

ALPHA SIGMA PHI FRATERNITY

MINUTES

GRAND COUNCIL MEETING

March 10 - 11, 1978

Delaware, Ohio

GRAND COUNCIL MINUTES
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80. CALL TO ORDER:

Grand Senior President George E. Lord called the meeting to order at 8:30 p.m. on Friday, March 10, 1978.

81. ROLL CALL:

Members of the Grand Council in attendance: GSP George Lord; GJP Alfred B. Wise; GS Richard A. Dexter; GT Richard R. Gibbs; GC Richard S. Snaders and GC Michel A. Coccia.

Others in attendance: Stan N. Miller, Director of Alumni Affairs; Kevin J. Garvey, Chapter Consultant; Michael C. Boundy, Expansion Consultant; Ralph F. Burns, Executive Secretary Emeritus and Gary A. Anderson, Executive Director.

82. APPROVAL OF MINUTES OF AUGUST 18, 1977 MEETING:

The minutes of the August 18 meeting were distributed by mail following that meeting.

Moved by Brother Gibbs, seconded by Brother Sanders and
passed, approving the minutes of the August 18, 1977 meeting.

83. REPORT OF THE FINANCE COMMITTEE, RICHARD GIBBS, GT, CHAIRMAN:

Best financial position in six years. Ten thousand dollars (\$10,000) borrowed by General Fund from Reserve Fund already paid back; fourteen thousand dollars (\$14,000) surplus in bank. Due principally to increased pledges and initiatives coupled with under-budget expenses. Felt to be result of chapter attitude improvement in response to increased service and standards from Headquarters.

Budget included a five thousand dollar (\$5,000) payback against previous deficits. Projection is made we may actually replace \$10,000 to \$15,000.

Liability insurance for the Grand Council is not readily available. Executive Director Anderson charged with continuing to locate a source.

Alpha Pi Chapter, Purdue, reports loss of two swords from their paraphernalia, occurring during the 1977 National Educational Conference. The Finance Committee recommends an expenditure of ninety dollars (\$90) to assist the Chapter in purchasing

replacements, to be accompanied with letter pointing out Chapter's responsibility to take sufficient security steps to prevent such losses at a time when so many brothers from so many Chapters may be looking for "souvenirs" of the event.

Gamma Delta Chapter, Davis and Elkins, has a long-standing debt to the Reserve Fund. Correspondence by the Executive Director and visits by the Chapter Consultant have created opportunity to collect the full amount. GSP Lord will have an appointment with the persons involved to arrange for freeing a bank account to pay the debt.

Discussion on differentiation between Reserve Fund loans for Chapter emergencies and for Chapter improvements led to a decision that regardless of the purpose of the loan, the interest rate should be raised from 4% to 6%.

Regarding previous discussion of merger of A-S-P Corporation, Tomahawk Fund and Memorial Fund, advice of an Internal Revenue Service Agent suggests we can receive donations to the Memorial Fund and use the money for housing loans to Chapters. Finance Committee recommends merger of A-S-P Corporation and Tomahawk Fund into Memorial Fund, immediately upon confirmation of the IRS agent's comments. This will simplify our fund structure and permit Brothers to make tax-deductible contributions toward Chapter house mortgage loans.

GJP Wise requested clarification of the recommendation to merge funds. GSP Lord explained that no action would be taken without clear, written understanding that mortgage loans through the Memorial Fund will in no way endanger the Fund or its tax status.

Headquarters' office personnel salaries were increased 7 1/2% effective January 1, 1978.

The Executive Director was authorized to join the American Society of Association Executives for a one-year trial membership. [Note: Anderson subsequently decided against this, feeling the expense would not be warranted in light of his anticipated resignation in early 1979.]

Items to be resolved within the Council's deliberations are the heating system for the Headquarters and the Executive Director's salary.

GT Gibbs cited the efforts of Comptroller Marilyn J. Sipes as the major factor in making accounts receivable from Chapters at their current, record-low amount.

Moved by Brother Coccia, seconded by Brother Dexter and passed,
accepting the report and recommendations of the Finance Committee.

