



Memorandum

TO: Chapter Archons, Chapter Treasurers, Chapter Secretaries, Chapter Advisors, Financial Advisors, Housing Corporation Presidents, and Housing Corporation Treasurers

FROM: Chris Conner, assistant executive director of chapter development

SUBJECT: 2013-14 Risk Management/General Liability Insurance Program

DATE: April 22, 2013

As part of Pi Kappa Phi Fraternity's risk management program, we maintain a **comprehensive general liability insurance** program. **It is mandatory for all student chapters to participate in this program**, although we **voluntarily (and at no additional expense)** procure coverage under this program for **our local and national volunteers, universities (when required) and housing corporations.**

Pi Kappa Phi participates in **FRMT, Ltd., a Vermont captive reinsurance company**, with 27 other national fraternities to obtain its insurance from Landmark American Insurance Company and RSUI Indemnity Company. Both companies are rated A by AM Best & Co. For more information about FRMT, Ltd. and its members, consult its web-site at www.frmtltd.org.

ASSESSMENT SET AT \$180 PER MEMBER - ROSTER ADJUSTMENT DUE MAY 21, 2013

Each year, the aggregate cost to the Fraternity for this liability coverage is apportioned among our chapters on a per capita basis.

We are pleased to report that, due to positive claims experience over the past five years (and a corresponding reduction in the cost of our insurance coverage), **the risk management assessment per man for the 2013-14 program year will remain at \$180.00.** It is based upon your spring 2012 manpower as listed in your Green Report, less current seniors.

Your invoice for your risk management premium and a roster of your members, which provided the basis for this billing, is enclosed. Please note that this may be supplemented if the chapter under-reported its roster.

If there are any changes to the roster, they must be submitted to Ryan Lugabilh, director of chapter development via email by no later than May 21, 2013 or they will be disallowed.

Please note that the actual payment to FRMT, Ltd. by Pi Kappa Phi will not be determined until June 2013. Accordingly, the \$180.00 risk management assessment is an **estimate only and it may increase**, but it will not decrease from that amount. **If there is a further increase, then a supplemental billing will be sent in the fall.**

10% DISCOUNT FOR EARLY PAYMENT DUE MAY 21, 2013

We are pleased to be able to continue to offer a **ten-percent (10%) discount** for any chapter that prepays its risk management assessment IN FULL by May 21, 2012. Please remit by that date in order to take advantage of this discount.



ASSESSMENT DUE SEPTEMBER 2013 IF NOT PAID EARLY

For those chapters unable to pay early, **the risk management assessment is due in full by September 20, 2013 with no exceptions.** Due to the risk created by the conduct of some of our students and chapters, it is the policy of the National Council to not allow any chapter to remain open that has not paid its risk management assessment. Accordingly, please plan appropriately in your fall budget for the payment of these sums.

FALL 2013 NEW MEMBER ASSESSMENT BILLED JANUARY 2014

Also, Pi Kappa Phi will once again bill one-half of the fee (\$90.00) in January 2014 for those associates who join the chapter in the fall of 2013. There will be a separate supplemental billing at that time. This will provide each new associate member with one semester where they are not charged the risk management assessment since the spring associates are charged in the following fall semester. **Please note that these men are not included in the enclosed chapter billing. Accordingly, as part of your recruitment and associate member education process, each potential new associate member should be advised of their financial obligations to the Fraternity, including pre-initiation and initiation fees, member dues, insurance charges, and local chapter fees.**

INCENTIVE FOR GOOD RISK MANAGEMENT AND CHAPTER LEADERSHIP – 5% CHAPTER REBATE

We will be converting a portion of our student premiums into a **fund to reward good risk management and chapter leadership, so that those chapters who are holding all brothers accountable are not being punished by subsidizing those chapters that allow some brothers to put us all at risk.** Chapters will be able to earn a **5% rebate** at the end of the school year if they meet the following criteria: 1) no risk management violation and/or claim; 2) Current on all financial obligations to the Headquarters; 3) timely submission of pre-initiation and initiation cards, fees, and green report; 4) full attendance and participation at Mid Year Leadership Conference and Supreme Chapter and 5) completion of scheduled risk management and alcohol education programs.

