# MAINE STATE LEGISLATURE

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## FIRST REGULAR SESSION

## ONE HUNDRED AND THIRTEENTH LEGISLATURE

## Legislative Document

NO. 338

House of Representatives, February 11, 1987 Reference to the Committee on Judiciary suggested and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative WARREN of Scarborough.

## STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-SEVEN

- AN ACT to Exempt Directors of Credit Unions 2 from Liability on Certain Matters. 3 4 Be it enacted by the People of the State of Maine as 5 follows:
  - 9-B MRSA §849 is enacted to read:
- 7 §849. Immunity from liability

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- 1. Immunity established. Except as otherwise provided by this section, no member of the board of 8 9 10 directors of a credit union which is a nonprofit corporation that holds a valid exemption from federal 11 income taxation issued pursuant to the United States Internal Revenue Code, Section 501(a) and is listed 12 13
- 14 as an exempt organization in the United States Internal Revenue Code, Section 501(c), may be held person-15 16 ally liable for damages resulting from:

1	Α.	Any	negligent	act	or	omiss	sion	of	an	emplo	yee
2	of	the	nonprofit o	corpo	orat	cion;	or				
,	Τ.	3	7						-		٠.

- B. Any negligent act or omission of another director.
- 2. Exceptions. The immunity provided by subsection 1 does not extend to acts or omissions of directors of nonprofit corporations which constitute ordinary or gross negligence personal to the director or to intentional torts committed by a director.
- 3. Application. This section applies only to suits for recovery of damages based upon causes of action that accrue on or after the effective date of this section.

## STATEMENT OF FACT

Credit unions serve important functions in providing services and assistance to persons in the State. In order for these nonprofit corporations to function effectively, persons serving on the board of directors should not be subject to vicarious liability for the negligence of corporate employees or other directors. The potential exposure to vicarious liability has a detrimental effect on the participation of persons as directors of credit unions. Providing immunity to directors of the nonprofit corporations for certain types of liability will promote the general health, safety and welfare of citizens in the State.