Risk Management -
Analysis / Recommendations

Committee members:

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Anderson Granger - Phi Delt (IFC Risk Management chair)

Analysis

RISK: Risk of ADVERSE event –
Likelihood of hazard occurrence given an activity
And severity of consequence
And effectiveness of prevention measures

The Risk Stream
see slide 8

Hazards
see slide 9
ALUMNI BOARDS

- Liability and risk management best practices for alumni boards

  House Corporation / Chapter Corporation / Endowment

  Chapter leases the house from the House Corporation with conditions

  Corporation Board Members: if sued, the House Corporation possibly could be found liable; the Board members would not be individually liable.

  Insurance: Corporations need general liability insurance and D&O insurance to protect Board members and assets

  House Corporation should provide for the maintenance and cleaning of the chapter house. Some have chapter advisor(s) are actively engaged with their chapter. Many fraternities engage a professional property management company to provide key services.

  Periodic documented inspections and repairs tracked to completion. Student caused property damage is to be determined and charged against a separate chapter fund. Normal maintenance is charged to the house corporation

Does your national insurance program cover the House Corporation for liability?
FIPG / fraternity insurance: basis and compliance issues

Starting in the late 1970’s, fraternity liability insurance became difficult to obtain and prohibitively costly.

Growing incidents of alcohol abuse, hazing, colleges relinquishing student oversight role and a growing number of high dollar litigation settlements caused National fraternities to develop a less costly and more stable general liability insurance approach.

The National fraternities banded together as the Fraternity Insurance Purchasing Group (FIPG) in 1987 and established a standard set of risk management policies and procedures that are to be enforced for each National fraternity liability insurance policy.

The FIPG standards allow the participating National fraternities to set up a “captive” insurance company to get affordable insurance. They have since changed their name to Fraternity Information & Programing Group since the organization is now a risk management association. At UVA, 17 fraternities are members. The rest of the fraternities are reported to use the same criteria in their insurance liability requirements.

-- see slide 10

The insurance criteria are specific for alcohol. Here is a brief summary of conflicts with UVA /IFC party practices:

FIPG: for alcohol at a party
1. Only BYOB or Third Party Vendor Guidelines are to be followed.
2. Follow state and university regulations
3. No chapter or pooled funds to buy alcohol
4. No common source containers
5. No drinking games
6. Party at a satellite house to follow national’s requirements
Legal Opinion:

“if someone brought a suit against the chapter for an injury suffered at a function because of alcohol served in contravention of National's rules (FIPG), and the chapter sought coverage under National's liability insurance policy, the insurer probably could successfully deny coverage. It would be a matter of contract law, the insurer did not contract to provide liability coverage for risks related to alcohol.

Virginia has no Dram Shop law, (Social Host Liability) but, we probably would be on the hook for attorney’s fees and costs.

Plus, National would be alerted that we had flouted its rules on alcohol and could choose to discipline us which would include the possibility of expulsion. Thus, serving alcohol in violation of National's rules could result in losing liability insurance coverage and facing disciplinary action.”

Responsible stakeholders: Undergraduates and parents / guardians

House Corporation / Chapter Advisors

National Fraternity / University

Each board should request their attorney to review the Corp board’s / chapter’s potential liability risk and insurance coverage.

Information given on FAC website for a House Corporation considering purchasing additional liability insurance.
Recommendations:

A risk management plan should be the product of a chapter’s risk management system.

Suggestions: Systems Approach

- Beyond FOA Risk Plan – continuous improvement
- liability – alcohol / FIPG; “sober brothers” / incident coordinators
- enhanced oversight
- safety systems management approach- ANSI Z10

Elements of a risk management system -- see slides 11 / 11a

Examples:

1. IFC risk management system example policy: Criteria for chapter risk management elements
   -- see slide 12

2. Chapter risk management system policy: Specific details for implementation of each element

3. Chapter’s spring party risk management plan. Unique action items for semester risk management activities
Industry safety studies: active participation and monitoring of documented program elements, physical conditions and behavior lead to control of identified adverse incidents.

