



PHI KAPPA TAU FRATERNITY

LIABILITY AND PROPERTY INSURANCE AND  
CLAIM MANUAL

POLICY YEAR: 2004 - 2005

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## **Adding Additional Insureds**

Additional Insureds may be added to this policy at no additional charge. Such insureds may be your landlord, college, university and/or proprietor from whom the chapter may be renting property for a special event. Request for an additional insured endorsement should be made in writing at least three weeks in advance of any event and sent to Phi Kappa Tau Fraternity, Attn: C. Steven Hartman, Chief Executive Officer, 5221 Morning Sun Road, Oxford, OH 45056 Telephone # (513) 523-4193 (X239), Facsimile # (513) 523-9325. Upon approval of the request by Phi Kappa Tau Fraternity a certificate of insurance will be issued by the Insurance Administrator with the original forwarded to the Additional Insured and a copy to your attention.

## **What Doesn't Our Coverage Include?**

- A) Any claim of bodily injury and/or property damage from an incident resulting when:
- 1) An illegal act was performed.
  - 2) An intentional act was performed.
  - 3) A contract made by the chapter is broken.
  - 4) There is any discharge, release or escape of smoke, vapors, soot, fume, acids, toxic chemicals, etc... upon land, the atmosphere or any water course or body of water.
  - 5) A chapter employee is hurt on the job. Workers' Compensation coverage must be purchased locally by each chapter with any employees.
- B) Any claim of property damage to property owned by, rented by, used by, or cared for by the chapter. An example, the chapter rents a portable generator for an outdoor function, and while it is in the care, custody and control of the chapter it is damaged and the lessor holds the chapter responsible and liable. No coverage is available under our liability insurance contract.

## **House Inspections**

The insurance company has the right to make inspections and surveys at any time, the Phi Kappa Tau Fraternity Executive Office reports on the conditions that are found and recommend changes. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. Chapters and housecorporations will be given advance notification of any inspections and copies of all reports.

## **Legal and Illegal Activity**

- \* Compliance with federal, state, local and institutional laws/regulations is required.
- \* Compliance with the regulations and policies of Phi Kappa Tau Fraternity.

Simply stated, no insurance policy in the world provides coverage for violations of the law. The Phi Kappa Tau insurance program is no exception to this rule. The key points to understand are:

Those individuals who choose to violate these rules may void the protection for themselves under the Phi Kappa Tau insurance program. Their actions do not jeopardize the other members, other entities, or other named insureds protected by the Phi Kappa Tau program. The following brief examples are intended to provide illustration and do not represent legal advice.

- A) With the broad awareness of its membership, the chapter serves alcohol to a minor in violation of the law at a chapter sponsored function. In the event of an injury, claim or lawsuit, those persons found to be in violation of the law and/or FIPG Policy (in this case the entire chapter) most likely would be without insurance protection. The other named insureds would be protected. (i.e. House corporations or volunteer alumni)
- B) Two of the members of a 65-man chapter cause injury to someone in connection with a hazing incident. This activity was unauthorized and done secretly without the knowledge of the chapter, and strictly against chapter policy. In the event of an injury, claim or lawsuit, those persons (in this case, the two members) found to be in violation of the law and FIPG Policy could be without insurance protection. The chapter, house corporation, and other named insureds would be protected.

Great effort has been made to ensure coverage will be provided to those individuals and entities exposed to claims through no fault of their own. Chapters and chapter officers are protected from the unauthorized actions of individuals. The assets of house corporations are protected from the unauthorized actions of their chapters. Chapter advisors are protected from the unauthorized actions of their individual chapter members and the chapter as a whole, as are the house corporations and all other appointed alumni volunteers involved with the Fraternity.

All questions regarding insurance interpretation and coverage should be directed to the Insurance Administrator, c/o HRH/ Kirklin & Co., LLC, Attn: Rohnda Roehrs, P.O. Box 540673, Omaha, NE 68154, Phone- (402) 498-0464 (ext. 205), (800) 736-4327, Fax- (402)492-8421.

## RECOMMENDATIONS FOR SAFE TRANSPORTATION FOR CHAPTER FUNCTIONS

Liability exposure continues to be one the biggest challenges facing men's general fraternal organizations. In fact, the exposure threatens the continued existence of many organizations. Phi Kappa Tau Fraternity recognizes this and is attempting to provide the broadest general liability coverage available to us; however, we cannot do it without the support of the entire organization. It is important that sound risk management practices endorsed at the national level are implemented and strictly followed at the chapter level.

