

### Party Planning

Planning safe parties on or off college campuses can be a daunting task. To create a safer environment for you and your guests, use the RMF's Party Planning List, also known as the "Top Ten" List. It's a set of guidelines created by the RMF for you, the members of Sigma Chi, in order to provide any chapter that is planning a social event some helpful tips that are consistent with the Fraternity and RMF alcohol policies.



When planning a party, think of this list as a place to start. That is, use these tips in addition to considering the unique needs of your chapter. What tips might you add to this list? What's worked well for your chapter in the past and is worth repeating at every event?

You'll notice that many of the tips on the list refer to other strategies encouraged by the RMF—implementing a crisis management plan, utilizing a third-party vendor whenever possible, and designing and using a designated driver program. Chapters that apply all of these strategies significantly decrease their exposure to liabilities and are more prepared to deal with the unexpected.

While accidents may still happen, using the "Top Ten" List and adhering to your local and university rules and regulations may help to prevent them.

The RMF is here for you as a resource. Please contact us with any questions you have regarding the particulars of planning an RMF compliant event at your chapter.

For more information on party planning, please visit our resource page at [www.RMFeducation.org](http://www.RMFeducation.org)

### Third-Party Vendors

The RMF encourages all Sigma Chi chapters to hire a third-party vendor or venue when hosting an event at their chapter house or off-campus in which alcohol will be served. What is a "third-party vendor"? It's an alcohol related service provider, such as a licensed bartender or catering service, which is also covered by its own general and liquor liability insurance policies.

When planning an event where a third-party vendor will be necessary, obtain a copy of the RMF's Third-Party Vendor Checklist and follow the steps it outlines. Doing so will ensure that your chapter is in compliance with the risk management policies of Sigma Chi and the RMF.

For example, some of the responsibilities assumed by a third-party vendor include but are not limited to:

- Checking identification cards upon entry;
- Not serving minors;
- Not serving individuals who appear to be intoxicated;
- Maintaining absolute control of ALL alcoholic containers present;
- Collecting all remaining alcohol at the end of a function (no excess alcohol—opened or unopened—is to be given, sold or furnished to the chapter);
- Removing all alcohol from the premises.

The RMF's claims history shows that chapters are most vulnerable to expensive alcohol related liability exposures and policy violations when they attempt to assume these responsibilities on their own without the assistance of a third party.

Hire a licensed professional to manage the distribution of alcohol at your chapter functions—it's one of the smartest moves you can make when planning your next social event.

If you have any questions about this process or a prospective third-party vendor, please contact the RMF. We're here to help.

To obtain a copy of the third-party vendor checklist, please visit our resource page at [www.RMFeducation.org](http://www.RMFeducation.org)

### Crisis Management

Did you know that, historically, a chapter that creates and uses a crisis management plan is better equipped to protect itself from complicated claims and lawsuits? An effective plan enables Brothers to address and diffuse difficult situations and to make important split-second decisions because they are prepared to do so.

Unfortunate circumstances happen, and it's important to know how to respond. The RMF's Crisis Management Plan is available in its entirety on the Web site and includes a three-tiered approach which is summarized here:

**BE PREPARED:** Form a crisis management team at your chapter, and know who you can contact for assistance if a crisis occurs. Review and follow the RMF's and your university's rules and regulations regarding risk management, and have first aid and fire prevention supplies on hand in your chapter.

**BE CALM:** In the event of a serious situation, contact the proper authorities and attend to the injured until help arrives. Minimize confusion and take control of the situation whenever possible. Gather the facts, and contact the appropriate alumni volunteers and chapter advisors for assistance.

### LEARN FROM THE SITUATION

Show care and compassion for the victims. Develop a professional and respectful relationship with the authorities, offering your support and cooperation. Document and study the situation, and meet as a chapter once the crisis has passed to discuss the way it was handled.

If your chapter does not already have a crisis management plan in effect, work together to create one today. If your chapter already has a plan, review it and make sure that your members know how and when to use it.

If you need assistance with this process, send us a copy of your plan for review and feedback. The RMF is here as a resource for you.

