

sic code 7041 Organization Hotels and Lodging Houses, on Membership Basis
8641 Civic, Social, and Fraternal Associations

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Low 1-3, Medium 4-6, High 7-9, Very High 10

Related Classifications

Clubs and Organizations — Nonprofit
Colleges and Universities
Restaurants

Special Exposures

Overcrowding at social events
Off-premises activities
Unlawful service of liquor
Poor housekeeping and inadequate fire protection
Converted housing
Falls from roofs
Vacancy periods

RISK DESCRIPTION

Fraternity and sorority chapters provide college and university students with a community living experience of a liberal but close-knit nature. Fraternities and sororities operate as independent political, economic and social organizations within the guidelines of the college. Student members, with the assistance of alumni volunteers, manage their own business affairs, social activities, meal plans and living arrangements.

A fraternity or sorority chapter usually is chartered by a national fraternal organization, often referred to as the General Fraternity. However, many locally organized groups exist. Some colleges require fraternity and sorority chapters to be members of national organizations in order to receive official school recognition. Official school recognition gives the college certain powers over and responsibilities for the student organization. Recognition gives the fraternal group official designation as a school-affiliated organization and allows its members to use campus facilities that might otherwise be closed to them.

The size and extent of a fraternal organization's operations varies widely from chapter to chapter and from school to school. Fraternities and sororities may or may not have a house or resident members. For the sake of this write-up, it will be assumed that a chapter has a house and resident members; non-residential chapters will have many of the same exposures.

Most houses and the land on which they are built are owned by not-for-profit corporations that are made up of alumni and undergraduates. Some houses are on college land, with a leasehold agreement between the corporation and the college. A few houses are owned by the school and leased to the corporation. In a number of cases the house really is a section of a dormitory that may include its own private dining room.

In most cases rent is collected from the undergraduate chapter and is paid to the corporation. This rent covers debt repayment, insurance, maintenance and replacement.

Fraternity and sorority houses normally have all the amenities of a home — a kitchen, living room, dining room, bedrooms and bathrooms. In addition, most chapter houses contain a party room and possibly a chapter room. Party rooms usually have plenty of floor space for social functions and dancing. Chapter rooms are combination library, study, meeting and trophy rooms.

While the information contained in this write-up has been obtained from reliable sources and has been thoroughly checked, no responsibility is assumed or implied for loss or damage resulting from any inaccuracies contained herein.

MATERIALS AND EQUIPMENT

Kitchen equipment, including stove, deep-fat fryer, exhaust hood, fixed fire-suppression system, freezers and refrigerators, dishwasher, ice machine, and cooking and serving utensils.

Furniture; bedding and linen; washer and dryer; air conditioning equipment.

Hand tools and other maintenance equipment; vacuum cleaner and other cleaning equipment and compounds.

Recreational equipment; computer; stereo system, television and other audiovisual equipment; objets d'art; memorabilia and initiation regalia; signs.

Automobile Liability

Most fraternities and sororities own no vehicles, but exceptions exist. Members normally use their own cars or school-supplied transportation to attend classes, and many consumer goods and services are delivered to the chapter house.

The majority of chapter houses do have members, officers or employees driving their personal cars on business for the chapter or the house corporation.

Some chapters own a specialized vehicle — such as a bus or fire engine — for use in parades or shows. These vehicles may be used to transport large groups of people to special events as well. Each risk must be evaluated on its own.

The most significant Automobile Liability exposure is the leasing or borrowing of vehicles for transportation to off-premises activities. Fraternities and sororities often lease or borrow vehicles from the college for these outings.

General Liability

The underwriter should be aware that members of a fraternity or sorority can be claimants if they have an accident at the chapter house or at any function sponsored by the organization. Membership in the organization does not preclude a member from making a claim, even though undergraduate members often are included as additional insureds.

