



**MJ INSURANCE**  
SORORITY DIVISION

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## **DIGGING DEEPER: DIRECTORS & OFFICERS COVERAGE**

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We often receive phone calls and emails from new volunteers asking whether or not their organization carries Directors and Officers (D&O) coverage. First, yes, your organization carries D&O coverage to protect you as an officer of the Fraternity/Sorority. However, I wanted to take the opportunity to explain some common misconceptions regarding D&O coverage.

D&O coverage provides errors and omissions coverage to protect individuals who serve on boards of an organization and is commonly referred to as wrongful acts coverage for an organization's directors and officers. For example, a D&O claim would arise if a third-party alleged that they didn't approve of the money the house corporation spent on a recent renovation project.

Since January of 2005, the Sorority Book of Business (the totality of our women's fraternity/sorority clients) has had thirteen D&O claims in which the insurance company has paid indemnity or defense costs. In the last several years, we have seen an uptick in the number of D&O claims. Breach of contract and wrongful termination (typically membership) appear to be the leading allegations in those claims.

Conversely, we see the greatest exposure for our clients' volunteers as the exposure to being named in a **liability** lawsuit. For these reasons, it is important to verify with any organization on whose behalf you are volunteering your time and talents that the organization carries adequate liability limits that protect the organization's volunteers in the event of a claim. Fortunately for the volunteers of our clients, your organization has already ensured that their volunteers are protected from a liability standpoint whenever they are acting on the behalf of and in the best interests of the Fraternity/Sorority. Refer to your Insurance Overview to verify your organization's specific liability and umbrella limits. While acting in the capacity as a volunteer for the Fraternity/Sorority, it is important to make certain you are following your organization's policies and guidelines in order to guarantee protection under the insurance program.

As a volunteer for your fraternity/sorority or other volunteer positions that you likely hold, it is important that you arm yourself with as much information as possible about the liability associated with your position with the organizations you serve.