Part of your chapter's risk management assessment includes an endorsement to the General Liability policy for liability exposure arising out of the use of rental and nonowned autos. Primarily due to poor loss experience, the insurance companies that are willing to underwrite fraternities are becoming increasingly reluctant to offer this extension of coverage. In order to retain this coverage it is imperative that we collectively implement a policy that will ensure we are mitigating the exposure this risk presents.

Effective immediately, we request each local chapter and colony implement a policy eliminating the use of:

1. Members' vehicles for transportation of members and guests from fraternity functions in programs such as the designated driver.
2. Leased or rented vehicles operated by members to transport members and guest from fraternity functions.

We understand that each of the above referenced precautions is done with the best intentions, however, for numerous reasons they have not produced the intended results. The only acceptable and safe alternative is using professional transportation services.

Outlined below is one of many examples of how a good intention can turn into a tragedy:

A local chapter of a national fraternity in Oregon held an off-premise social event. In effort to provide a safe and fun environment, the chapter rented a 15 passenger van to transport members and guests to and from the location of the event. During one of the return trips, the sober member who was driving the van lost control and struck a telephone pole. The result was one passenger fatally injured and one seriously injured. Litigation soon followed and, ultimately, a substantial settlement was paid out on the claim.

From the description of the measures taken it would appear that everything was done correctly. What went wrong?

- √ The driver of the vehicle was unfamiliar with the van. Think about the times you jumped into a friend or family member's vehicle. You search for the light switch, the air conditioning controls or how to dim the lights.
- √ The driver was not a professional driver; while he might have been sober, his passengers were not. Dealing with the distraction of passengers can be difficult even for professional drivers.

- √ The General Liability Hired and Nonowned Auto Coverage afforded under the national fraternity's liability policy was immediately put into play due to the rental company and driver's insurance having insufficient limits to pay the entire amount of damages.

Because of situations such as this, we are requesting only professional drivers and transportation be utilized. This is just one example. Unfortunately, we could fill page after page with similar tragedies. We recommend the following requirements for any selected vendor employed to provide transportation to members and guest:

- Commercial Auto Insurance that provides coverage for transporting people and property for a fee.
- Commercial Auto Insurance that provides, at a minimum, primary coverage of \$1,000,000.00 combined single limit for bodily injury and property damage.
- A professional driver who has a valid commercial vehicle operator's license in the state in which the driver is located.

The standards set forth should be addressed in both a formal undergraduate and alumni association business meeting. By working together to consistently meet these standards, we will be providing safe transportation that all previous measures had failed to accomplish and, together, we will be reducing the exposure to our undergraduate brothers', chapters and the national fraternity. This is ultimate win-win situation we all want to achieve.

The following description is a summary only and is not intended to serve as a substitute for the actual insurance contract.

The Chapter Property Insurance Program is voluntary and open for participation of any chapter who is covered by the Phi Kappa Tau Fraternity liability program. If your chapter does not presently participate in the property program and you wish to be provided a coverage and premium proposal, please see the end of this section for details.

The property program provides all risk coverage insuring the building, contents, business income (loss of rents), extra expense and boiler and machinery of property owned or leased by the local chapter or housing corporation.

It must be understood, however, that this coverage does not insure the belongings of the individual members of the chapter. Each chapter member must ensure that their personal property is covered by their parents' homeowners coverage. If not, each member should purchase renters coverage through a local insurance agent to insure their personal property.

|           |                                     |   |
|-----------|-------------------------------------|---|
| Insurers: | Property -<br>Equipment Breakdown - | RSUI Indemnity Company<br>Hartford Steam Boiler Ins Co. |
|-----------|-------------------------------------|---|

|                |                               |
|----------------|-------------------------------|
| Policy Period: | April 1, 2004 - April 1, 2005 |
|----------------|-------------------------------|

|                 |                                     |                         |
|-----------------|-------------------------------------|-------------------------|
| Policy Numbers: | Property -<br>Equipment Breakdown - | NHD332474<br>FBP2202592 |
|-----------------|-------------------------------------|-------------------------|

|                    |  |
|--------------------|--|
| Policy Deductible: | \$ 2,500 Per Occurrence except;<br>\$10,000 Tenant or Member Vandalism<br>\$10,000 Freeze Claims<br>\$10,000 Vacant Properties<br>\$10,000 Named Storm/Hurricane<br>\$ 25,000 Flood & Earthquake<br>( 5% of actual cash value of insured values at the<br>damaged location for California Earthquake losses<br>with a minimum deductible of \$25,000)<br>Maximum NFIP limit whether purchased or not for locations in Flood<br>Zone A or V |
|--------------------|--|

**The Fraternity coverage includes;**

1. "ALL RISKS" OF PHYSICAL LOSS OR DAMAGE

Extends protection of physical loss or damage to include vandalism, malicious mischief, burglary and theft, etc.. Coverage is included for all causes of loss except those excluded by the insurance contract.