As a school-affiliated function, fraternities and sororities share with their affiliated college most liabilities for injuries to third parties or members of the insured organization. The house corporation and, in some cases, the General Fraternity, also are included as named insureds. Colleges, house corporations and General Fraternities therefore often require chapters to carry a minimum amount of liability coverage. The underwriter should contact the appropriate officials to find out the manner in which any minimum coverage requirements were determined. The underwriter also should ascertain the extent of the college's liability coverage, as any litigation is likely to name the school as a codefendant with the insured.

Not officially recognizing a fraternity or sorority does not exempt a college from many of the responsibilities it has for similar recognized student groups, particularly where not recognizing a group can be construed as negligence on the part of the school. Similarly, different property and house ownership arrangements have had little effect with respect to liability to third parties or student members of the chapter.

Any lease agreements between the college and the insured should be worded clearly.

Bodily injury or property damage suffered while attending social functions sponsored by the fraternity or sorority constitutes the major exposure for this type of risk. At parties members and guests are subject to incidents with intoxicated guests or chapter members. (See Host Liquor Liability.)

Large expanses of glass in the party room or sliding doors throughout the house should be conspicuously etched or otherwise marked to prevent injury. Safety glass should be installed.

Emergency exits must be easily accessible and usable in case of fire or other disaster. All exits should have illuminated signs and panic bars to aid in escapes. Is emergency lighting inspected regularly? Every chapter house should have an evacuation plan and conduct at least two drills each year under the supervision of the local fire department or college officials. (See also Fire and E.C.)

Many accidents may be attributable to poor housekeeping and maintenance. The insured should maintain a diligent cleanup schedule, with one officer given the responsibility to see that all jobs are performed.

Loose floor tiles, stair mats and ragged carpet must be repaired and replaced as needed. All electrical equipment should be properly grounded. Broken glass should be removed from window frames and windows boarded up until replacement glass is installed. Trash should be stored in one designated area, away from the house, and in dumpsters or other closed containers.

Injuries may occur outdoors due to carelessness or the use of unsuitable or poorly maintained equipment, such as ladders, axes and lawnmowers. All such equipment must be stored properly, as it constitutes an attractive nuisance. Some recreational equipment, such as trampolines and minibikes, can be dangerous.

All parking areas, walkways and stairs should be adequately lighted, maintained and cleared of snow and ice when necessary. All stairs should have handrails. External signs, fixtures and sculptures should be securely attached to the building.

Falls from roofs constitute a significant outdoor exposure for this type of risk. All roofs should be declared off limits to all members.

The following questions concerning maintenance also should be considered by the underwriter. Does the college, city, county or state inspect the house regularly for damage, safety and health considerations, and housekeeping? Does an outside organization — such as an alumni council or a college-operated maintenance program — have to approve all permanent maintenance and improvement projects? If so, what types of projects are the chapter members allowed to perform?

Hazing is an exposure unique to this type of risk. Hazing is defined as any action or situation created intentionally, whether on or off fraternity or sorority premises, to produce mental or physical discomfort. Many hazing practices could be considered illegal under existing laws, and many states have enacted specific anti-hazing laws. In most cases a clause in the chapter's charter agreement automatically revokes membership from any member who participates in any form of hazing. The majority of hazing-related litigation therefore focuses on the individuals involved. However, the possibility still exists for a fraternal organization to be held liable for hazing-related injuries because the chapter usually is named in the litigation.

All fraternities and sororities participate in athletic contests and

other activities away from the chapter house premises. The underwriter should ascertain the scope and frequency of these activities.

Does the chapter rent out its facilities to outside organizations during vacation periods or to boarders during the academic year? If so, what contractual liabilities are assumed by the chapter and the tenants?

A final aspect to consider when evaluating this type of risk is the chapter's reputation. College officials can supply a great deal of information about the chapter's recent history, particularly concerning any violations of the school's disciplinary code or social regulations.

For a discussion of the Product Liability hazards associated with food service, see Restaurants.

Volunteer workers often assist fraternities and sororities, especially in alumni councils and chapter corporations.

Host Liquor Liability

Many states and municipalities have passed laws or enforce common law provisions making hosts of parties where alcoholic beverages are served responsible for bodily injury or property damage caused by a guest who either was a minor or was obviously intoxicated. Such laws impose a form of strict liability on hosts who serve liquor for injuries to the intoxicated person, injuries to family due to death or disability of the intoxicated person, and injuries to third parties or property damage resulting from an accident or action caused by the intoxicated person.

