

§786. Relation and liability of directors and officers

A. Financial institution officers and directors shall be deemed to stand in a fiduciary relation to their financial institution and its stockholders or members and shall discharge the duties of their positions in good faith and with that diligence, care, judgment, and skill as provided in Subsection B of this Section. Nothing herein contained shall derogate from any indemnification authorized by R.S. 6:705.

B. A director or officer of a financial institution shall not be held personally liable to the financial institution or the shareholders or members thereof for monetary damages unless the director or officer acted in a grossly negligent manner as defined in R.S. 6:703(9) or engaged in conduct that demonstrates a greater disregard of the duty of care than gross negligence, including intentional tortious conduct or intentional breach of the duty of loyalty.

C. A director of a financial institution shall, in the performance of his duties, be fully protected in relying in good faith upon the records of the financial institution, and upon such information, opinions, reports, or statements presented to him, the financial institution, the board of directors, or any committee thereof by any of the financial institution's officers or employees, or by any committee of the board of directors, or by any counsel, appraiser, engineer, or independent or certified public accountant selected with reasonable care by the board of directors or any committee thereof or any officer having the authority to make such selection, or by any other person as to matters the director reasonably believes are within such other person's professional or expert competence and which person is selected with reasonable care by the board of directors or any committee thereof or any officer having the authority to make such selection.

D. The provisions of this Section shall not affect the right of incorporators or shareholders of financial institutions to include in articles of incorporation provisions as authorized by R.S. 12:24(C)(4) or R.S. 6:705.

E. Notwithstanding any other law to the contrary, the provisions of this Section shall be the sole and exclusive law governing the relation and liability of directors and officers to their financial institution or to the shareholders or members thereof or to any other person or entity.

F. Any person who unsuccessfully attempts to impose a higher standard of responsibility or liability than that provided by this Section may be liable for attorney fees incurred in the defense of such attempt and for damages.

Acts 1992, No. 586, §1, eff. June 30, 1992.

{{NOTE: SEE ACTS 1992, NO. 586, §2, FOR RETROACTIVE APPLICABILITY AND PERIOD OF REPOSE.}}