84. REPORT ON IRS AUDIT BY GT GIBBS:

The General Fund was audited as reported at previous meeting. The agent's preliminary report indicated the Fraternity had inadequately recorded investment income, so it did not appear to be earmarked for exempt activities. In essence, that our books showed money from a potentially taxable source went for a non-exempt purpose and is thus taxable.

Our position was that bookkeeping form did not substantiate wrongdoing, and that other reports supported our claim that the potentially taxable income was used for Chapter consultation, which we hold to be educational, thus tax-exempt.

The agent held a discussion with GSP Lord, GT Gibbs, Executive Director Anderson and Don Zerbe, CPA, in which the above was expressed.

Following the discussion, the agent submitted a proposed finding which departed entirely from the concerns he expressed in his meeting with us. It made no mention of bookkeeping form, but rather attacked our Chapter consultation as a non-exempt function.

We entered a letter of protest against the proposed findings, indicating that his report in no way reflected his verbal representation of his position.

The district supervisor returned the report to the agent with instructions to meet with us again. At that meeting the agent gave indication he would now, not only propose that our Chapter consultation is non-exempt, but also that our records are unacceptable. When his final proposal is in, we will protest and seek a conference.

The agent did allow that a compromise at some point might be a real possibility, but that he was unwilling to consider it, and would send the whole matter on to the district supervisor for review.

Moved by Brother Coccia, seconded by Brother Gibbs and passed, authorizing the GSP to retain tax counsel to assist at the conference level and assist in making the decision whether the Fraternity should pursue this matter to the courts.

85. RALPH F. BURNS FOUNDATION REPORT:

Since the report at the previous meeting, no progress has been made. Brother DeLuca, because of a job change, has been unable to give any attention to the raising of funds for the Foundation. The contact with the undergraduate Chapters for pledges to the Foundation, offered by Jim Pearman, Washington '77, has gone unused.

By direction of the Grand Senior President, the GSP and the Executive Director are to find a suitable volunteer to review

the effort to attain the goal of raising \$40,000 into the Ralph F. Burns Foundation. Suggested names were Ron Stephanic, Epsilon and Harold Schellenger, Zeta.

86. REPORT OF ALUMNI AFFAIRS BY DIRECTOR STAN MILLER:

The area Alumni Councils of the San Francisco Bay Area, Chicago, Detroit, Sacramento and Indianapolis are active, some better than others.

Contact with a Brother living in Columbus, Ohio made just prior to this meeting yielded a promise to begin work in the Summer of '78 for a council in that city area. Requests will be made of Councillors in the area to lend support. The Brother is Edward "Skipper" Kropp, Purdue '66.

Correspondence to those requesting help has been current and routine exchanges with certain involved alumni has been maintained.

Work with Chapter alumni associations or corporations has been piecemeal and oriented toward assistance with requests.

Brother Stan Miller expressed concern that more Council members hadn't been giving him leads for alumni work. He further acknowledged the long-standing desire to glean from Ralph Burns his knowledge of key alumni, and committed himself to working at that through correspondence and personal visit.

Moved by Brother Sanders, seconded by Brother Coccia and passed,
accepting the report of the Director of Alumni Affairs. A written
outline of Stan's report is attached to these minutes as Part I
of Exhibit A.

87. SPECIAL REPORT ON LONG-RANGE FUND RAISING BY STAN MILLER:

Sensing potential for Alpha Sigma Phi to receive good benefit
from bequests and other estate investments or arrangements,
Stan proposed we begin to create opportunities and possible
assistance for Brothers to contribute in this way to the
Memorial Fund.

The proposal appears as Part II of Exhibit A attached to
these minutes.

Moved by Brother Dexter, seconded by Brother Sanders and passed,
accepting this special report.

Names suggested to organize this long-term fund-raising
program were Jim Kaldal, Mu, Steve Heisler, Upsilon and Gil Coburn.

88. REPORT ON ALPHA SIGMA PHI HOSPITAL MONEY INSURANCE PLAN,

ALAN ZINK:

Mr. Zink is General Manager of American Insurance Administrators,
of Columbus, the company which administers our insurance plan.
His report is attached as Exhibit B.

