



**House  
Legislative  
Analysis  
Section**

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## **NONPROFITS: LIABILITY**

House Bill 4533  
Sponsor: Rep. Lyn Bankes  
Committee: Judiciary

Complete to 4-16-93

### **A SUMMARY OF HOUSE BILL 4533 AS INTRODUCED 3-23-93**

The Nonprofit Corporation Act allows a nonprofit corporation's articles of incorporation to include provisions not inconsistent with various specified provisions. Among those is a provision that a volunteer director is not personally liable for monetary damages for a breach of the director's fiduciary duty. However, the articles may not limit a director's personal liability for any of several listed things such as gross negligence or intentional misconduct. The bill would instead allow limits on a director's liability for those listed things, and allow a volunteer director's liability to be eliminated.

The bill also would allow a nonprofit corporation to assume liability for all acts and omissions of a nondirector volunteer occurring on or after January 1, 1994, if certain conditions were met. The volunteer would have to have been acting in good faith and within what he or she believed was the scope of his or her authority; the volunteer's conduct could not have amounted to gross negligence or willful and wanton misconduct; the volunteer's conduct could not have been an intentional tort; and, the volunteer's conduct could not have been a tort involving a motor vehicle to which the no-fault law would apply.

If a nonprofit assumed liability for nondirector volunteers as described above, a claim for monetary damages could not be brought against a volunteer, but would have to instead be brought against the corporation.

MCL 450.2108 and 450.2209

House Bill 4533 (4-16-93)