

Non-Profit Organization D&O Claims

Could this happen to your non-profit organization?

The following examples illustrate some of the situations non-profit organizations could face which may result in claims being brought against the organizations and the people who manage them. When you **CONSIDER** the cost of defending these claims plus the **RISK OF A SUBSTANTIAL JUDGMENT OR SETTLEMENT**, you should ask yourself if you and your organization can afford *not* to carry a D&O policy.

- \$75,000** The executive director of a day care center was terminated due to **UNAUTHORIZED SPENDING** of the organization's funds. The day care center was sued for **WRONGFUL TERMINATION** resulting in a settlement in favor of the former executive director. The suit settled for \$75,000.
- \$50,000** An employee of a social service organization was terminated following a two-month absence due to a sprained finger. The employee sued for **LOST WAGES AND EMOTIONAL DISTRESS**. The suit settled for \$50,000.
- \$125,000** Two employees of a non-profit organization alleged **SEXUAL HARASSMENT** by their supervisor. The suit settled for \$125,000.
- \$82,000** An educational/public TV station had three claims over a two-year period. One claim was for **WRONGFUL TERMINATION/AGE DISCRIMINATION**. The other two were for sexual harassment. All three claims were settled for \$82,000.
- \$90,000** The manager of local mosquito control district was terminated for cause. A lawsuit was filed alleging **DISCRIMINATION**. The suit settled for \$90,000.
- \$60,000** A large foundation had seven claims involving discrimination, defamation, and **BREACH OF EMPLOYMENT CONTRACT**. Three claims were closed with no payment, but the other four claims settled for \$60,000.
- \$2,000,000** A **COUNTRY CLUB** was sued by a group of its members. The directors and officers **FAILED TO RENEW AN OPTION** to extend the rent-free lease of the land used as their golf course. As a result of this omission, the lessor required the club to either purchase the land for more than \$10 million or to lease the land for a substantial price. The suit was **SETTLED FOR \$2,000,000**.
- \$100,000** A state attorney general sued a cemetery alleging **IMPROPER FINANCIAL TRANSACTIONS**. Defense costs totaled \$100,000.

