



Directors & Officers Liability Insurance Non-Profit Claims Scenarios*

*Gross Negligence & Mismanagement

INDUSTRY: Senior Living Communities

TOTAL CLAIM PAYOUT: \$345,000

A resident of a retirement community brought a lawsuit against the retirement community and two of its social service workers, one of which was a court appointed guardian for the resident, claiming breach of fiduciary duty arising out of services for the handling and management of the resident's finances, including misappropriation of funds. The resident also alleged the retirement community was vicariously responsible for the actions of the social service workers, negligently retained and hired the workers and violated Elder Justice laws. Plaintiff demanded \$1.4 million to resolve the case and a final settlement of \$275,000 was paid along with defense costs exceeding \$70,000.

*Breach of Fiduciary Duty & Mismanagement

INDUSTRY: Trade Associations

TOTAL CLAIM PAYOUT: \$280,000

A non-profit organization providing resources and capital for medical technology start-ups along with its CEO and board members, were sued by an inventor of a medical device and its company in federal court alleging misappropriation of trade secrets, breach of a nondisclosure agreement, and breach of fiduciary duty while a parallel lawsuit was ongoing in state court against the start up company for fraud and misrepresentation regarding funding. While the matter against the non-profit and its CEO and board members was resolved without payment, the D&O insurance company funded the defense costs which totaled over \$250,000.

*Violation of state laws & guidelines

INDUSTRY: Historical Societies

TOTAL CLAIM PAYOUT: \$140,000

A cultural historical society and several of its board of directors received subpoenas from a state attorney general demanding documents and testimony arising out of an investigation into alleged violations of state laws governing the administration of charitable property and governance of charitable organizations. The representation and defense costs of the five board of directors subpoenaed to provide testimony to the attorney general, totaling almost \$140,000, were paid.



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