

## BASIC INSURANCE PROGRAM INFORMATION

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### FRATERNITY & SORORITY RISK MANAGEMENT AND INSURANCE PROGRAM

This brochure was developed to address the questions most commonly asked by Fraternities and Sororities, their officers, house corporations, chapters, and volunteers about understanding the various coverages in a master fraternity/sorority insurance program.

1. **COMMERCIAL GENERAL LIABILITY:** This coverage, often referred to as General or Public Liability insurance, provides insurance protection against bodily injury and property damage claims brought against the insureds by third parties or members of the public. **The basis for such claims is an allegation of negligence against one or more of the insureds which has resulted in damages to the third party.**
2. **HIRED & NON-OWNED AUTOMOBILE LIABILITY:** This coverage provides insurance protection against bodily injury and property damage claims brought against the insureds by third parties or members of the public. **The basis for such claims is an allegation of negligence with respect to the ownership or use of a covered automobile, which has resulted in damages to the third party.** If a claim or lawsuit is filed against the insureds, the insurance company has the right to settle and a duty to defend the insureds against the claim or suit. **This coverage does not provide or replace anyone's personal automobile insurance. In most states the insurance of the automobile operator or owner will be primary.**
3. **EXCESS LIABILITY:** This coverage provides additional limits of insurance protection in excess of your Commercial General Liability and Hired & Non-Owned Automobile Liability coverages. **It protects against the insureds' exposures to catastrophe size or types of losses such as freak injuries, auto crashes, fires, or other accidents that no one thought could happen or for which they felt they could not possibly be held accountable.** It pays those insured losses that exceed the limits of the Commercial General Liability or Automobile Coverages, up to the separate additional limits of coverage under the Excess Liability policy.
4. **DIRECTORS & OFFICERS LIABILITY:** This coverage provides insurance protection for directors, officers, volunteers, employees, and for the organization. The basis for such claims is an allegation of "Wrongful Acts" against the insureds individually or the organization. **"Wrongful Acts" means any actual or alleged act, error, omission, misstatement, misleading statement, neglect, or breach of duty by the directors, officers, or the organization in the discharge of their duties.** If a claim or lawsuit is filed against the insureds, the insurance company has the right to settle and provides coverage to defend the insureds against the claim or suit.

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#### DISCLAIMER NOTICE

This basic information has been prepared as information only. The actual insurance policies are subject to definitions, exclusions, limitations, and various other terms and conditions. This information does not amend, extend, or alter the coverage afforded by the actual policies.

5. **PROPERTY:** This coverage provides insurance protection against direct physical loss or damage to property owned by the Fraternity or Sorority. Coverage extends to buildings, contents including Electronic Data Processing (EDP) equipment and Fine Arts, Loss of Income, and Extra Expense.
 

