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H.519

Introduced by Representative Rachelson of Burlington

Referred to Committee on

Date:

Subject: Labor; employment practices; legal expenses; indemnification

Statement of purpose of bill as introduced: This bill proposes to require employers to indemnify employees for legal expenses and civil liability that is incurred as a direct consequence of the employee discharging the employee's duties.

An act relating to indemnification of employee legal expenses

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 21 V.S.A. § 310 is added to read:

§ 310. INDEMNIFICATION OF EMPLOYEE; LEGAL EXPENSES

(a) As used in this section, "legal expenses" means court costs, attorney's fees, civil damages, penalties, fines, and costs related to a legal settlement, including the amount of a monetary settlement and any attorney's fees and costs incurred in reaching a settlement.

(b) An employer shall indemnify an employee for any legal expenses incurred by the employee as a direct consequence of:

(1) the employee's discharge of duties as an employee; or

1           (2) the employee’s obedience to the directions of the employer, even if  
2           those directions were unlawful, provided that the employee did not know that  
3           the directions were unlawful at the time the employee obeyed them.

4           (c) An employer shall not be required to indemnify an employee pursuant  
5           to this section if the expenses were incurred as a result of the employee’s:

- 6           (1) intentional misconduct;  
7           (2) neglect of the employee’s duties;  
8           (3) bad faith; or  
9           (4) knowingly unlawful conduct.

10          (d) An employee aggrieved by a violation of this section may bring an  
11          action in the Civil Division of the Superior Court seeking compensatory and  
12          punitive damages or equitable relief, including restraint of prohibited acts,  
13          restitution of legal expenses, costs, reasonable attorney’s fees, and other  
14          appropriate relief.

15          Sec. 2. EFFECTIVE DATE

16          This act shall take effect on July 1, 2022.