Moved by Brother Coccia, seconded by Gibbs and passed,
authorizing American Insurance Administrators to solicit the
members of the Fraternity to purchase policies of the Alpha
Sigma Phi hospital money plan.

The information necessary is to be arranged between
Mr. Zink and the Executive Director.

Mr. Zink presented his desire for the Fraternity to offer
additional insurance products to its members. See this
section of his report attached as Exhibit B. He requested
the opportunity to meet with a committee to explore
possible products.

Moved by Brother Wise, seconded by Brother Sanders and passed,
naming Brothers Stan Miller and Gary Anderson as a committee
to explore with Mr. Zink insurance products available, to
report findings and recommendations at the August meeting
of the Council.

Stan immediately gave Mr. Zink some questions pertaining
to the products available and arranged for further
communication.

89. PUBLICATIONS REPORT:

Director of Publications Evin Varner submitted a written report, attached as Exhibit C. Brother Varner was unable to attend this meeting.

The publications program is in fine shape. The Tomahawk has been current, well-received as to content, and well within budget. The "Old Gal Gazette" has been somewhat behind schedule and over budget, but continues to have a highly positive impact on the Chapters.

Because of cost control in publishing The Tomahawk, the time is very near for additional pages to be added, a welcome improvement.

Other advancements and accomplishments of the publication program are noted in the written report, Exhibit C.

Moved by Brother Coccia, seconded by Brother Wise and passed, accepting the report of the Director of Publications.

90. SCHOLARSHIP PROGRAMMING:

Otto Sonder continues to have interest in working up a model program with a few chapters and expanding that to other chapters. Extensive discussion of the Council considered the degree to which the Fraternity can or cannot have impact on Chapter-level scholastic performance. The consensus that developed was

that the Fraternity can provide urgings and rewards for good performance. This can and ought to be done through the model program concept and individual attention where needed.

Kevin Garvey, Chapter Consultant, mentioned a few ideas of what needs exist and what might be done toward meeting those needs.

The Council requested Kevin to share his ideas with Otto Sonders, with the expectation Kevin's input would motivate Brother Sonders toward increased action in developing the model program.

91. ALPHA SIGMA PHI IN THE PHILIPPINES:

Much correspondence over the past year and a half has established quite a bit of history on this group. By now they are a merged organization of two groups known as Alpha Sigma Phi and a third of a different name.

Their correspondence shows real intensity of feeling toward fraternalism, careful attention to detail in the operation of their organization and a deep, intent interest in gaining recognition as an affiliate of Alpha Sigma Phi in the United States of America.

They recognize Alpha Sigma Phi in the United States as the

original and true Fraternity of Alpha Sigma Phi, and understand Alpha Sigma Phi in the Philippines to be an offshoot organization. That is, they publicize the founding of the Fraternity as happening at Yale in 1845, but know their own origin to be in this century, probably the result of influence from a professor who was a Brother in our Fraternity and taught in the islands.

They have been petitioning us for recognition for some time. Executive Director Anderson believes action is now in order and should be positive. He stated Alpha Sigma Phi should be willing to accept into its midst men from another country seeking after the same ideals which we espouse, particularly when they openly acknowledge us as the parent organization.

A drafted resolution for affiliation of Alpha Sigma Phi in the Philippines and proposed terms for the affiliation are attached as Exhibit D. With Grand Council approval, the resolution will be presented to the 1978 National Convention.

Brother Coccia stated his belief that we can and ought to exact some monetary fee from the Philippine group or members for the concessions we might provide and he will investigate the possibility of exchanging currency.

Brother Gibbs plans travel to the Far East in June '78 and may be able to visit Manila. A motion by Brother Coccia was ammended by Brother Lord; Brother Coccia favored the amendment and the following took place:

Moved by Brother Coccia, seconded by Brother Wise and passed, naming Richard Gibbs chairman of on ad hoc committee to investigate Alpha Sigma Phi in the Philippines and for the Fraternity to provide him financial support in that endeavor.

Discussion suggested if costs for a visit were in excess of \$500, it would not be a feasible expense.