For complete information about developing a crisis management plan for your chapter, please visit our resource page at [www.RMFeducation.org](http://www.RMFeducation.org)

### The Volunteer Protection Act—Good News for All Advisors

The Federal Volunteer Protection Act, 42 U.S.C. § 14501, took effect in September 1997. Its purpose is to protect volunteers from liability from their acts while performing services for nonprofit organizations without compensation.

For example, McDaniel Brookman was a prospective member of the Alpha Eta Delta Chapter of Chi Psi Fraternity at the University of Oregon in Eugene, Oregon. He was standing on the balcony of the chapter house when the balcony collapsed. Brookman was injured and he sued to recover for his injuries. His claims were against the National Fraternity, the chapter, the Fraternity's educational foundation, and David Waterfall and Bill Stephens, officers and trustees of the chapter's house corporation.

The Complaint alleged that the National Fraternity and the Foundation were responsible for the mismanagement of reconstruction work on the balcony. Brookman targeted the two officers and trustees of the house corporation because they were responsible for the way in which the balcony was repaired in their capacity as volunteer officers of the house corporation. After pretrial discovery, the defendants filed a Motion for partial Summary Judgment to have the National Fraternity and the Foundation dismissed because they had not been involved in the day-to-day oversight of the management of the house and the chapter. Defense counsel also moved to have the two individual trustees dismissed because they were protected by immunity granted by the Volunteer Protection Act.

The Court granted all of these requests. The remarkable thing about the case is that while Mr. Stephens and Mr. Waterfall were alleged to have been responsible for the negligent repairs on the balcony in their roles as officers and trustees of the house corporation, they were declared immune from liability because of the federal Volunteer Protection Act. This statute provides, among other things, that "no volunteer of any nonprofit organization or governmental entity shall be liable for harm caused by an act or admission of the volunteer on behalf of the organization or entity if...the volunteer was acting within the scope of the volunteer's responsibility in the nonprofit organization or governmental entity at the time of the act or admission" and the volunteer was performing the services without compensation.

All Greek organizations depend upon volunteers to function. This decision should provide reassurance to the tens of thousands of fraternity volunteers who work as chapter advisors, officers and trustees of international fraternities, foundations and house corporations. In the well-crafted "named insured clause" of a fraternity's insurance program, all of these volunteers should be included as named insureds. **Sigma Chi volunteers are included as named insureds in the RMF program.** This decision should also make it easier to recruit volunteers for house corporation boards and other volunteer positions.

Interesting aspects of the Volunteer Protection Act include the following:

- The federal law preempts state law to the extent that state law is in conflict with the federal law.
- The protection is waived by criminal misconduct, gross negligence or reckless misconduct, or a flagrant indifference to the rights or safety of an individual. Thus, an advisor who passively or actively encourages unlawful behavior such as hazing or underage drinking is waiving protection under the Act.
- The Volunteer Protection Act does not cover injuries caused by a volunteer operating a vehicle if there is a state law requiring both licensing and insurance.
- There is no protection for harm caused through sexual misconduct.
- There is no protection for harm caused by violation of federal or state civil rights laws.
- There is no protection if the volunteer was under the influence of intoxicating alcohol or drugs at the time of the injury.

Source: Robert E. Manley, *Fraternal Law*, September 1997 and September 2005

### Thanks

The RMF offers its sincere thanks to James R. Favor & Company for the use of significant portions of the included educational materials. A leader in risk management education, James R. Favor & Company brings more than 100 years of experience in the sorority and fraternity insurance and risk management field to its customers backed by complete Underwriting authority from Lloyds of London.

The RMF also thanks Erin Cunningham for her continued assistance in the ongoing development of our risk management educational curriculum and programming materials.

### Disclaimer Notice

This basic information in this issue of *RISKWATCH* 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.

All materials in this issue:  
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# RISKWATCH

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## RMF ESSENTIALS:

The need-to-know guide to RMF policies and their practical application at your chapter



## Reporting Claims or Accidents—Your Responsibilities

In the event of an incident, prompt reporting often prevents minor claims from becoming major problems. Failure to promptly report claims violates the conditions of your insurance policy and could result in relieving the insurance company of responsibility for payment of an otherwise valid claim. Report claims promptly to James R. Favor & Company (800-344-7335) and to the RMF (847-869-3655).