**Replacement Cost** protection is provided for building and contents. **Actual Loss Sustained** protection is provided for Loss of Income and Extra Expense. Fine arts such as silver, jewelry, paintings and items of rarity or historical nature are protected for **Market Value**, without requirements for schedules or specific valuations. **Building Codes or Law & Ordinance Coverage** provides insurance protection for the costs of compliance with such areas as the Americans with Disabilities Act (ADA), life safety codes, or sprinkler ordinances, when they are triggered by insured losses.
6. **EQUIPMENT BREAKDOWN & TECHNOLOGY:** For Fraternity or Sorority owned property, this coverage provides insurance protection for the types of property and against the kinds of losses not covered by property insurance. **Boilers, heating, refrigeration or air conditioning systems, computers, or other microelectronics failures, and virtually all other forms of electrical or mechanical equipment breakdown are protected.** Common causes of losses are explosion, burning or cracking, motor burnouts, electrical damage, power overloads, food spoilage, and mechanical breakdowns from centrifugal force or metal fatigue. **80% of all claims are from electrical or air conditioning equipment.** As with the property coverage, **Replacement Cost, including Building Codes or Law & Ordinance Coverage, Loss of Income, and Extra Expense protection are also provided.**
7. **EARTHQUAKE & FLOOD:** For Fraternity or Sorority owned property, this coverage provides insurance protection against specific types of potentially large or catastrophic Earthquake and Flood losses. Coverage is subject to separate Annual Aggregate Limits for Earthquake and Flood. For its specific perils, this insurance coverage provides the same type of protection as the Property and Equipment Breakdown insurance coverages. **Due to the wide variation in these exposures, premiums vary based on your location's exposures.**
8. **COMMERCIAL CRIME:** This coverage provides insurance protection on behalf of the insureds against loss of money, securities, or other property, **due to the fraudulent or dishonest acts of employees or volunteers.** Dishonest acts may be committed by any person while acting alone or in collusion with others. **Dishonest acts must exhibit the intent to cause the insureds loss or to obtain financial benefit for themselves or others.**
9. **TRAVEL ACCIDENT:** This coverage provides insurance protection against Accidental Death for persons traveling on behalf of the Fraternity or Sorority. Coverage for Loss of Limbs, Speech, Hearing, or Sight is also provided. Protection is provided **only for business travel on behalf of the Fraternity or Sorority.** Travel must be directed by or with the knowledge and approval of the Fraternity or Sorority boards, a board member, or the Fraternity or Sorority Headquarters. **This coverage does not apply to travel for events at the local chapter or house corporation level.**
10. **CYBER SECURITY LIABILITY:** This coverage is used to protect the Fraternity or Sorority from internet-based risks, and more generally from risks relating to information technology infrastructure and activities. Risks of this nature are typically excluded from traditional commercial general liability policies or at least are not specifically defined in traditional insurance products. **Coverage provided by cyber-insurance policies commonly include first-party coverages against loss of digital assets, cyber extortion, hacking, theft, cyber terrorism, and denial of**

**service attacks;** liability coverage indemnifying companies for losses to others caused, for example, by errors and omissions, failure to safeguard data, or defamation; and other benefits including regular security-audit, post-incident public relations and investigative expenses, and criminal reward funds.

11. **WORKERS' COMPENSATION:** This coverage is a form of insurance providing **wage replacement and medical benefits to employees injured in the course of employment** in exchange for mandatory relinquishment of the employee's right to sue his or her employer for the tort of negligence. While plans differ among jurisdictions, provisions can be made for weekly **payments in place of wages, compensation for economic loss** (past and future), **reimbursement or payment of medical and like expenses, and benefits payable to the dependents of workers killed during employment.**

## Reporting of Claims or Accidents & General Claims Duties

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Any loss or claim that may involve the protection afforded by your insurance program should be reported promptly to Favor & Company. Prompt reporting often prevents minor claims from becoming major problems. **Failure to report claims promptly violates one of the conditions of your insurance policy and could relieve the insurance company from the responsibility for payment of an otherwise valid claim.**

**A phone call or email message will begin the claim service process. If written reports are necessary, they should be forwarded as soon as possible.** Once the initial report is received, claims adjusters from the nearest office of the insurance company or independent adjusters from your local community will be assigned as necessary. **Please make everyone concerned aware of the following important duties regarding claims:**

- ✓ **Report Claims promptly to:** Favor & Company, 14466 East Evans Avenue, Aurora, Colorado, 80014 (800) 344-7335 • (303) 750-1122 • FAX (303) 745-8669 • [www.favorandcompany.com](http://www.favorandcompany.com)
- ✓ **Emergency medical treatment for injured persons:** As necessary, secure appropriate emergency medical attention for any and all injured persons.
- ✓ **If suit is filed or legal process served:** If suit, legal process or claim notice is served upon anyone, **immediately notify and forward copies of the suit materials to James R. Favor & Company, your organization, and the insurance company claims adjuster.**
- ✓ **Do not admit liability, accept responsibility, or make public statements:** Your insurance policy requires that no one shall, except at their own expense, make any payments, assume obligations, or incur any expense other than first aid. **Only the insurance company is authorized to accept responsibility, pay for repairs, defend, or otherwise settle a claim.**
- ✓ **Cooperate with the insurance company:** As requested, authorize the insurance company to obtain and inspect necessary records and other information. Cooperate with the insurance company in the investigation, defense, and settlement of all claims.
- ✓ **Assist with the insurance company's rights:** As requested, assist the insurance company in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which your insurance applies.