



**House  
Legislative  
Analysis  
Section**

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**NONPROFIT CORP. VOLUNTEERS**

**House Bill 4665**

**Sponsor: Rep. Lyn Bankes**

**Committee: Corporations & Finance**

**Complete to 5-3-91**

**A SUMMARY OF HOUSE BILL 4665 AS INTRODUCED 4-16-91**

The nonprofit corporation act provides that a nonprofit corporation's articles of incorporation may contain any provision not inconsistent with provisions specified in the act, including a provision which says that a "volunteer director" is not personally liable to the corporation, its shareholders, or its members for monetary damages for a breach of the director's fiduciary duty. The bill would amend the act to allow the articles of incorporation to include a provision stating that a nonprofit corporation assumed the liability for all acts or omissions of a "nondirector volunteer" (meaning a person other than a volunteer director who performed services for a nonprofit corporation without being paid for them except for reimbursement for actual expenses incurred) that occurred on or after January 1, 1993. This provision would apply if:

- \* the volunteer had acted or "reasonably believed" he or she had acted within the scope of his or her authority;
- \* the volunteer had acted in good faith;
- \* the volunteer's conduct did not amount to gross negligence or willful and wanton misconduct, nor was an intentional tort; and
- \* the volunteer's conduct was not a tort that arose out of the ownership, maintenance, or use of a motor vehicle for which tort liability could be imposed as provided under a section in the Insurance Code pertaining to tort liability.

If a nonprofit corporation's articles contained such a provision, then a claim for monetary damages for a nondirector volunteer's acts or omissions could not be brought or maintained against a nondirector volunteer, but would have to be brought and maintained against the corporation itself.

MCL 450.2108, 450.2209, and 450.2556