92. EXOTERIC PLEDGING:

The concern, stated by the Executive Director, is that the Fraternity Constitution provides for non-members to observe the pledge ceremony, but the wording of the ceremony itself makes a strong implication that non-members should not be observing.

Grand Marshal Louis DeLuca, unable to attend this meeting, sent his thoughts on the subject, attached as Exhibit E.

The Grand Senior President provided the understanding the Council has sole and complete authority for ritual changes, but suggested giving the Convention a chance to give its advice on any change.

After some comments moving to table the concern until after the Convention, Brother Al Wise spoke to the issue, making reference to the potentially productive effect open pledging could have for general fraternity image and for parental understanding and support.

His remarks were well received and the Grand Senior President instructed the Executive Director to develop proposed changes in the wording for consideration by the Convention Ritual Committee.

93. NATIONAL CHARITY PROGRAM:

In response to his assignment from a previous meeting, Brother Richard Dexter has prepared a questionnaire to learn of other fraternities' experience with this area. After some information from them is available, we can evaluate the merits of our own programming for this area.

94. MEMORIALIZING OUTSTANDING BROTHERS:

The passing of a Brother who has contributed significantly in time and talent brought up for discussion the need to express the Fraternity's appreciation and sympathy to the widow or other remaining family. Procedurally, a sympathy card is sent to acknowledge every deceased notice received at Headquarters. Discussion considered and went against any monetary contributions

in memory of a deceased Brother, the feeling being that an appropriate guideline for who does, or does not, receive such treatment would be impossible to set.

The conclusion was that a letter should supplement a card for those who have been particularly supportive or exemplary.

95. CHAPTER CONSULTATION, KEVIN GARVEY:

Based on the criteria of Chapter operation, membership, indebtedness, attitudes, alumni support and communications with Headquarters, Kevin rates our Chapters into the following categories: Strong, 14; Above average, 5; Average, 13; Below average, 11; Weak, 4.

Kevin then presented specific reports on the weak Chapters.

1. Beta Sigma, University of Cincinnati - a previous performance contract was met in all respects save membership. The Chapter continues in a poor attitude toward growth in a generally poor campus system. Local first mortgage on the house has been retired, with outstanding debts to the A-S-P Corporation and Reserve Fund standing idle.

Council direction: secure all loans in the A-S-P Corporation; rewrite performance contract; let the Chapter continue operations; Headquarters staff to assist them to progress.

2. Delta Alpha, Loyola University of Chicago - have eight pledges and 29 brothers, but not all properly reported and paid for. Outstanding loans to the A-S-P Corporation and the Reserve Fund are standing idle. Local debts are also going unpaid. Brother Coccia reports attitude of the Chapter has been dismal, but improving slightly in the immediate past. There is a need to build understanding of moral responsibility for fiscal affairs.

Council direction: secure all loans; get alum or graduate student to run Chapter books; Kevin to get concurrence of Chapter alumni officers, then set performance contract; Kevin to get commitment of alumni to provide a financial controller for undergraduates.

3. Beta Iota, Tufts University - alumni upset with lax undergraduate attitudes; want to evict men and lease to Chi Omega. Performance contract had been set, but the Chapter has not communicated any action and failure to comply with the contract is suspected.

Council direction: hold to contract as written.

Moved by Brother Coccia, to suspend the Charter and place in the hands of alumni corporation, for them to act as trustees for such period of time necessary until return of

the Chapter would be possible. Failed for lack of second.

Moved by Brother Wise, seconded by Brother Coccia and passed, to suspend the Charter if the April 1, 1978, contract deadline passes without compliance by the Chapter undergraduates.

4. Alpha Sigma, Wagner College - performance contract going unheeded. The Chapter is still active, despite their silence and our fear of their possible disbanding. They lack much understanding of operations technique. Staff contact is to continue.

Additional Chapters that have been requiring attention:

1. Omicron, University of Pennsylvania - lax in rush. Place to live is a major Chapter concern; poor attitude toward operations and fraternalism. Strong alumni support. Planning to reopen kitchen operation. Have irritated several of the Chapter's older prominent alumni by use of profanity in their Chapter newsletter. Will likely continue to survive, but there is a need to elevate sense of purpose.

