

# THE OFFICIAL RISK MANAGEMENT INSURANCE GUIDE



TAU KAPPA EPSILON  
— Better Men for a Better World —

## DEFINING RISK MANAGEMENT

WHAT IT MEANS TO PROTECT TKE'S ASSETS

## JAMES R. FAVOR & CO

OUR INSURANCE PROVIDER & THE LLOYDS OF LONDON  
RELATIONSHIP

## GET EDUCATED

FREQUENTLY ASKED QUESTIONS ABOUT THE PROGRAM





## Introduction

This guide is designed to give a basic understanding of TKE's Risk Management Insurance Program and highlight some of the resources available to chapters, colonies, and alumni groups. As we all continue to focus on the health and safety of our members and guests, feel empowered to be proactive in your respective campus and community.

Should you have any questions about the Risk Management Guidelines or any of TKE's resources, do not hesitate to reach out to our team. We are here as educators.

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***Disclaimer: 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 insurance policies.***



# What is Risk Management?

## Simply put, Risk Management is:

*The process of protecting an organization's assets through exposure identification, exposure analysis, exposure control, financing loss using internal and external funds, and implementing and administering the process.*

For Tau Kappa Epsilon, and most other fraternities, there are five areas included in our Risk Management Guidelines. These guidelines are in place to help educate all members and volunteers of TKE to help reduce risk and improve the health and safety of each member.

## The Risk Management Guidelines are broken down into five areas:

- Alcohol and Drugs
- Hazing
- Sexual Misconduct
- Fire, Health, and Safety
- Firearms, Explosives, and Incendiary Devices



RISK MANAGEMENT

**Risk Management**  
Tau Kappa Epsilon is concerned for the health and safety of our members. Our risk management guidelines are designed to help reduce risks, realizing that risk cannot be eliminated; it has to be managed and controlled.

A current copy can be found at [TKE.org/RiskManagement](https://TKE.org/RiskManagement).

## New Member Bill of Rights

In addition to the Risk Management Guidelines, Tau Kappa Epsilon adopted a New Member Bill of Rights in 2014.

- To be treated as an individual
- To be treated with respect
- To be treated, and expect to act, as a mature person
- To be fully informed about the recruitment process
- To be fully informed about the binding agreements entered into when joining the Fraternity
- To ask questions and receive true and objective answers
- To make one's own choices and decisions and accept full responsibility for the results of those decisions
- To be a student first and foremost in order to fulfill academic obligations
- To have a positive, safe and enriching new member experience
- To a new member experience that does not require the violation of laws of the individual's country, state, religion or Fraternity
- To express opinions
- To make informed choices without undue pressure from others

# Reporting of Claims or Accidents

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## Liability Losses/Claims Procedures

Any loss or claim that may involve the protection afforded by your insurance program should be reported promptly to James R. Favor & Co. and to Tau Kappa Epsilon Offices of the Grand Chapter. Prompt reporting often prevents minor claims from becoming major problems. Failure to report claims promptly violates the conditions of your insurance policy and could result in the insurance company being relieved of responsibility for payment of an otherwise valid claim.

- 1. Emergency Medical Treatment for Injured Persons.** As necessary, secure appropriate emergency medical attention for any / all injured persons.
- 2. Do not admit liability, accept responsibility, or make public statements.** Your insurance policy requires / provides that no one shall -- except at their own expense -- make any payment, assume obligations, or incur any expense other than for First Aid. Only the insurance company has the authority to accept responsibility, make payments, repair damages, defend or otherwise settle a claim under the policy.
- 3. Important! Record first impressions and witness information promptly.** As soon as practical, record first impressions or reports of what happened. Make careful note of names, campus and home addresses and telephone numbers for all persons involved and for all witnesses.
- 4. Notify chapter officers and prepare a written report.** Notify your executive officers in accordance with your internal chapter procedures. Prepare and submit a written claim / fraternity report as soon as possible. The claim report should, at a minimum, provide the following information:

Date, time, location and circumstances of accident

Names, addresses, telephone numbers of persons involved and of witnesses

Description of claim event

Follow-up information or actions (i.e. medical treatment or conditions of persons injured, police report filed)

