of expenses, including attorney's fees, judgments, penalties, fines, and amounts paid in settlement.
- f. Indemnification will not take place for any of the following:
 1. A breach of duty of loyalty to the University.
 2. An act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law.
 3. A transaction from which the individual derived an improper personal benefit.
 4. An act or omission that is grossly negligent.
 5. An action, suit, proceeding or investigation involving allegations or possible allegations related to any matter deemed by the University not to be in the interest of the University.
- g. Revocation of Indemnification may occur if the individual at any time in the course of the action, suit, proceeding or investigation shall fail to cooperate with counsel approved by or appointed by the University, or if it shall become clear that the agent does not satisfy the standards for legal representation or indemnification against legal expenses provided in this Policy.

h. The University may purchase and maintain liability insurance to the extent reasonably commercially available, with generally recognized insurers authorized to do business within the State of Michigan, and with such deductible levels as the University shall determine in its sole discretion. In the event that the University shall purchase such coverage, the University shall attempt to assure that each individual is an insured thereunder. Any other provision hereof notwithstanding, the obligation of the University is to provide indemnification coverage provided by liability insurance carried by the University.