

Nonprofit Clubs: What Could Go Wrong?

A member and former director of a racquet club purportedly convinced a club employee to invest in property in England. The employee committed substantially to the investment, after which, the investment lost all of its value. The plaintiff employee maintained that the soliciting member was acting in his capacity as a Board Member and the other Board Members knew or should have known that inappropriate and fraudulent solicitations were taking place. The matter settled for **\$15,000**, with an additional **\$22,000** in defense costs.

A fraternal organization was sued by a pro se plaintiff who was investigating conspiracy of corruption involving prominent politicians and supporters. The board of the organization, along with many other prominent individuals and entities in the area, was sued for conspiracy and deprivation of civil rights. The case settled early for **\$9,345**, with an additional **\$21,800** in defense costs.

The EEOC charged a small nonprofit organization with alleged racial discrimination. The claimant alleged he was denied a position as assistant manager based upon his race. Although the EEOC issued a no reasonable cause determination, the claimant filed suit. The matter resolved three weeks before trial for **\$32,500** and cost **\$63,000** in defense.

A claimant was one of two employees who made allegations of sexual harassment against the Executive Director of a social club. The insured investigated, found the harassment likely occurred, and discharged the Executive Director. Shortly thereafter, the employee's position was eliminated and the employee was terminated as a result. The claimant filed a charge with the EEOC. Parties mediated early and the matter settled for **\$30,000**. The Directors' & Officers' policy also paid **\$12,650** in costs of defense after a sharing arrangement was reached with the general liability carrier.

A third party filed suit against a cultural club for alleged fraud, breach of contract and quantum meruit that involved an alleged failure to pay a commission. After extensive discovery, the matter settled for **\$32,500**, with an additional **\$139,400** in defense costs.

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Trade and Professional Organizations: What Could Go Wrong?

A membership organization terminated its Executive Director for ineffective leadership and bullying of staff. The Executive Director maintained the termination was in retaliation for reporting false charges being made against federal funds by the insured. The Executive Director also sued the organization for defamation. The matter settled for **\$750,000** on the eve of trial, with defense costs totaling more than **\$500,000**.

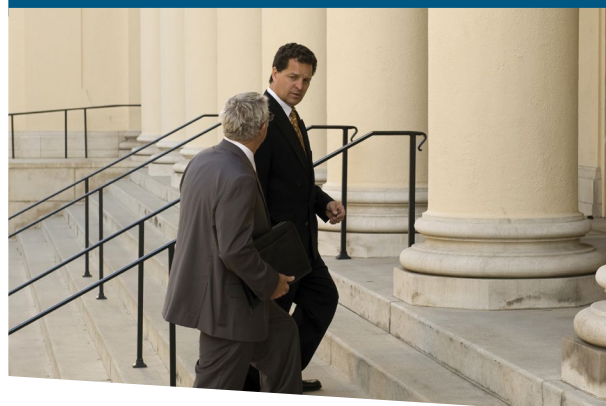
A former employee of a Chamber of Commerce sought \$750,000 for alleged disability discrimination. The claimant made an accommodation request shortly after a poor performance review, and he was then terminated. The matter settled pre-suit for **\$138,000**, with an additional **\$12,200** in defense costs.

A former employee of a trade association filed an administrative charge for alleged disability discrimination. The matter settled at mediation for **\$50,000**.

A former elected official filed a libel and slander lawsuit after he lost a subsequent election for Mayor, blaming his loss on attack ads sponsored by a nonprofit association. The suit was covered by the policy's Personal Injury Wrongful Acts coverage. The case ultimately settled in exchange for a public apology and **\$125,000** in charitable donations. Defense costs were approximately **\$190,000**.

A former female employee of a professional association claimed sexual harassment by her supervisor and vicarious liability against the association for knowing about the harassment and failing to take remedial steps. Causes of action were brought for harassment and constructive discharge. The case mediated and settled for **\$17,500** and cost nearly **\$30,000** in defense.

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Foundations and Grant-Making Organizations: What Could Go Wrong?