For the full list of claims reporting duties, visit the “Claims” resource page at [www.RMFeducation.org](http://www.RMFeducation.org).

### In Your Absence: House Closing Instructions

Whether its spring break, winter break, or the extended summer vacation, it’s important to prepare your chapter house for your absence. Doing so will decrease the chances of vandalism and theft—which are common post-vacation insurance claims submitted to the RMF—and increases the overall safety and security of your and your Brothers’ home.

The RMF provides a list of house closing instructions for your property’s interior and exterior, as well as before-you-leave tips and seasonal recommendations. Remember to consider the unique needs of your chapter’s house or meeting location and add to our list as needed.

For assistance with this process, contact the RMF, your house corporation or university physical plant officials.

For a copy of the RMF House Closing Instructions, please visit our resource page at [www.RMFeducation.org](http://www.RMFeducation.org).

### RMF and Sigma Chi Alcohol Policies

The misuse of alcohol is conduct unbecoming a Sigma Chi. Consequently, Sigma Chi Fraternity resolves to eliminate the misuse of alcohol by its membership, particularly among undergraduate and prospective members.

The Fraternity has several policies regarding alcohol use and misuse:

- The Sigma Chi Policy on Alcohol and Drugs
- The Risk Management Foundation Policy on Alcohol and Drugs
- Host college/university alcohol policies
- Chapter bylaws



It’s wise to have a working familiarity of these policies since the concepts behind party planning and crisis management are policy based.

The RMF is here for you as a resource; do not hesitate to contact us with questions about our policies on alcohol.

For the complete list of Sigma Chi and RMF alcohol policies, please visit our resource page at [www.RMFeducation.org](http://www.RMFeducation.org).

### Case Studies

It’s often easier to understand the RMF alcohol policies when illustrated in a practical context. Since the RMF would rather have its membership understand these policies in theory as opposed to in practice via a costly claim, it has developed case studies as an educational and preventative tool.

Case studies are based upon past actual claims incurred by Sigma Chi chapters, in which the facts have been fictionalized. Ideally, case studies are interactive. A case study facilitator is assigned, and the rest of the participants are divided into groups—the defense, the prosecution, and the jury. They argue the facts of the case, weigh them against the RMF’s and Sigma Chi’s policies, and come to a decision. The facilitator then reveals the actual judgment for that particular case.

Case studies are often used during a chapter meeting, during a visit from an alumni representative, or at any time in which the entire chapter is gathered and engaged in chapter business. Our hope is that these studies are eye-opening and foster important discussions about RMF-related issues.

Please contact the RMF with any questions you have about conducting a case study at your chapter.

To download copies of RMF case studies, visit our resources page at [www.RMFeducation.org](http://www.RMFeducation.org).

## Understanding Certificates of Insurance

Certificates of Insurance (COIs) are critical as the process of providing a certificate of your insurance to another party may be the last chance you have to apply risk management techniques to a given exposure or potential loss situation.

COIs are available upon request. To provide risk management services, our staff and your legal advisors need complete information and documentation, as well as adequate lead-time. This includes submitting a completed Event Planning Form with contracts stating insurance requirements **30 days in advance** of any event requiring a COI. Providing these will enable our staff and your legal advisors to provide you with effective and prompt service in response to your COI request.

1) Certificate basics: Certificates of insurance and other evidence of insurance forms are the basic information communication tools of the insurance industry. Whenever one party requires another party to secure and maintain some form of insurance, they should also require satisfactory evidence that this has been done. This circumstance usually arises from various forms of contracts that are related to Fraternity operations and activities. Examples include:

- Relationship statements or school recognition requirements;
- Leasing facilities owned by others for social functions or fundraising activities;
- Chapter house leases or housing agreements.

2) Certificates are for information only: The principal function of any Certificate or Evidence of Insurance (EOI) is to provide evidence of, and convey basic information about, the insurance coverage carried by another party. Insurance certificates are not intended to provide insurance for the party to whom they are furnished. Certificates are not intended to amend, extend or alter the coverage afforded by the insurance policies.

When providing certificates to others, you should again review your exposures. More importantly, review the limitations of your own insurance. Every attempt should be made to avoid the unintentional assumption of risk and, to the greatest extent possible, contain your risks within the scope of your insurance. Not all risks that you may assume are insured.