Persons responsible for further coordination / handling of this claim



## Reporting of Claims or Accidents (cont.)

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5. **If suit is filed or legal process is served** upon anyone, immediately notify, and forward copies of the suit materials to:

Tau Kappa Epsilon Offices of the Grand Chapter  
7439 Woodland Drive Suite 100  
Indianapolis, IN 46278  
(317) 872-6533  
(317) 872-8353 - Fax  
TKEOGC@TKE.org

and to

James R. Favor & Company  
14466 East Evans Avenue  
Aurora, Colorado 80014-1409  
1-800-344-7335 or (303) 750-1122  
Info@JRFCO.com



## More About Our Insurance Provider

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### James R. Favor & Company, LLC

#### History of Company

After working for a major underwriting company and national insurance brokerage firm, James R. Favor founded the company in 1979. To continue and further the company's leadership in the field of fraternity and sorority Risk Management & Insurance programs, the company was acquired by a group of national fraternities in 2006.

The company's principal area of focus is the collegiate Greek community and their area of concentration involves the development, marketing, implementation and administration of Risk Management and Insurance Programs for national collegiate fraternities and sororities including their "local" chapters and house corporations throughout the U.S. & Canada.

The company developed the first sorority programs in the 1970's and the first fraternity programs in the early 1980's. The company has successfully handled more than 6,000 claims involving more than \$60,000,000 insurance recoveries for the fraternal community. The company currently act as an underwriter for certain underwriters at Lloyd's, London and the Lloyd's Fraternity Program that has continuously served the fraternal community since 1985.

Our objectives are to continue to provide expertise, leadership and innovation to meet the Risk Management challenges faced by fraternity and sorority organizations. We accomplish this by building truly in depth and long term relationships with our underwriters and customers.

Coverholder at **LLOYD'S**



## The Lloyd's Relationship

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In the midst of the "Liability Crisis" in the 1980's James R. Favor Company initiated at Lloyd's what has come to be known as The Lloyd's Fraternity Program providing broad customized Property and Liability insurance protection for the fraternal community. The company is privileged to have earned the respect and full confidence of Lloyd's and has been appointed by Lloyd's as the exclusive Coverholder for The Lloyd's Fraternity Program. As the Lloyd's Coverholder the company is authorized to underwrite and accept fraternity / sorority risks on behalf of Lloyd's. James R. Favor & Company underwrites, develops and customizes for each individual fraternity / sorority customer all of the individual terms, conditions, costs and other details of the insurance programs for its customers. Lloyd's is fully bound by the company's decisions. In dealing with James R. Favor & Company you have immediate access to the final decision maker for your insurance program so that important matters can be discussed directly and decisions can be mutually developed and promptly implemented.

Lloyd's is the world's best known, but probably the least understood insurance brand. Lloyd's is not an insurance company, but a society of members who underwrite in syndicates and whose professional underwriters accept risk and tailor solutions to respond to the specific risks and needs of their customers. Over 300 years ago, Lloyd's began in Edward Lloyd's Coffee House as a place where people with risks met with people with capital who for a price would agree to insure their risks. That's exactly what Lloyd's is today: a face to face market with all the dynamism and imagination that a market creates.



Today Lloyd's is the world's leading specialist insurance market. Lloyd's has always been the insurance industry's leader in innovation. Lloyd's created the first unique insurance coverage for exposures such as: Worker's Compensation, Loss of Profits or Business Interruption, Automobiles, Blanket Bonds, Directors & Officers Liability, Aircraft & Satellites, Travel and Personal Accident Protection, Ocean Oil Rigs and Supertankers to mention just a few. Lloyd's financial security is rated A+ by A.M. Best, Fitch, and Standard & Poors. Lloyd's security, innovation, and direct face to face prompt decision making are frequently mentioned as the reason that Lloyd's insures 93% of the Dow Jones Industrial Average Companies and 81% for the U.S. Fortune 500 Companies.

# Insurance and Risk Management FAQs

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The most commonly asked questions about the Tau Kappa Epsilon insurance program are identified in this publication. This guide was developed to help inform our members, officers and volunteers about the Tau Kappa Epsilon Risk Management and Insurance Program.