Monitoring metrics are “leading metrics”; the adverse incidents are “lagging indicators.

Example: -- see slide 13

Metrics could be displayed on the website as a dashboard to spur and maintain fraternity risk management by University / IFC recognition and rewards.

Example: -- see slide 14
Collaboration would be required with the stakeholders to develop the key issues. The following are some of the issues for discussion:

- Program Training

- Reporting methods and website integration

- Chapter safety program assessments:
  - assessment team organization, and
  - assessment protocol: program content / implementation
    1. Has the fraternity identified risks and requirements to document what they need to know and do in order to manage them?
    2. Are they doing what they say they are doing?

- Chapter safety management performance

  - Performance reviews: rewards, penalties

Recommendations- Follow up

Discussion within FAC members on best practices and then with stakeholders

Negotiations with insurance underwriters to gain alcohol risk management modifications
The Risk Stream...

- Eliminated or Avoided
- Controlled/reduced/transfered
- Unacceptable
- Accepted/waived
- Acceptable/assumed
- Residual fraternity risk
- Undiscovered/unknowingly accepted

Slide 8
FRATERNAL DISORDER:
THE MOST-COMMON CLAIMS

The bruised or catatonic pledge may be an emblem of fraternization gone awry, but hazing causes only a fraction of the problems at Greek houses. A 2010 analysis by Willis, a major fraternity insurer, based on a sample of liability claims, shows the range of incidents now commanding national attention.
## UVA/FIPG Members

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17 Fraternities are FIPG members
Chapter Safety Management System (CSMS) Plan Elements -DRAFT-

- Management leadership
- Planning
- Implementation and operations
- Evaluation and corrective action
- Management review

Safety Management System Plan can be a powerful strategy for organization safety
RISK MANAGEMENT SYSTEMS

POLICY STATEMENT

POLICY REQUIREMENTS

A. Management Leadership and Employee Participation

   RM management committee for leadership, written policy / plan

B. Planning Process

   Develop RM acceptable risk levels.

   Conduct assessments to identify hazards, establish risk assessment to control the hazards (risks and requirements) and prioritize RM activities.

   Establish methods to verify compliance

   Establish written RM goals that are specific, measurable, and include safety performance targets.

C. Implementation and Operation of an RM Management System

   Each fraternity shall have specific procedures to control the risks and conform to the UVA/IFC requirements and control fraternity related incidents.

   Institute inspections to identify and correct property hazards

   Establish emergency preparedness and response procedures.

   Establish RM education, employee training, motivational, and awareness programs

   Establish systems for communicating RM information to members.

   Implement document control and record retention procedures.

D. Evaluation and Corrective Action

   Conduct ‘root cause’ investigations of all injuries and serious accidents / incidents / complete corrective actions

   Conduct periodic inspections and self-assessments to identify and correct deficiencies in the fraternity RM implementation

E. Management Review

   IFC assessment team to conduct systematic follow-up to verify the effectiveness of the chapter’s self-assessments. Team shall be in a position to do so objectively and impartially and shall be properly trained. The assessment team is to report to an independent board of stakeholders.
Integrated IFC Metrics

**Attitudes** (set up conditions, behavior)
- Perception Surveys
- Management leadership
- Planning
- Implementation
- Participation & training
- Evaluation and corrective action
- Management review

**Program Elements**
- Inspections
- Risk Assessments
- Maintenance

**Physical Conditions**
- “Sober Brother” Observations
- Select feedback loops
- Program implementation Assessments

**Behavior (action)**

**Incidents**
- Fights
- Serious Falls
- Sexual Assault
- Drunken Behavior underage
- Uninvestigated Incidents
- LGBT
- Racial
- Sexual

FAC
Slide 14

IFC Metrics

Overall Leading Indicators Across All Frats

Compliance Lagging Indicators

Safety Lagging Indicator