When you obtain certificates of insurance from others, we will be pleased to assist you by reviewing the insurance they maintain to support their obligations.

For more information on Certificates of Insurance, please visit our resource page at [www.RMFeducation.org](http://www.RMFeducation.org).

## Contracts and Agreements



Proposed contracts or agreements should be subjected to a joint review by your legal counsel and your risk management and insurance representatives. We will work with you and your legal counsel to review the agreement’s exposures and insurance obligations. This review process often reveals increased or previously overlooked exposures that can be significantly reduced or totally avoided by revising the related plans and contractual or insurance obligations.

Risk transfer to others is a fundamental risk management technique. **This is best done under a written agreement containing hold harmless and indemnity clauses.** Effective use of this risk management technique requires that your legal counsel drafts or reviews the legal agreement. We will assist by reviewing risk management considerations with your legal counsel.

A **hold harmless clause** attempts to relieve one party from claims for damages or liabilities that might arise via their relationship with the second party. An indemnity clause usually accompanies the hold harmless clause. **The indemnity clause** requires the party providing the indemnity to defend and pay any claims or damages that the held-harmless party may become legally obligated to pay to a third party.

The opportunity for fraternities to apply or be faced with this basic risk management technique is almost endless. Some examples include:

- Leases;
- Social functions or events;
- School recognition or relationship statements;
- Independent contractors (security companies, third-party vendors, etc.).

For more information on Contracts and Agreements, please visit our resource page at [www.RMFeducation.org](http://www.RMFeducation.org).

## KEY INSURANCE TERMS

### Commercial General Liability

This coverage, often referred to as general or public liability, provides insurance protection against bodily injury and property damage claims brought against the insured by third parties or members of the public. The basis of such a claim is an allegation of negligence against one or more of the insureds, which has resulted in damages to a third party. If a claim or lawsuit is filed against the insureds, the insurance company has both the right to settle and a duty to defend the insureds against the claim or suit.

### Additional Insured

This is added to a liability insurance policy with the intent to provide limited coverage to a party other than the insured for liability arising out of the insured’s premises or operations.

### Hold Harmless Clause

This clause is generally found in a contract or insuring agreement that attempts to relieve one party from claims for damages or liabilities that might arise via their relationship with the second party.

### Indemnity Clause

This clause is generally found in a contract or insuring agreement that requires the party providing the indemnity to defend and pay any claims or damages that the held-harmless party may become legally obligated to pay to a third party. An indemnity clause usually accompanies the hold harmless clause.

### Directors and 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 insured, the insurance company has the right to settle and provide coverage to defend the insureds against the claim or suit.

### Difference in Conditions

For Fraternity owned property, this coverage provides insurance protection against specific types of potentially large or catastrophic losses such as earthquake and flood. 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 types of exposures, only specific locations are protected.

## Chapter House Leases

One of the responsibilities of a Sigma Chi house corporation is to develop a lease agreement for its chapter house. While a boilerplate contract is an acceptable place to start, it is important that a lease agreement for a Sigma Chi chapter house contain specific terminology and provisions to ensure the proper protection afforded by the RMF’s property and liability policies. Here are a few examples:

### Written Agreements Only

The house corporation commonly acts as a landlord. This should always be done via a written legal agreements or lease with the chapter as the tenant. It should be reviewed and signed each year by the appropriate officers for both parties.

### No Agency

The written agreement or lease should provide that the chapter is not a subordinate or agent of the house corporation.

### Legal and Other Requirements

The lease and sub-lease agreements should provide that the chapter (tenant), the chapter officers, and each member, resident and non-resident member (sub-lessees) individually will not allow the property to be used for any unlawful purpose. They should also provide that the chapter (tenant) and each individual (sub-lessee) agree to be responsible for compliance with any school or insurer requirements and the regulations or laws of the state, province, city or county.

### Fraternity Policies

The lease and sub-lease agreements should provide that the chapter (tenant) and each member, resident, and non-resident member (sub-lessees) individually will adopt, comply with, and enforce any policies, rules or regulations established by the chapter (tenant), house corporation (landlord), insurer, school or the chartering International Fraternity.