## 01 What insurance coverage does Tau Kappa Epsilon secure?

Tau Kappa Epsilon -- via the Offices of the Grand Chapter -- secures the following mandatory insurance coverage:

- 1) General Liability
- 2) Excess Liability
- 3) Directors & Officers Liability
- 4) Commercial Crime / Fidelity Bond

Tau Kappa Epsilon -- via the Offices of the Grand Chapter -- makes the following **voluntary\*** insurance coverage available if you own a house:

- 1) Property
- 2) Boiler & Machinery

If you rent a property, please make sure you secure a policy locally.

**All** chapters and house corporations are reminded to comply locally with their state Worker's Compensation laws.

## 02 Do the Liability and Excess Liability policies provide coverage for alumni officers and other volunteers?

Yes. The Tau Kappa Epsilon Excess Liability insurance extends coverage to alumni officers and other volunteers who are registered with the Offices of the Grand Chapter while they are acting on behalf of Tau Kappa Epsilon.

*\*Due to underwriting and Fraternity requirements, housing organizations that do not participate in the voluntary coverages will no longer be protected by the Tau Kappa Epsilon insurance program.*



## Insurance and Risk Management FAQs (cont.)

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### 03 Do the Liability and Excess Liability policies exclude, restrict, or eliminate coverage?

Yes. The Fraternity's insurance contains several important exclusions or coverage restrictions. For chapters and members, the Fraternity's insurance is always excess of any other insurance. The Fraternity's Excess Liability insurance **does not** cover collegiate members or chapters. The Fraternity's insurance **does not** provide or replace anyone's personal insurance protection.

**Insureds are only covered** by the Fraternity's insurance under the following conditions:

- 1) Only while complying with Tau Kappa Epsilon's policies.
- 2) Only while acting in their official capacity
- 3) Only while acting within the scope of their duties
- 4) Only for their activities on behalf of the Fraternity insureds

The Fraternity's Insurance Coverage is also specifically **restricted or eliminated** when other types of conduct are involved. These include, but are not limited to:

- 1) Hazing of any kind
- 2) Criminal acts / Alcohol consumption by minors
- 3) Intentional acts / Assault & Battery
- 4) Sexual abuse or misconduct
- 5) Violations of Fraternity policy / Alcohol policy

**There is no duty to defend chapters or collegiate members per the terms and conditions of the policy.**

### 04 Do the Tau Kappa Epsilon insurance policies cover accidents or injuries to members that are sustained during Tau Kappa Epsilon athletic (i.e. intramural) events?

**No.** Participation in Tau Kappa Epsilon athletic activities is **voluntary**. Members and Guests assume the risk of injury or participate "at their own risk." Claims in this area are normally covered by your personal medical insurance.

## Insurance and Risk Management FAQs (cont.)

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### **05 Does Tau Kappa Epsilon's insurance cover members' medical costs for accidental injuries?**

**No.** The Tau Kappa Epsilon insurance coverage is not an Accident & Health policy. Claims in this area are normally covered by your personal medical insurance.

### **06 Could Chapter Officers, other collegiates, other volunteers or alumni be named in a lawsuit?**

**Yes.** Chapters, Chapter Officers and other collegiate members are often named in lawsuits. While not often, House Corporations, their members, advisors, and other volunteers have been individually named in legal actions. Subject to the terms, conditions, and limitations of the fraternity's insurance those persons are insured under Tau Kappa Epsilon's policies.

### **07 As a collegiate, how is my personal insurance or parents' insurance affected?**

You should always report any potential insurance claim to your personal insurance agent or carrier. The insurance provided for collegiate members under the Tau Kappa Epsilon policy is excess of any other (personal or parents' automobile or homeowners) insurance available to you.

### **08 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 Tau Kappa Epsilon policy is **primary** and will stand ahead of your personal insurance.

## Insurance and Risk Management FAQs (cont.)

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### **09 Does the Tau Kappa Epsilon insurance provide auto liability coverage for collegiate members, alumni officers, or other volunteers if their automobiles are being used on Tau Kappa Epsilon business?**

**No.** Because of State “Automobile Financial Responsibility” Statutes, (laws that require owners or operators of an automobile to maintain primary auto insurance), the operator and owner must rely on their own automobile insurance. The Fraternity’s insurance provides Hired & Non-Owned Auto coverage to other TKE insureds that may potentially be responsible for auto accidents. This coverage is specifically excess of any other auto liability insurance that may be available.