Note that Pi Lambda Phi house may be available for purchase.

2. Gamma Delta, Davis & Elkins College - met performance contract except for membership. Showing good improvement. Have eight Brothers and two pledges and are working on rush.

Good leadership available. Making progress on debts to the Fraternity. Reserve Fund debt of approximately \$1,400 since sale of Chapter house several years ago. In past, alumni haven't responded to correspondence or visits, but have now agreed to meet and discuss issue.

Council direction: Grand Senior President Lord is to meet with representatives of the Chapter alumni and undergraduates and terms are to be arrived at for the administration of Chapter savings and payment on Reserve Fund note.

3. Gamma Pi, Findlay College - membership had been very low; making good progress on rush this year. House is full and they have a good pledge class. Although behind on second payment, they have agreed to payment plan on back debts.
4. Delta Delta, Slippery Rock State College - have reported all members and eliminated the concept of social affiliates. Were evicted from one apartment for trumped-up damage charges and the next apartment was damaged by fire. Looking for a house in the community. Chapter has potential to move up well and may be seeking financial assistance for housing.
5. Theta, University of Michigan - pledged ten men this Spring, nearly doubling their size. Outstanding alumni relations and good chapter operations and leadership.

Chapter Consultant Garvey reported having made forty-one Chapter visits as of the meeting date - once to twenty-five chapters and twice to eight chapters. Analysis of a visit includes meeting with all undergraduate officers to discuss duties and responsibilities; meeting with the dean to discuss Chapter image, school relations with the Chapter and future of the campus fraternity system; meeting with alumni in area to discuss support of Chapter and their assessment of the Chapter; meeting with Grand Chapter Advisor, Grand Province Chief and any Grand Council member in the area; meeting with the full Chapter at end of visit to share observations, evaluation and recommendations, and to conduct any appropriate workshop activity.

Chapter Consultant Garvey's philosophy for the job is to be a help, not to be an inspector. Overall concerns or observations on our Chapter quality are: still lacking thorough pledge education, which leaves marks on Chapter operations; hazing is dwindling down. Some occasional breaches of policy still occur, but have been singled out and denounced; rituals are regaining importance; Black Lantern ceremonies are attracting more attention; Province system needs extensive attention; need revised Grand Province Chief responsibilities; need articulated Grand Chapter Advisor responsibilities; need Province Program Coordinator; scholarship needs more support; communication between Chapters and Headquarters is improving; fraternities

generally are on the upswing and Alpha Sigma Phi is doing very well. Chapters are giving good reception to visits and are seeking help.

Grand Senior President Lord commented that significant credit is due Kevin Garvey for his dedication and hard work, that being a major factor for our improvement this year.

Moved by Brother Coccia, and passed by acclamation, accepting Kevin's report, expressing appreciation for his work on behalf of the Fraternity and noting his significant contributions to the overall improvement of the national organization.

The performance contracts for Cincinnati, Davis and Elkins and Wagner are attached as Exhibit F, Parts 1,2, and 3.

96. EXPANSION, MICHAEL BOUNDY:

Expansion Consultant Boundy's written report is attached as Exhibit G. He reports on the few Chapters he visited and his expansion work. During his presentation the following observations were drawn from various persons in attendance: As particular expansion opportunities become stable, high visibility should be given them in the publications; In February of this year, Grand Senior President Lord issued a policy decision permitting the Expansion Consultant to pledge men to the Fraternity at his own discretion as opposed to former policy

requiring a group of 15 interested persons; Grand Councilor Sanders raised for consideration the feasibility of adding a second full-time expansion consultant. The idea was discouraged by Executive Director Anderson on grounds that the program, although making great progress, had not conclusively shown a success pattern of desired proportions; A request from Expansion Director Peter Tourtellot to have the full Council at all installations was discussed. The Council resolved finances would control decisions on this, but that in all cases at least two members of the Council - the Grand Senior President plus one other - should attend, plus more, if feasible; Mike Boundy is preparing a manual to guide Chapters and alumni in organizing colonies.

