

FPMA News

The Fraternal Property Management Association Newsletter, from Hobbs Group/Kirklin & Co., LLC. Volume 12 Fall 2002

Reporting Your Claim Immediately

A simple step in loss control

by Richard Jungman, Manager of Claims, Hobbs Group/Kirklin & Co., LLC.

The last strategy in a sound risk management policy is loss control. Even with the soundest and most well enforced risk management policies, your chapter still may be confronted with dealing with a property loss.

In the event of a property loss, you must be prepared to take action immediately to prevent further damage. The benefits of quickly responding to the loss are:

- The ultimate expense associated with the loss can be substantially decreased; and
- By reducing the ultimate payout on the claim, you can possibly save your chapter thousands of dollars by avoiding an increase in insurance premiums associated with a surcharge for the loss.

The easiest and most effective action you can take to mitigate the damages associated with a property claim is by reporting it immediately. In the event that someone



will be looking after your chapter house during breaks, make sure that they have clear instructions on how to report a claim. Benefits to immediate reporting are numerous:

- You will receive a quicker and a more efficient response from the insurance adjuster;
- You will be provided with professional guidance in the undertaking of immediate measures needed to protect the property from further damage;
- Subrogation possibilities increase. Subrogation is the term used to describe the insurance carrier's rights to seek recovery for monies paid on the loss from third parties

that may be legally liable for the damages sustained. Not only the amounts paid by your insurer, but also your deductible and any out-of-pocket expenses incurred by your chapter that were not covered under the policy. The immediate reporting of a claim can ensure that critical physical evidence is preserved. Delayed reporting can often times negate this opportunity, leaving your chapter out of its deductible and its insurance carrier paying for the damages someone else's carelessness caused.

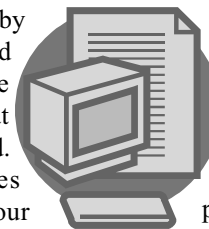
- Your claim will be resolved more quickly, which allows your chapter to get back to business as usual; focusing on endeavors that help promote and strengthen your chapter; and
- It eliminates possible coverage complications associated with delayed reporting.

The FPMA Property Insurance Program offers you the ability to report your claim on-line. To take advantage of on-line reporting just go to www.kirklin.com and click on the Property Claim Reporting link. Advantages to on line reporting include:

- Improved accuracy in the capturing of critical information. Studies of business transactions conducted on-line demonstrate that information entered by the end user is much more accurate and thorough.
 - Your insurance broker is notified immediately.
- N u m e r o u s



employees within the Hobbs Group/ Kirklin & Co., LLC are placed on notice of your loss, which will ensure that your claim will receive immediate attention. We are currently working to make the on-line reporting go directly to your claims adjuster, further speeding up the claim handling process.



In the event on-line reporting is not an option, you can report your claim by phone or fax. To report your claim by fax, please provide a detailed written description of your loss and the names, addresses and telephone numbers of the people appointed as contacts for the loss. This will include anyone who will provide the adjuster access to the property and the person who will assume responsibility for the ultimate settlement of the claim. If the damage was potentially caused by another person who may be responsible for the damages, make sure you provide detailed information needed to contact this person. The information on witnesses should also be provided. The information should be faxed to the attention of Rich Jungman at **800-328-0522**.

To report your claim by telephone contact Rich Jungman at **800-736-4327 ext. (1)215**. The same information outlined above will be asked of you. Please have it readily available when you make the call.

Which ever way you choose to report your claim, remember that reporting it quickly is a critical step in loss control. In the unfortunate event your chapter house sustains a property loss, report it immediately and reap the benefits.

COVERAGE CORNER

by Richard Jungman, Manager of Claims
for Hobbs Group/Kirklin & Co., LLC

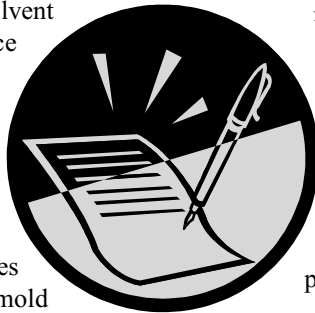
The FPMA is pleased to announce Royal Specialty Underwriters Insurance as its new underwriter for the Property Insurance Program for local housing corporations. With this change comes about a few modifications to the coverage afforded. We are taking this opportunity to address the most significant change.