Because liquor liability laws vary, the underwriter should be familiar with applicable state and local regulations. Are chapter members educated regularly concerning these laws and the consequences of not adhering to them?

The insured should have a system for monitoring each party. A group of members should check IDs at the entrances, take head counts to prevent overcrowding, tend bar to prevent service to minors, clean up spilled food and beverages, and provide return transportation. A guest register should be used at each entrance, and signs might well be posted reminding guests not to drink and drive, as well as offering return transportation if such a service is provided. Access should be restricted to other areas of the house, such as the kitchen, where accidents may occur. Outside supervision also may be desirable. At a few schools a security guard must be present at every party, and car keys must be surrendered to the guard in order to obtain admission to the party. Such systems can greatly reduce the chapter's Host Liquor Liability exposure.

Does the chapter serve food at its parties? Where food is consumed, guests are less likely to become intoxicated. How far is the risk from the campus? Guests may have to travel considerable distances to get home from some off-campus locations, increasing the potential for automobile accidents. In addition, the frequency of parties, the normal party length, and the annual social budget of the chapter house are factors to consider.

A few chapters own liquor licenses.

Fire and E.C.

Fire hazards include smoking and the use of candles; overloaded or badly placed electrical wiring; deteriorated wiring; misuse of electrical appliances, especially cooking equipment; flammable or combustible decorations; and student pranks. Fraternal houses and dormitories have these risks in common; therefore, refer to Colleges and Universities for an in-depth discussion of these hazards.

Areas not normally found in dormitories that may present fire hazards in fraternity or sorority houses include fireplaces, large storage areas, boiler/furnace rooms and kitchens. Fireplaces should have spark screens, and chimneys should be cleaned periodically

according to use. Combustible materials never should be left near a fireplace. Such combustibles as gasoline and paint should be stored outside the house if possible. Otherwise, combustibles should be stored in lockable steel cabinets. There should be no storage of any kind in boiler rooms, and these areas should be locked off to the general membership. When was the boiler last inspected? Gas- and oil-burning heating equipment must be properly ventilated and have clearly identified emergency switches. All designated storage areas should be kept neat and clean.

In the kitchen, stoves should have fixed fire-suppression equipment. Ignition of grease in deep-fat fryers and hoods and ducts also poses a fire hazard. Thermostatic control to prevent overheating of the fat can considerably reduce fryer hazards. Countertop fryers that would allow a boilover of the cooking oil increase the risk of fire. Deep-fat fryers should be under exhaust hoods and fire-suppression systems, along with the stoves. Grease filters in exhaust hoods should be cleaned at least weekly. Combustible material should be kept a safe distance from all cooking equipment.

Other factors to consider include house construction, the alarm system, and inspections. Has the building been converted into a chapter house from some other use? If so, have the wiring and fire protection systems and equipment been improved to meet the safety needs of a fraternal residence? Chapters with converted buildings often have greater exposure to fire due to the increased use of combustible construction materials, such as wood. The fire alarm should sound at the local fire department or campus security office as well as throughout the house. Local ordinances normally require smoke alarms. The alarms preferably should be heat and smoke sensitive. The school, in cooperation with the local fire department, should hold regular fire inspections and drills, and alarms and extinguishers should be tested and recharged on a set schedule. Fire department location and response time also should be considered.

The most frequent claims made concern water damage. Shutting the heat off during vacancy periods may result in bursting of pipes. Are proper precautions taken for the vacancy periods?

Fraternities and sororities also may be the targets of vandalism. Unusually large windows are particularly expensive items to replace.

Personal Injury Liability

Overzealous members acting as bouncers may provoke a suit against the insured for slander, defamation, false arrest, unlawful detention or malicious prosecution.

Denying a person membership also may cause action against the insured.