### Responsibility for Negligence

The lease and sub-lease agreements should provide that the chapter (tenant) and each member, resident, or non-resident member individually (sub-lessees), agree that they will be responsible for their own activities and liable for their negligent acts, errors or omissions.

For a complete list of lease agreement terminology, please visit our resource page at [www.RMFeducation.org](http://www.RMFeducation.org).

## Important Reminders

REMINDER to all chapters and house corporations: As separate legal entities, your chapter or house corporation is not authorized to sign any agreement or execute any contract on behalf of the International Fraternity or Sigma Chi Corporation. All contracts and agreements should only be signed in your own legal name (e.g. Alpha Delta Chapter of Sigma Chi Fraternity or The Alpha Delta House Corporation).

REMINDER to all chapters and house corporations: In order to have coverage under your insurance program, any agreement or contract presented to you that contains Indemnification or Additional Insured provisions must be reviewed and accepted. IN ADVANCE, by your legal counsel, the RMF, and insurance underwriters BEFORE IT IS SIGNED.

REMINDER to all chapters and house corporations: RMF insurance coverage is in place as protection primarily for the chapter and its advisors. Coverage is not intended to cover third parties over whom the Fraternity and the chapter have no control (e.g. bands, comedians).

REMINDER to all chapters and house corporations: Injuries sustained during Sigma Chi Fraternity athletic events (i.e. intramurals) are typically covered by personal medical insurance. Members and guests voluntarily participate in athletic events and assume the risk of injury; therefore this is not a covered claim under the chapter’s insurance policy. This is also true for participation in athletics related to philanthropic or charity events. The Risk Management Foundation neither supports nor offers insurance coverage for “fight night” events. We strongly encourage alternate methods of fundraising.

## Frequently Asked Questions

Throughout the year, and especially at the beginning of each academic year, the RMF receives many calls and e-mails from you, Sigma Chi’s undergraduates and alumni volunteers, about your insurance coverage—what’s covered, who’s covered, and how the insurance works.

While the complete policy is available upon request, there are some specific policy inquiries that the RMF frequently receives from you. In response, the RMF developed a list of 20 FAQs that is available on its Web site.

Here are a few of those questions along with their answers:

What insurance coverage is provided for Sigma Chi chapters that are members of the Risk Management Foundation?

Membership in the Risk Management Foundation includes the following insurance coverage:

- a. General liability
- b. Excess umbrella
- c. Directors and officers liability
- d. Dishonestly bond (Crime)

The RMF makes the following additional coverages available as well:

- a. Property
- b. Boiler and machinery

All chapters and house corporations are reminded to comply with their local state workers’ compensation laws.

Do the liability and umbrella policies provide coverage for undergraduate chapters, alumni advisors, and other volunteers?

Yes. Each chapter must provide proof of insurance as required under the Sigma Chi Governing Laws (ECR 602-i-4). Undergraduate chapters are afforded protection provided the chapter is abiding by the RMF and Sigma Chi alcohol policies.

RMF insurance also provides coverage to alumni advisors and other volunteers while they are acting on behalf of Sigma Chi Fraternity.

Could undergraduates or alumni volunteers be named in a lawsuit?

Yes. Undergraduates, chapter officers and alumni volunteers have been individually named in legal actions. The named insureds under the RMF policy are subject to the terms, conditions, and limitations of the insurance.

As a volunteer, how is my personal insurance affected?

You should always report any potential insurance claim to your personal insurance agent or carrier. Where permitted by law, the insurance provided for volunteers under the RMF policy is primary and will stand ahead of your personal insurance.

What are the benefits of a “group” policy?

Group policies have been proven to offer the broadest coverage at the most affordable costs. They provide continuity and often include valuable additional services such as educational programming and loss control assistance as well as chapter house inspections.

For a complete list of the RMF insurance program FAQs, you may download it from [www.RMFeducation.org](http://www.RMFeducation.org).

## Attention Undergraduates and Alumni! We want your feedback!

The RMF wants to know what you think of its educational resources and to gather ideas on how to serve you better.

Please direct questions or feedback to [RMF@sigmachicago.org](mailto:RMF@sigmachicago.org).

### 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.