Mold and fungus claims are a hot topic in the property and casualty insurance industry today. The industry was caught off guard by many court rulings requiring the carrier to pay for removal of mold and fungus. The result has been insurance carriers being unprofitable; many becoming insolvent and skyrocketing premiums for the insurance consumer.

As a result of both issues, carriers have created endorsements to lessen the effects of the recent explosion of mold and fungus claims. It is important as a consumer that you fully understand the limitations the endorsement places on you in the event you have a loss involving mold and/or fungus. Outlined below are the highlights of this endorsement:

- The endorsement modifies the **Select Business Policy Building and Personal Property Coverage Form SB 86 02 Ed. 04/99 XS**

- Part A specifically excludes payment under the policy for loss or damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of “fungus”, wet or dry rot or bacteria. It is excluded regardless of any other cause or event that contributes to the event. The exclusion does not apply to:



- “fungus”, wet or dry rot or bacteria resulting from fire or lightning; and
- To the extent coverage is afforded under Item B. of the endorsement **Additional Coverages**.
- Under Item B. Additional Coverage, the endorsement extends coverage on a limited basis when it occurs during the policy period, reasonable means are taken to save and protect the property and it is reported to the carrier within 60 days of the occurrence:
 - “Fungus” is defined under the endorsement as any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
 - It must result from a “specified cause of loss” other than fire and lightning.

Under the policy, “specified cause of loss” is defined as: “Fire, lightning, explosion, windstorm or hail, smoke, aircraft or vehicles, riot or civil commotion, vandalism, leakage from fire extinguishing equipment, sinkhole collapse, volcanic action, falling objects, weight of ice or sleet, water damage.

- Under the endorsement, damage is defined as direct physical loss caused by the fungus, including the cost of its removal, the cost to tear out and replace any part of the building or other property needed to access the fungus and the cost of testing performed after its removal.
- Coverage is limited to \$15,000 for damages per policy year not per occurrence.
- It limits the right to a claim for Business Expenses to 30 days, unless the interruption is a result of an otherwise covered loss.

In summary, the endorsement clearly limits claims arising out of the growth of fungus at a chapter house. Numerous claims that involved mold were claims which were ignored for a long period of time and primarily attributed to maintenance that was improperly deferred or a total lack of maintenance all together. Continue down this road and your chapter could be left with a problem it cannot afford to rectify and leave your chapter house uninhabitable.

WHAT IS FPMA?

- * An association developed to make fraternal house or alumni corporation officers better property managers through education and other assistance.

- * Providing a comprehensive and competitive Property and Boiler & Machinery insurance program to protect the physical plant of the association participants.



Would you like a premium quote?

Please provide the requested information to:

Suzanne Haas

Hobbs Group/Kirklin & Co., LLC.

PO Box 540673, Omaha NE 68154

Phone (800) 736-4327, Ext. (1)203

Fax (800) 328-0522

E-Mail: shaas@kirklin.com

or visit our website at

www.kirklin.com

Undergraduate Fire Safety Video Available At Cost

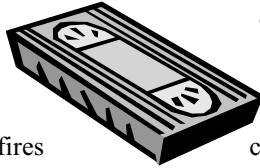
Through the funding of Hobbs Group/Kirklin & Co., LLC., and other major contributors, EH Films recently released an excellent video training aid for undergraduate fire safety entitled, "Graduation: Fatally Denied."

The short training video is set in the dormitory of a young female college student. While the actual cause of the fatal fire in the video is careless smoking, the leading cause of all fire fatalities in the United States, it accurately depicts and points out the other leading contributors to fires in university and college undergraduate housing.

Producer and director, Ed Comeau, does an outstanding job of achieving brevity to enhance retention of the message without com-

promising content or quality.

The Hobbs Group/Kirklin & Co., LLC., the leading insurance brokerage to the fraternal market, is committed to improving the undergraduate experience of our clients' members and the members of all Greek organizations. It is our goal to work in partnership with you to save young lives by providing useful tools to enhance each local chapter's risk management programs.