2. REPLACEMENT COST COVERAGE

Provides for the full replacement of the building and contents owned by the chapter or housing corporation if the physical plant is damaged or completely destroyed, up to the limits of coverage purchased for their premises. If the property is valued at the great of current valuation on file or \$90 per square foot, Guaranteed Replacement Cost coverage (GRC) applies. GRC (HRH/Kirklin & Co. LLC term for description purposes) will pay for full replacement of the structure regardless of the building limit shown on the policy. All Chapter housing corporations should at least annually assess the replacement cost of their premises to make sure the location is properly insured. All limits of coverage/value of property changes should be reported to the Insurance Administrator, c/o HRH/Kirklin & Co., LLC, Attn: Rohnda Roehrs, (Ext 205) P.O. Box 540673, Omaha, NE, 68154, Telephone #(402) 498-0464, (800) 736-4327, Facsimile # (402) 492-8421.

3. AGREED AMOUNT COVERAGE

Provides for removal of the coinsurance clause ensuring that a chapter will not be penalized for unintentional undervaluation of a chapter property. A chapter must still ensure that the values reported to the insurance carrier are correct, the policy will only pay up to the values reported. For example, if a local housing corporation reports building values of \$400,000 and the chapter suffers a total loss and is in need of \$800,000 to replace the structure, the insurance carrier will only pay \$400,000.

4. BUSINESS INCOME (LOSS OF RENTS) COVERAGE

Provides for the payment of rental income to the house corporation that would otherwise be lost if the house can no longer be occupied due to a fire or to other extensive damage that prohibits occupancy.

5. EXTRA EXPENSE COVERAGE

Provides for the payment of additional expenses that a chapter or corporation might incur if a fire or extensive property damage requires extraordinary expenditures.

6. EARTHQUAKE AND FLOOD COVERAGE

Coverage is provided for both of these causes of loss.

7. LAW AND ORDINANCE COVERAGE

Provides the full building limit of coverage should the undamaged portion of the structure have to be torn down due to local building ordinances and reconstruction from ground up be required. Policy also provides \$ 250,000 as a combined limit for demolition and increased costs of construction (e.g. mandated installation of sprinklers, elevator, handicap ramp etc...) to bring damaged structures up to current building code requirements following a fire or other extensive damage to a chapter house. Standard property insurance policies only require the insurance company to return the property to its original state and likely will not provide the additional funds needed to bring the property in compliance with current building code requirements.

## 8. EQUIPMENT BREAKDOWN COVERAGE

Provides protection for losses suffered as a result of accidental damage or mechanical or electrical system failure in a chapter house from boilers, heating and cooling systems, hot water supply tanks, compressors, pumps, transformers,

### **What is covered ?**

The property program will pay for property claims, up to the limit of coverage provided by the local chapter or housing corporation, resulting from a covered cause of loss for damage to or loss of:

- A) Building owned by the local housing corporation or chapter.
- B) Contents owned by the local housing corporation or chapter.
- C) Business Income (Loss of Rents) suffered by the housing corporation.
- D) Extra Expense suffered by the housing corporation or chapter.
- E) Boiler, Machinery or Electrical Apparatus owned by the housing corporation or chapter.

### **What is not covered ?**

- A) Damage to personal property of chapter members, employees or guests.
- B) Losses arising out of pollution contamination or asbestos.

### **How does a chapter participate in the Chapter Property Insurance Program ?**

If your chapter is interested in receiving a coverage and premium proposal, please have a housing corporation officer or alumnus/chapter advisor contact the Insurance Administrator, c/o HRH/Kirklin & Co., LLC, Attn; Suzanne Haas (ext. 203), P.O. Box 540673, Omaha, NE, 68154, Telephone # (402) 498-0464, (800) 736-4327, Facsimile # (402) 492-8421. Attached is a questionnaire that will need to be completed, signed and submitted by a housing corporation officer, alumnus/chapter advisor before coverage can be bound, please complete, fax or mail the questionnaire and a written premium indication will be returned by mail. If you are in a hurry, indications can be provided over the telephone.



