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FRATERNAL PROPERTY MANAGEMENT ASSOCIATION LESSOR LIABILITY PROGRAM FOR HOUSE CORPORATIONS

Alpha Tau Omega

Escalating costs of liability insurance and the financial burden placed on all members of Alpha Tau Omega prompted the fraternity, in 2003, to research possible revisions to the insurance contract. The goal was to improve the defense of litigation and control the costs. This led to the introduction of insurance policy changes beginning on October 1, 2004 that included policy sub-limits of;

- \$ 100,000 Per Occurrence
- \$ 200,000 Aggregate Per Location / Chapter with Defense Costs eroding the limit.

The sub-limit was designed to apply to the following policy insureds;

- Fraternity chapters that are chartered and colonies that are recognized by the Named Insured;
- House Corporation, Household Corporations, Chapter Education Foundations, House Associations, Alumni Control Boards, Alumni Advisory Boards, Alumni Associations, Alumni Corporations, Alumni Chapters, Board of Advisors, Board of Governors, Executive Councils, and Parent Clubs, but only while acting within the scope of the Insured's duties and in compliance with the Risk Management Policies of the Named Insured;
- Officers, Directors, Trustees, Partners, Coordinators, Custodians, Committee Members, Council Members, Volunteers, Housemothers, Resident Advisors, Faculty Advisors, Fraternity members, and Member Candidates (Pledges) of those entities listed above, but only while acting within the scope of the Insured's duties and in compliance with the Risk Management Policies of the Named Insured.

The Undergraduate Chapter is the customary target of litigation. Alpha Tau Omega often found itself risking the full limits of the liability insurance program to defend an Undergraduate Chapter as an entity with little or no financial assets to protect. Ultimately this has led to the escalating cost of insurance protection over the past ten years.

The insured parties to which the sub-limit applies also includes House Corporations and their officers and directors. To date all House Corporations have received liability insurance protection for no additional charge when the Undergraduate Chapter paid its insurance assessment. Insurance protection, subject to the policy sub-limit, continues to be provided at no cost to all House Corporations.

Alpha Tau Omega understands that many House Corporations own physical plants that are worth significantly more than the limit of insurance coverage currently provided by the policy sub-limit.

For this reason HRH/Kirklin & Co, LLC and Alpha Tau Omega have worked together to develop the Fraternal Property Management Association Liability Insurance Program for Lessors' of Property. This program will provide a secondary line of defense for a House Corporation to defend against possible litigation.

Program Specifications

AM Best & Company "A" Rated Insurance Company

Policy Limits:

Each Occurrence	\$1,000,000
General Aggregate Products/ Completed Operations Aggregate	\$1,000,000
Personal/Advertising Injury Limit	\$1,000,000
Damage to Premises you Rent	\$250,000
Medical Payments	Excluded

Terms & Conditions of Coverage Summary

- Protects entity and its officers and directors from claims arising out of Hazing, Sexual Abuse, Molestation, Assault & Battery and Host Liquor Liability so long as no direct involvement in one of these activities.

- Cost incurred for defense of a claim and payment of any indemnification claim erode the limit of coverage.
- Coverage applies to the Designated Premise and operations necessary or incidental to the Designated Premise.
- Request premium quotation to review complete terms & conditions of coverage.

Cost of Coverage

Example:

- ⇒ Facility less than 20,000 square feet.
- ⇒ No claim in past 5 years involving House Corporation or Undergraduate Chapter.
- ⇒ \$ 3,076 Annual Cost

How to get started

Please fill out the FPMA Lessor Liability application that can be found at www.kirklin.com. An application must be completed prior to participation.