In an effort to further this commitment, we are offering this excellent video training aid to all Greek organizations at our cost. Your organization is encouraged to reinforce the effectiveness of this video training aid by combining it with the discussion guide accompanying the video and by utilizing the

physical plant inspection checklist available at www.kirklin.com and/or WWW.FRMTLTD.org. The cost is \$12.00 for a single videotape or \$10.00 per videotape for two or more.

If you would like to order a video, please send a check with your name and title, national fraternity name, local chapter name, telephone number and mailing address to:



Hobbs Group/Kirklin & Co., LLC.
Attention: Rich Jungman
P. O. Box 540673
Omaha, NE 68154

Be Prepared For Inspection With Day-To-Day Maintenance

by Kathy Payne, Inspection Coordinator, Hobbs Group/Kirklin & Co., LLC.

Every two years, fraternity houses are inspected as a provision of their property insurance coverage. The inspector, hired from an outside company, notes in his survey any areas not in compliance with codes and those areas needing repairs. After the inspection, a report with photos is compiled and submitted to Hobbs Group/Kirklin & Co., LLC.



The Inspection Coordinator reviews and shares this report with the fraternity or alumni house corporation. Those areas noted by the inspector are listed as recommendations and the coordinator seeks compliance of the recommendations. It is imperative that these are corrected or complied with before renewal

of the insurance policy can take place. A date is included on the form and inspection contacts should strive to have the form returned by that time.

Fraternities that do not comply within a reasonable amount of time can be issued notices of non-renewal. Active property management within the fraternity, whether with volunteers or professional assistance, can help avoid costly re-inspections. Often these are made necessary when numerous infractions are found in the house and the cost of the reinspection is the obligation of the fraternity. On the www.kirklin.com website, a Facility Self-Inspection form is included to help fraternities keep up with the day-to-day maintenance of their houses.

Be an Active Participant in FPMA

FPMA is more than just a Property Insurance Program for your chapter house. It was formed to assist volunteer organizations work through the issues associated with undergraduate housing. Part of our effort to provide added value to your benefits of association within FPMA, include the publication of our monthly newsletter and continued enhancements of the website www.kirklin.com. We are always looking for fresh ideas concerning potential topics or issues you encounter on a daily basis. Your active involvement in increasing the value of your association can be accomplished by:

- If you have specific expertise in the area of property risk management and/or undergraduate housing, volunteer to write an article for the newsletter.

- Provide suggestions for topics you would like to see addressed within the content of our newsletter or our website.

By being actively involved, you can make a difference in our efforts to keep property insurance affordable to Greek organizations such as yours. Any suggestions or other expertise you can offer should be directed to:

Rich Jungman
Hobbs Group/ Kirklin & Co., LLC.
PO Box 540673
Omaha, NE 68154
800-736-4327 voice
800-328-0522 fax
rjungman@kirklin.com e-mail

LEAVE THE HEAT ON!

- Protect your facility over holiday break



What is the damage?

- Frozen pipes/water damage claims from clients of Hobbs Group/Kirklín & Co., LLC. often come in after the holiday break.

Why did this happen?

- Chapter members turned off the heat thinking they would save some money.
- The pilot light on the furnace blew out.
- No one was in charge of checking on the house over the holiday break.

No one got hurt, what is the problem?

- Chapter members return from holiday break to a mess, or worse yet, no place to live because of the significant extent of damage.
- Property premiums increase, because of these claims, which every member helps to pay!

How do we avoid a repeat this year?

- **Turn the heat down to no less than 55 degrees, don't turn the heat off!!!**
- Have a house corporation officer or undergraduate member stop by the house daily to make certain the house is secure and heat is working!
- Call heating contractor immediately if there is a problem!



These claims are simple to avoid, yet this issue was ignored by many this past year. The resulting property claims resulted in the majority of property claim payments made by Hobbs Group/Kirklín & Co., LLC. this past year. This holiday break let us all work to avoid a reoccurrence of these easily avoidable property claims.

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Hobbs Group/Kirklín & Company, LLC.

Founded to serve the needs of fraternal organizations. Committed to improving the risk management programs of its clients.

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