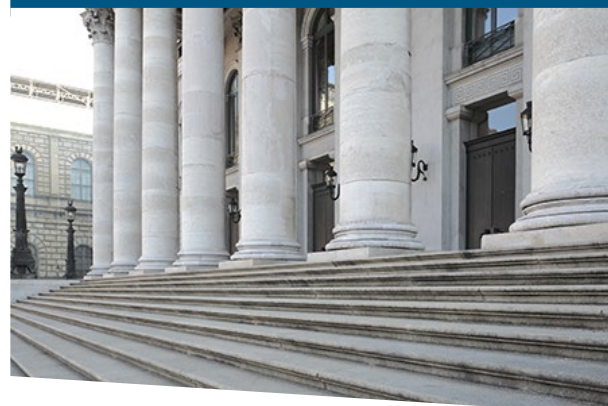
A Human Resources Director of a foundation, employed for only four days, filed a civil complaint alleging retaliation against the foundation. Within the first few days of employment, the plaintiff advised her supervisor of sexual harassment complaints brought by several other employees against a coworker who had previous harassment complaints. The insured terminated her the next day. The case presented serious timing issues between the complaint and the termination. The matter resolved for **\$62,500** with another **\$28,000** in costs of defense.

A former long-time employee sought redress for wrongful termination and age discrimination, asserting she was pushed out of her job, told to go on Social Security and Medicare, and is now unemployable because the insured casually told others in the community she had retired. The claimant provided a witness affidavit claiming the Executive Director made inappropriate age-related comments. The case settled at mediation for **\$75,000**, with defense costs (including mediation fees) in excess of **\$10,000**.

A foundation was sued by an individual claiming to be the rightful owner of valuable photographic prints, which were allegedly his own work or gifted to him by a famous photographer. The plaintiff was difficult and the case pended for many years as the non-monetary issues could not be resolved, despite numerous settlement conferences with the court. Incurred defense costs were in excess of **\$650,000**.

A third party filed a suit for alleged wrongful termination, whistleblower retaliation and age discrimination against her true employer and three other entities, including the insured foundation. The claimant contended that all of the entities were jointly liable for her damages. The matter settled for **\$400,000** with a **\$100,000** contribution from the Directors' & Officers' policy and an additional **\$85,350** in defense costs.

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Social Service and Charitable Organizations: What Could Go Wrong?

Former employees filed suit after allegedly being subjected to egregious sexual misconduct by the Executive Director of a social service organization. The organization also had financial issues that would have caused a public relations problem if the matter proceeded to trial. The matter settled for **\$645,000**, with an additional **\$27,190** in defense costs.

A former Executive Director of a social service organization brought action for wrongful termination claiming he was fired for raising questions about the immigration status of various Board Members, in violation of public policy. The immigration issues and their related criminal implications, combined with the aggressive nature of the plaintiff's counsel, made the case extremely expensive to defend. The case ultimately settled at mediation for **\$475,000**, with defense costs totaling an additional **\$655,000**.

A former Executive Director of a human service organization filed a complaint for alleged whistleblower violations and wrongful termination. The claimant maintained she was terminated after reporting alleged misuse of the organization's funds. The matter settled for **\$100,000** at early mediation, with an additional **\$18,800** in defense costs.

A former Executive Director of a social service organization filed a complaint for alleged violations of workers' compensation statutes, disability discrimination, retaliation and wrongful termination. The claimant alleged she was denied accommodations, and then began to suffer high blood pressure due to the hostile work environment. The claimant alleged she sent an email asking about medical leave, and then later the same day, she was terminated. Despite two mediations, the parties did not reach a settlement until the eve of trial. The matter settled for **\$290,000**, with an additional **\$240,800** in defense costs.

A claimant filed suit alleging the insured's Executive Director forced her to falsify documents. She also alleged sexual harassment. The insured insisted on early settlement to preserve public image. The matter settled for **\$250,000**, with an additional **\$25,000** in defense costs.

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Recreation and Youth-Related Organizations: What Could Go Wrong?

A youth baseball organization was sued by a group of individuals and neighbors alleging they were denied membership in the organization, the board was not following governing documents and the board was engaged in self-dealing. The matter resolved when the insured agreed to accept the claimants as voting members, to administer elections consistent with governing documents, and make a payment of **\$24,500** for the claimants' attorneys' fees. Costs of defense were nearly **\$20,000**.

A third party sued the insured, an event organizer, for breach of contract and collusion between the insured organization and several other parties. The third party sought more than \$2 million for improper termination of a contract. After extensive discovery, the insured and its choice of counsel began pushing for settlement. **\$400,000** was paid toward the settlement and **\$488,500** in defense costs.

