



**MJ INSURANCE**  
SORORITY DIVISION

**Directors & Officers Case Study**

**Scenario**

Two former members accused of hazing alleged that they were not given the required due process in their inappropriate dismissal from the organization. An actual lawsuit was not filed in the matter. A claim was submitted and the insurance carrier assigned defense counsel who worked with the claimants' attorney to prove to him that the members were given due process and the termination of membership was appropriate. The claimant's attorney eventually dropped the claim. However, the insurance company paid over \$5,000 in defense costs.

*Issues to Discuss*

1. The above claim example demonstrates the importance of following all proper procedures and policies when it comes to disciplinary issues. Even though the organization in this situation felt that they were on solid footing in how they handled the former members' dismissals, the insurance company still paid over \$5,000 to defend the claim on the organization's behalf. What are your organization's policies and procedures regarding membership discipline and termination?
2. What additional risk management policies might minimize the likelihood of a claim like this happening again?