2025-2026 General Assembly

HOUSE BILL 388: Amend Business Corporations Act, Part I: Provide for Officer Exculpation.

Analysis of:	S.L. 2025-33, Part I	**Date:**	August 6, 2025
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Part I of S.L. 2025-33 (House Bill 388) permits a corporation to set forth in its articles of incorporation a provision limiting or eliminating the personal liability of any officer arising out of an action for monetary damages for breach of any duty as an officer, except for:

- Acts or omissions that the officer knew at the time of the breach were clearly in conflict with the best interests of the corporation.
- Any transaction from which the officer derived an improper personal benefit.
- Acts or omissions occurring before the date the provision became effective.
- Any claim by or in the right of the corporation.

As used in this Part, unless the articles of incorporation otherwise provide, the term "officer" is defined to mean:

- An individual duly appointed by the board of directors as president, chief executive officer, chief operating officer, chief financial officer, chief legal officer, secretary, controller, treasurer, or chief accounting officer of the corporation.
- Any officer of the corporation designated by resolution of the board of directors as an officer for purposes of benefiting from the limitation or elimination of personal liability authorized by this part.

This Part also authorizes the board of directors to determine from time to time by resolution that an officer designated as an officer for purposes of being protected from personal liability pursuant to this Part is no longer so designated. No such resolution will be effective as to an officer, or any act or omission of an officer, prior to its adoption.

This Part became effective October 1, 2025.