

Massachusetts Institute of Technology Senior Counsel's Office
Memorandum on Indemnification and Insurance of MIT Employees,
Agents, Volunteers and Committee Members

This memorandum provides general advice concerning the protections that are available to employees and agents, including volunteers¹ and committee members, of MIT against liability that might arise from their performance of activities in good faith and within the scope of their MIT employment or agency. In connection with your duties as an MIT employee or agent (including volunteer or committee member) there are two sources of financial protections that are available to you.

First, MIT provides an employee or agent, including volunteer or committee member, protection in connection with his or her MIT duties through insurance coverage under certain insurance policies that MIT has purchased. It has been MIT's practice over the years to carry, and MIT presently carries, liability insurance coverage for MIT employees, agents, volunteers and members of committees, engaged in activities for MIT. Coverage is also provided to these individuals when they are engaged in activities for another entity, where such entity has been added to MIT's insurance policy. In both cases, the insurance covers both defense costs and liability for damages. The terms and limits of coverage may change over the years, and are subject to typical conditions, but can be confirmed annually, and have been the first means of protection to employees, volunteers and committee members for some time.

Second, in addition to insurance coverage, MIT's corporate by-laws permit the Executive Committee to act to authorize broad indemnification of MIT employees and agents, including volunteers and committee members, as well as their heirs. The permitted indemnification extends to legal fees and "all amounts paid or ... reasonably incurred ... by reason of any action taken or omitted" by the employee, agent, volunteer or committee member within the scope of his or her duties to MIT (or, where MIT requests such individual to provide services to another entity with respect to which MIT has interests, within the scope of his or her duties to the other entity). In order to grant such an indemnification, the Executive Committee must determine that the actions giving rise to the need for indemnification were reasonable, and that the indemnification is not otherwise prohibited by law or MIT's tax exempt and charitable status. Indemnification is not available in connection with claims by MIT against an employee or agent, unless the employee or agent prevails.

¹ Volunteers are individuals whose services have been requested or otherwise approved by MIT for MIT.