

SPECIAL FORCES ASSOCIATION

POLICY OR PRECEDENT

SUBJECT:  
Indemnification

DATE: 11 February 2009

| POLICY NUMBER | ORIGINATING SECTION | ORIGINATOR   | PHONE NUMBER |
|---------------|---------------------|--------------|--------------|
| SFA-18        | Secretary           | Melvin Smith | 910-485-5433 |

APPROVED: Ronnie A. McCan, President



Melvin H Smith, Secretary



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1. **PURPOSE:** To establish the Special Forces Association ("Corporation") policy on Indemnification.
  2. **SCOPE:** This policy applies indemnification of the National Leadership and Key Staff members. Indemnification will be provided to the officers to the extent authorize by North Carolina General Statutes.
  3. North Carolina General Statute (NCGS) established guidelines for the indemnification of the officers, directors and employees of the organization. It is the public policy of the State of North Carolina to enable corporations organized under NCGS 55A to attract and maintain responsible, qualified directors, officers, employees, and agents, and, to that end, to permit corporations organized under this Chapter 55A to allocate the risk of personal liability of directors, officers, employees, and agents through indemnification and insurance.
  4. Except as provided in paragraph 5 below, the Corporation shall indemnify an individual made a party to a proceeding because the individual is or was a officer, director, employee or agent acting at the direction of the officers against liability incurred in the proceeding if the individual:
    - a. Conducted oneself in good faith.
    - b. Reasonably believed:
      - (1) In the case of conduct in his official capacity with the corporation, that his conduct was in its best interests, and:
      - (2) In all other cases, that his conduct was at least not opposed to its best interests, and:
      - (3) In the case of any criminal proceeding, had no reasonable cause to believe his conduct was unlawful.
  5. The Corporation shall not indemnify an officer, director, employee or agent of the Corporation under the following circumstances.

## SPECIAL FORCES ASSOCIATION

a. In connection with a proceeding by or in the right of the Corporation in which an individual was adjudged liable to the Corporation, or:

b. In connection with any other proceeding charging improper personal benefit to an officer, director, employee or member, whether or not involving action in his official capacity, in which the director was adjudged liable on the basis that personal benefit was improperly received.

6. The Board of Officers has obtained indemnification insurance to cover the officers and key personnel of the National Organization. The amount of coverage will be reviewed annually to insure sufficient coverage exist to protect the assets of the Association.

7. Current indemnification is limited to the national level. A provision to provide indemnification at the Chapter level is cost prohibitive; additionally chapter officers are limited in their authority and unless directed by the National Board of Officers may not act on behalf of the Association.

8. NCGS 55A-6-22 states a member is not liable for corporate debts just by being a member.

9. In no case may the Board of Officers levy assessments on its members in conjunction with claims of indemnification that would create a liability on the membership individual or as a whole.