**If unable to provide updates from the previous page and the physical plant was built prior to 1970, please answer the questions in SECTION I. (If updates are provided, or if the physical plant was built after 1970, please skip to SECTION II.)**

## **SECTION I**

### **1. Electrical Wiring**

A. Does the system use a fuse box with removable fuses or a circuit breaker box?  
Removable fuses \_\_\_\_\_ Circuit Breaker Box \_\_\_\_\_

B. Is there an annual inspection of the system by an outside contractor? Yes \_\_\_\_\_ No \_\_\_\_\_

### **2. Heating, Ventilation, Air Conditioning**

A. Does the heating system appear to be original or an updated system?  
Original \_\_\_\_\_ Updated \_\_\_\_\_

B. Is there an annual inspection of the system by an outside contractor? Yes \_\_\_\_\_ No \_\_\_\_\_

### **3. Plumbing**

A. Are there any known leaks or problems with the plumbing system? Yes \_\_\_\_\_ No \_\_\_\_\_

B. Please check the box that best describes the plumbing system:  
Plastic pipes \_\_\_\_\_ Copper pipes \_\_\_\_\_ Galvanized steel pipes \_\_\_\_\_

### **4. Roof**

A. Are there any known leaks? Yes \_\_\_\_\_ No \_\_\_\_\_

## **SECTION II**

**5. Number of Smoke Alarms:** Battery \_\_\_\_\_ Wired \_\_\_\_\_ # of Fire Extinguishers \_\_\_\_\_

**6. Square Footage:** \_\_\_\_\_ (Total)

**7. Kitchen on Premises:** Yes \_\_\_\_\_ No \_\_\_\_\_

If Yes: Metal hood with ansul system? Yes \_\_\_\_\_ No \_\_\_\_\_

**8. Boiler on Premises:** Yes \_\_\_\_\_ No \_\_\_\_\_

**9. Building Sprinklered:** Yes \_\_\_\_\_ No \_\_\_\_\_ If Yes: Covers what percent of total area? \_\_\_\_\_%

**If you answered yes to question #9, please answer the following questions in order to qualify for additional premium discounts:**

10. Is the sprinkler system serviced by an outside contractor? Yes\_\_\_\_\_ No\_\_\_\_\_

**If yes: (If no, skip to question #13.)**

11. Provide name and address of contractor: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

12. Date of last contractor inspection: \_\_\_\_\_

13. Are there any automatic sprinkler alarms to an off-premises station? Yes\_\_\_\_\_ No\_\_\_\_\_  
If yes, date of last sprinkler system alarm test: \_\_\_\_\_

**Coverage Information**

Expiration date of current policy: \_\_\_\_\_

Current carrier: \_\_\_\_\_

Current property premium: \_\_\_\_\_

Building Limit: \_\_\_\_\_ Replacement Cost

Contents Limit: \_\_\_\_\_ Replacement Cost

Loss of Rents Limit: \_\_\_\_\_ Annual Value

Other: \_\_\_\_\_

**PLEASE NOTE: You are responsible to insure to value.**

Any known losses in last 5 years? Yes\_\_\_\_\_ No\_\_\_ If yes, provide details on separate page.  
\_\_\_\_\_

**You attest to the fact that the questions on this form have been answered completely and no material facts have been intentionally omitted.**

Completed by: \_\_\_\_\_

Title: \_\_\_\_\_

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

**Please remit to: HRH/ Kirklin & Co., LLC. P.O. Box 540673  
Omaha, NE 68154 Fax: 402-492-8421**

# PHI KAPPA TAU FRATERNITY OTHER INSURANCE COVERAGES

## *Directors' & Officers' Liability Coverage*

The National Insurance Program of Phi Kappa Tau offers Directors' & Officers' Coverage to all Undergraduate Chapters and House Corporations. Directors' & Officers' Coverage protects all Directors, Officers, Volunteers and the Entity for claims arising out of the failure or negligence in carrying out your fiduciary duties of diligence, obedience and loyalty to the organization that you serve as a Director and/or Officer. Claims covered under a Directors' & Officers' Liability Contract are claims for financial injury and not bodily injury or property damage of a third party that are insured by the General Liability Coverage of the Fraternity. In addition, the Directors' & Officers' Liability Coverage of the Fraternity provides Employment Practices Liability Coverage that protects the Chapter/House Corporation from claims arising out of allegations of Discrimination, Harrassment or Wrongful Termination arising in a employer/employee relationship. These claims are not insured by the General Liability or Workers' Compensation Coverage of the Chapter/House Corporation.