Workers' Compensation

Fraternities and sororities do not always hire employees. Among the houses that do have employees, the most common employee is a cook and the second most common is a housekeeper. Workers' Compensation will not apply in some states and is voluntary in others.

The most common injuries to cooks are scalds and burns, cuts, electric shocks, and slips and falls. All kitchen equipment should be inspected regularly and repaired or replaced as needed. Electrical equipment should be grounded, and moving parts on machines should be guarded. The student members should maintain a rigid daily cleanup schedule for the kitchen, including at least one complete cleaning during the cook's working hours, to prevent water buildup on the floor and garbage accumulation.

Among the more frequent causes of injury to housekeepers are strains, sprains, back injuries and hernias, from bending, lifting and moving furniture and cleaning equipment and attempting to

force sticking windows; shocks from frayed cords on appliances; slips and falls; cuts from broken glass or razor blades; and dermatitis from contact with cleaning compounds.

Some fraternities and sororities also employ dishwashers and waiters.

Crime

Thefts most frequently involve such items as stereo systems, computers and video cassette recorders. Fraternity houses are particularly vulnerable because they tend to have open access. Control of this exposure begins with a diligent lockup system. A schedule assigning a different group of members each week to be responsible for locking all the outside doors at night is a common procedure. One person, usually an officer, should be given ultimate responsibility for locking the house prior to vacation periods. Computers, video recorders and other valuable chapter property should be removed from the house prior to extended vacancy periods. Is the house stereo system adequately safeguarded (mounted in a manner making removal difficult, such as in a lockable steel cage or cabinet)?

Does the house have an adequate alarm system? Does campus security check on lockup procedures? Is the area of the chapter house patrolled by campus security or the local police during vacations? Do cleanup or repair crews enter the house during these vacations? All these questions should be considered by the underwriter, and an accurate inventory of all property should be kept.

Individual officers of a fraternity or sorority, or the chapter corporation, often control substantial portions of the organization's operating budget. Financial records are often rudimentary and in a few cases virtually nonexistent. Invoices may be lost when

deliveries are made during class hours. For these and other reasons, embezzlement by either an officer or an employee with buying power is a possibility. The underwriter should ascertain the volume of funds handled by each officer or employee, as the risk is proportional to this exposure. Annual audits, dual signature requirements on bank accounts, and participation in school-sponsored management programs help to reduce this exposure.

Business Interruption

A chapter may want Business Interruption coverage in order to protect the corporation from lost rental income in the event that the house is closed for a period of time. Extra Expense coverage also is desirable because relocating a chapter during repairs or rebuilding generally is not an easy task. Housing for such a large group may be very limited. A major consideration when evaluating this exposure is the house's fire prevention systems. (See Fire and E.C.)

Inland Marine

If the chapter owns any special fine art pieces, computers or audiovisual equipment, there may be considerable exposure to damage or theft of these items. Chapters also may own signs, trophies and other memorabilia that could be damaged or destroyed. Some chapters own pianos.

If Valuable Papers and Records coverage is written, a duplicate copy of all records — such as alumni membership lists and accounts receivable — should be kept off the premises.

(For a detailed discussion of safeguards and controls, see Crime; Fire and E.C.)

Underwriter's Check List

- Are official inspections for damage, housekeeping and fire code violations conducted regularly?
- Does the chapter participate in a school-operated maintenance program?
- Are social functions monitored to prevent the serving of alcohol to minors and obviously intoxicated persons?
- Do all exits have illuminated signs and panic bar latches?
- Has the chapter house been converted from some other use? When was the wiring last updated?
- Have adequate alarm systems been installed? Are they routinely inspected?
- Do stoves have fixed fire-suppression systems?
- Are there any employees?
- Are proper financial records kept? Is an annual audit performed?
- Does the school maintain active control over the chapters?
- Are members instructed on a regular basis as to their liabilities?
- What does the loss history reveal?

We would like to express our sincere thanks to the following for their technical assistance:

James R. Favor & Company, Aurora, Colo.

A physical survey of the facility, inquiries concerning the chapter's reputation, and a determination as to how much control is exercised by the college over fraternities and sororities should be made when underwriting the classification.