

James R. Favor & Company

Sigma Alpha Mu Fraternity

Risk Management & Insurance Program

Basic Insurance Program Information

Since 1979 James R. Favor & Company has been developing and providing effective risk management and insurance programs for Fraternities and Sororities. This brochure was developed to address the basic information questions most commonly asked by Fraternities and Sororities, their officers, house corporations, chapters, and volunteers about their National Insurance & Risk Management Program.

**** 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.

Questions and Additional Help

Our staff is always available to answer your questions, discuss your individual circumstances or needs, and assist you in establishing or making adjustments in your insurance program. Please contact us at James R. Favor & Company, 14466 East Evans Avenue, Aurora, Colorado 80014-1409. WATS (800) 344-7335 • TEL. (303) 750-1122 • FAX (303) 745-8669.

Certificates Of Insurance

Certificates of Insurance are available upon request (but may require approval from your National Headquarters). They provide additional information such as, the policy numbers, underwriters, policy periods, limits of coverage and deductibles. Direct requests to James R. Favor & Company, 14466 East Evans Avenue, Aurora, Colorado, 80014-1409. WATS (800) 344-7335 • TEL. (303) 750-1122 • FAX (303) 745-8669.

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.** 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.



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 Umbrella 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 umbrella 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.



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 EDP equipment and Fine Arts, Loss of Income, and Extra Expense. **Replacement Cost** protection is provided for buildings 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 A.D.A., Life Safety Codes or Sprinkler Ordinances, when they are triggered by insured losses.



6) Equipment Breakdown: 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, 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) Difference In Conditions: For Fraternity or Sorority 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.**



8) Fidelity Bond: 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.**



Reporting of Claims or Accidents

Any loss or claim that may involve the protection afforded by your insurance program should be reported promptly to James R. 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 telephone call 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.**

Your General Claims Duties

- **Report Claims Promptly To:** James R. Favor & Company, 14466 East Evans Avenue, Aurora, Colorado, 80014-1409. WATS (800) 344-7335 • TEL. (303) 750-1122 • FAX (303) 745-8669.
- **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.

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