Overview of the coverage is as follows;

|                    |   |
|--------------------|---|
| Insurance Carrier: | Landmark American   |
| Policy Term:       | February 23, 2003 to February 23, 2004  |
| Policy Number:     | LHP615306   |
| Limit of Coverage: | \$ 2,000,000 Per Occurrence<br>\$ 2,000,000 Policy Aggregate  |
| Deductible:        | \$ 10,000 Co. Reimb Entity and EPL<br>\$ 0 Individual D&O Each Claim/Aggregate<br>\$ 5,000 Affiliates |

## Member Accident Protection Coverage

The Fraternity's insurance program includes member accident protection as a benefit of membership. This covers *all U.S. undergraduate members and pledges* of Phi Kappa Tau that meet the following criteria:

- In good standing with the Fraternity
- Membership has been reported to International Headquarters
- All pledge initiation, undergraduate and risk management/insurance dues have been paid
- Currently enrolled at the college or university where your chapter is located.

If the accident occurs during summer or holiday break, you must have been enrolled during the prior school term and be enrolled for the next term.

This coverage is intended to compliment health insurance you should already have through your parents or other arrangements. The policy pays the first \$500 of covered medical expenses without regard to whether or not other coverage is available. Additional benefits will be paid when the deductible has been met and the eligible medical expense is not recoverable from any other insurance policy, service contract, or workers' compensation policy. This policy will reimburse deductibles and co-pays of health insurance programs.

An overview of the coverage is as follows:

Insurance Carrier: Markel Insurance Company.  
Policy Term: September 1, 2004- September 1, 2005  
Policy Number: 4102HA256478  
Limits of Coverage: \$ 100,000 Accidental Medical Expense and/or Dental Injury Accident Maximum  
\$5,000 Accidental Dismemberment and/or Accidental Death Benefit  
52 Week Benefit Period  
Primary for the first \$500, then excess  
\$25 Deductible

The Policy does not cover Loss nor provide benefits for:

- Expenses for treatment on or to the teeth, except for treatment resulting from Injury to natural teeth;
- Eyeglasses, hearing aids, and examination for the prescription or fitting there of;
- Suicide, attempted suicide or intentionally self-inflicted Injury;
- Injury due to participation in a riot;
- Cosmetic surgery;
- Loss resulting from air travel, except as a fare-paying passenger on a commercial airline;
- Injury or Sickness resulting from any declared or undeclared war;
- Injury or Sickness while in the armed forces of any country;
- Injury or Sickness covered by any worker's comp or occupational disease law;
- Treatment provided in a government Hospital unless the Insured is legally obligated to pay such charges;
- Infections except pyogenic or bacterial infections caused wholly by a covered Injury or Sickness;
- Claims occurring while parachuting or hang-gliding; or injuries sustained while traveling in or on any two or three wheeled motor vehicle operated by a person who does not hold a valid operator's license;
- Expenses covered by any other policy;
- Hernia in any form;
- Sickness or disease, in any form;
- Fighting, unless an innocent victim;
- Injuries due to intramural tackle football, hockey or rugby. All other intramural activities are covered;
- All intercollegiate sport participation including off season conditioning.

## PHI KAPPA TAU FRATERNITY INCIDENT/CLAIM REPORTING FORM

When an incident arises at the chapter causing any bodily injury or property damage to any person, the following information must be obtained immediately. This report is being prepared for submission to our attorney so please be thorough and upon completion, send a copy of the report to:

**Phi Kappa Tau Fraternity**  
**Attn: C. Steven Hartman, Chief Executive Officer**  
**5221 Morning Sun Road**  
**Oxford, OH 45056**

If the bodily injury is of a serious nature, a telephone call to Mr. Hartman at (513) 523-4193, Facsimile # (513) 523-9325 should also be made.

Date of Incident: \_\_\_\_\_

Fraternity/ChapterName: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Chapter President: \_\_\_\_\_

Telephone#: \_\_\_\_\_

Chapter Advisor: \_\_\_\_\_

Telephone #: \_\_\_\_\_

Name of Injured Party: \_\_\_\_\_

Telephone # of  
Injured Party: \_\_\_\_\_

Witnesses: \_\_\_\_\_

Telephone # of Witnesses: \_\_\_\_\_

Description of  
What Happened:  
(What, When, Where  
How, How Much) \_\_\_\_\_

\_\_\_\_\_

Please utilize the back side of this form if you should run short of room.