An officer of a youth organization filed suit for alleged race and national origin discrimination, breach of contract and defamation. The claimant maintained that he was one of only two minority senior managers. The claimant alleges that he was discharged in retaliation for questioning the organization's spending practices. The matter settled for **\$135,000**, with an additional **\$26,400** in defense costs.

A former employee of a recreational nonprofit filed an administrative charge and suit for alleged retaliation after filing for workers' compensation benefits for a serious and permanent work-related injury. The claimant also alleged he was subjected to discriminatory treatment based on his age and disability. The matter settled for **\$75,000**, with an additional **\$47,000** in defense costs.

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Religious Organizations: What Could Go Wrong?

A former employee of a religious youth center charged sexual harassment against the center and its Executive Director. The plaintiff asserted numerous instances of verbal and quid pro quo sexual harassment. The Executive Director admitted he purchased gifts for the plaintiff and co-signed on a car lease despite being married. Early resolution was sought and the matter settled for **\$75,000**, with another **\$35,000** spent in costs of defense.

A former employee of a religious social service organization alleged retaliatory discharge for raising concerns regarding potential misuse of funds by various individuals at the insured. The matter settled at the demand stage for **\$20,000**.

A part-time clerical employee at a church filed an administrative charge for alleged sex discrimination, harassment and retaliation by a minister. While the insured took action as soon as it learned of the claimant's allegations, the insured wanted to settle early on to avoid bad publicity. The matter settled at mediation for **\$160,000**. Multiple insurers contributed to the settlement, with the Directors' & Officers' portion totaling **\$62,500**. Costs of defense on the D&O policy were **\$25,000**.

A former Executive Director of a religious organization filed suit for alleged sexual orientation discrimination. The matter settled for **\$90,000**, **\$80,000** of which was paid by the D&O policy. Costs of defense were **\$15,900**.

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Art and Cultural Organizations: What Could Go Wrong?

A security guard employed by a museum asserted he was sexually harassed by a female employee. He claimed he was terminated shortly after making the complaint. A key witness for the defense was leaving employment on unrelated, but less than favorable terms, making the resolution of the matter necessary. The case settled for **\$17,000** and the incurred costs of defense were **\$27,000**.

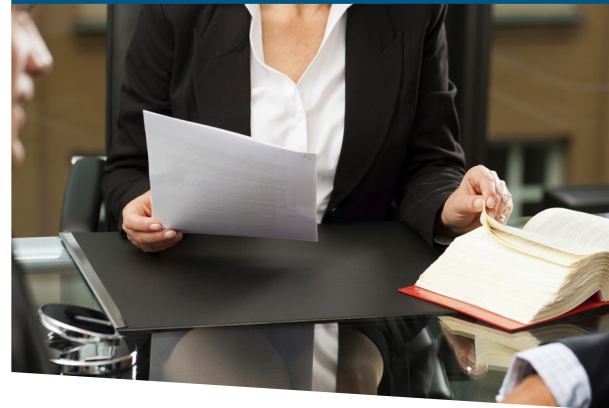
The former Director of a library filed suit for alleged breach of employment contract and unpaid wages and filed an administrative charge for alleged race discrimination. The matter settled for **\$124,495**, with an additional **\$42,690** in defense costs.

Three former employees of a cultural education organization threatened suit against the organization for failure to pay overtime wages, a hostile work environment, gender discrimination, retaliation, constructive discharge, unfair competition and intentional interference with business relationships. The employees contended the organization forced them to leave their employment and then threatened to sue them when they made efforts to start a competing organization. This matter settled early for **\$142,500**, with an additional **\$14,200** in defense costs.

An executive of a cultural organization filed an administrative charge and suit for alleged harassment and discrimination based on her pregnancy. The claimant also alleged improper termination following her refusal to sign false statements to the government. The matter settled for **\$360,000**, with an additional **\$46,000** in defense costs.

Two former kitchen employees of a historic restaurant claimed sexual harassment and assault after it was discovered they were working without documented legal status. They pursued claims with the state administrative agency that aggressively pursued their claim, despite the fact the claimants were in the country illegally. The case settled for **\$150,000** and defense costs exceeded **\$175,000**.

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