### **10 Does the Tau Kappa Epsilon insurance cover a collegiate member’s or volunteer’s personal property?**

**No.** Loss or damage to personal property (i.e. computers, bikes, books, clothing or other personal items) is not covered by the Tau Kappa Epsilon insurance program. Usually loss or damage to your personal property can be easily insured under “renters insurance” or your personal or parent’s home owner’s policy.

### **11 Does the Tau Kappa Epsilon insurance cover damage to my automobile if it is damaged on Tau Kappa Epsilon property or while being used on Tau Kappa Epsilon business?**

**No.** As with loss or damage to other personal property, the Tau Kappa Epsilon insurance program does not cover your automobile.

### **12 How are the total liability premiums determined?**

The Fraternity’s underwriters determine total liability premiums. Some of the more important factors include:

- 1) Tau Kappa Epsilon Fraternity’s history of premiums vs. losses
- 2) Status and development of open claims
- 3) Deductibles and coverage limits
- 4) Exposures in number of chapters and members.
- 5) Overall loss control response and compliance efforts



## Insurance and Risk Management FAQs (cont.)

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### **13 How are chapter Risk Fees billed?**

Tau Kappa Epsilon will bill and collect your Risk Management Fee based on your chapter/colony's roster completed by September 15. If the fee is paid in full by October 1, the group will receive a credit on their Chapter Statement for 10% of their Risk Management Fee, which can be used to pay for any other fees owed to the Offices of the Grand Chapter. Alternatively, a group may pay in full by the regular deadline of October 15 or can make a split payment with 50% due on October 15 and the remaining payment due on March 15. To learn more, please visit [TKE.org/Finance](https://TKE.org/Finance).

### **14 How can we decrease chapter property premiums?**

Reduce your exposures to claims and losses by stressing Life Safety and improving security measures to protect your chapter facility. Be sure that Fire Protection and Fire Alarm systems are always operating properly and are serviced professionally each year. Respond in writing and promptly confirm your compliance with Loss Control requirements. Develop and implement a short-term plan to install a complete sprinkler system. Be vigilant when preparing your chapter facility for holiday and summer breaks. Be sure to maintain heat and properly secure your TKE home.

### **15 Do claims by other fraternities and sororities affect Tau Kappa Epsilon and our chapter's rates?**

Yes. Although the most important factor is always your own chapters and the fraternity's total loss record, the loss record of the whole fraternity world does have an effect as well. Because the insurance marketplace for fraternities is very limited, any significant catastrophe or precedent-setting legal claims can have broad adverse effect in a limited market.

## Insurance and Risk Management FAQs (cont.)

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### 16 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 of coverage and offer valuable additional services such as Chapter House Inspections, Risk Management Educational Programs, and Exposure Identification and Loss Control assistance.

### 17 How can I get more information on insurance?

Address: 7439 Woodland Drive  
Indianapolis, IN 46278

Telephone: (317) 872-6533

Fax: (317) 872-8353

Email: [Compliance@TKE.org](mailto:Compliance@TKE.org)

### 18 Who is Tau Kappa Epsilon’s insurance broker?

James R. Favor & Company LLC

Address: 14466 East Evans Avenue  
Aurora, Colorado 80014-1409

Telephone: 1-800-344-7335 or (303) 750-1122

Fax: (303) 745-8669

Email: [Info@JRFCO.com](mailto:Info@JRFCO.com)

## Key Contacts and Staff Resources

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Tau Kappa Epsilon's Professional Staff is here to help you be successful.

If you have any questions, please reach out to the Offices of the Grand Chapter.

### **For general inquiries:**

Email: TKEOGC@TKE.org

Telephone: (317) 872-6533

Address: 7439 Woodland Drive  
Indianapolis, IN 46278

### **Unsure of who to contact?**

Website: [TKE.org/Contact](https://TKE.org/Contact)





# TAU KAPPA EPSILON

— Better Men for a Better World —

Established January 10, 1899, Tau Kappa Epsilon is a men's social fraternity founded on the honest convictions of Love, Charity and Esteem.

For more information,  
please visit [TKE.org](http://TKE.org)