EXTENT AND LIMITATION OF COVERAGE – SUBLIMITS IN EFFECT

For the insurance term, which began on **October 1, 2005** and continuing with subsequent terms, the policy limit has been lowered to **\$250,000 per occurrence and \$500,000 in the aggregate** per location/chapters for all policy insureds, entities and individuals, EXCEPT the National Fraternity, Foundation, Properties, Push America, Regional volunteers and its directors, officers and employees. This change was made after rigorous examination by the National Council, which recognized that the significant amount of insurance at the local level was driving up claim payouts. Also, they believe that in the long-term, reduced claims will eventually help stabilize, if not lower our insurance costs.

Pi Kappa Phi will once again maintain a **\$2,500.00 deductible per occurrence** and **\$250,000.00 in the aggregate self-insured retention.** These amounts are factored into the budget.

A description of the basic coverage, exclusions and endorsements will be available to you in the fall in a comprehensive liability insurance and claims manual provided by FRMT, Ltd.

Please note that the coverage is for bodily injury and property damage only. This protects the local chapter, its officers and members, our volunteer advisors, the housing corporation and its officers, and the National Fraternity, including the fraternity volunteers from claims arising out of bodily injury and property damage occurring at the premises or at chapter functions away from the premises. It will also protect against claims arising out of libel, slander, false arrest, invasion of privacy, eviction from the premises and incidental malpractice.



It must be understood, however, that our coverage is for general public liability. It is not accident insurance covering the uninitiated member from injury sustained on the chapter premises and/or at chapter activities. There is a separate **Member Accident Protection Program (MAPP)** described below. Liability insurance is not a substitute for medical health insurance. Further, it is not Workers Compensation insurance, which may be required for chapter employees such as cooks and housemothers, nor is it property or renters insurance.

Please note that the insurance does not cover certain types of activities under certain prescribed exclusions and endorsements, including but not limited to drivers of vehicles, as well as illegal activities such as violation of risk management policies, hazing and alcohol laws. ALTHOUGH THE CARRIER ULTIMATELY DETERMINES COVERAGE YOU MAY HAVE NO INSURANCE COVERAGE IF YOUR CHAPTER ENGAGES IN ILLEGAL ACTIVITIES, SUCH AS HAZING OR PROVIDING ALCOHOL TO MINORS.

CONSULT YOUR INSURANCE ADVISOR IF YOU THINK YOU NEED MORE COVERAGE

If a chapter, officer, member, volunteer, or Housing Corporation believes that the coverage is insufficient for their particular needs, then they should consult their insurance advisor and obtain additional insurance at their own expense. Willis HRH is available as a resource to place any additional insurance you believe you may need at 800-736-4327 or www.WillisFraternity.com

MEMBER ACCIDENT PROTECTION PROGRAM

As part of the overall package, we will continue to provide as part of the fee the **member accident protection program** to our students in good standing with the chapter. A separate brochure describing the program is posted on the risk management download section of the national website.

FIPG GUIDELINES, ALCOHOL AND RISK REDUCTION EDUCATION

Pi Kappa Phi has adopted the **risk management guidelines of FIPG**. Under the auspices of Dr. Lori Hart, our Director of Alcohol Education, Pi Kappa Phi provides a comprehensive landscape of alcohol and risk reduction education, including the **Alcohol Skills Training Program (ASTP), Ladder of Risk (LOR), GreeklifeEDU and AlcoholEdu education programs**. As an education and self governance organization, it is our job to give our chapters and students the tools to understand and make good choices and hold them accountable for the choices they make.

WE MUST REMAIN VIGILENT; CLAIMS REDUCTION EQUALS LOWER RATES

Lastly, the National Council recognizes the efforts made by our chapters over the last five years to reduce claims and therefore our insurance rates. The Council also appreciates the considerable expense which is being charged to our members for insurance, risk management and alcohol education, and is constantly examining ways to reduce its costs while appropriately protecting the greater fraternity. At a minimum, if Pi Kappa Phi and its other partner fraternities in FRMT, Ltd. can reduce the amount of their claims, it will have a significant impact on the future cost of insurance for Pi Kappa Phi and the group. Most importantly, we cannot declare victory due to the reduction in rate and must remain ever vigilant in our risk management practices.

We look forward to a safe remainder of the 2012-13 academic year. Please contact **Ryan Lugabihl at rlugabihl@pikapp.org** or (980) 318-5311, if you have any further questions.