Matters for Council action were resolved as follows:

Moved by Brother Coccia, seconded by Brother Gibbs and passed,
approving Expansion Consultant Boundy's recommendation to
initiate 9 of our colonists at the University of North Carolina
at Charlotte.

Discussion took place on Brother Boundy's proposal for raising the Charter fee to \$700.00 and eliminating some items of paraphernalia previously included.

Moved by Brother Coccia, seconded by Brother Gibbs and passed,
keeping the Charter fee at \$600.00, but eliminating the

block for the gavel, the ballet box, the guest register and the six sterling candle sticks.

Resolved, to accept Michael Boundy's report, to express the Council's gratitude for his work rendered and for his imagination in bringing forth procedures which not only enhanced the program for expansion, but increased the dignity thereof.

Offered by Brother Coccia and passed by acclamation.

97. 1978 NATIONAL CONVENTION:

Executive Director Anderson presented a tentative schedule and list of committee chairmen. Discussion offered some suggested changes, which are reflected in the schedule attached as Exhibit H.

Brother Dexter voiced belief that Convention action should more carefully create two-year operational plan for the Fraternity. Grand Senior President Lord assigned Brother Dexter the task of articulating guidelines for committee chairmen, plus a monitoring procedure to be used at the Convention to assess committee progress.

Brother Sanders expressed desire to see as many Grand Chapter Advisors as possible attend the Convention. Brother Anderson was directed to examine the Convention budget and offer

financial assistance to some nearby Grand Chapter Advisors, if possible.

98. PROVINCE PROGRAM:

No progress in this area. Need Province Program Coordinator. Need revised guidelines for Grand Province Chiefs and Grand Chapter Advisors. Need better system for electing undergraduate Province leaders. Need increased communication within Provinces and better, more regular Province activities.

[Note: Subsequent to this meeting of the Council, Kevin Garvey committed himself to the position of Province Program Coordinator, and has begun addressing the many needs noted.]

99. DISTINGUISHED SERVICE AND MERIT AWARDS:

Names mentioned as possible candidates have been placed in the files for further staff action. Grand Senior President Lord agreed to work with Ralph Burns to develop good recommendations.

100. COUNCIL MEMBERSHIP:

A motion by Brother Gibbs to expand Council to include present top four program directors failed for lack of a second. Strong feeling that seven men were sufficient for carrying out stewardship of the Fraternity was indicated, along with suspicion that more would create a management problem in terms of meeting schedules and divergence of opinion.

101. EXECUTIVE DIRECTOR SEARCH:

A few applications had been tendered toward an August, 1978, turn-over, but Brother Anderson will remain until March 1, 1979. Brothers Sanders and Lord will continue to seek applicants and conduct interviews. The new Executive Director should be on the job no later than January 1, 1979.

102. EMPLOYEE RETIREMENT BENEFITS PLAN:

The policy set up in August of '77 cannot be used. It was inaccurately based on the Fraternity being a 501(c)(3) organization by IRS classifications, which it is not.

Brother Miller proposed the Fraternity purchase flexible retirement annuities for anyone falling under our plan. Covered employees would receive a bonus annually, which they would report as taxable income. They would deduct it from taxable income, however, with the bonus check being signed back to the Fraternity to purchase the annuity. Employees will receive benefit from the annuities only upon retirement.

Guidelines for including employees under the plan are:

Clerical staff - minimum age 30, coverage to begin in the fiscal year following five years of employment; Executive Director - coverage to begin in the fiscal year following two full years of employment.

The amount contributed by the Fraternity is 5% of the payroll for each covered individual. Brother Miller recommended a double contribution this year for Marilyn Sipes, Comptroller, as the plan set up for her last year has been annulled.

Moved by Brother Dexter, seconded by Brother Sanders and passed, approving the retirement benefit plan as described above, and providing for specific action in the case of Marilyn Sipes.

103. FUND MERGER:

Still seeking an IRS ruling to ascertain desirability of merging Tomahawk Fund, A-S-P Corporation and Memorial Fund. IRS ruling will speak to issue of making loans to Chapters for housing. If the ruling is favorable, combination of these three accounts should be pursued immediately.

104. MEMORIAL RESOLUTION:

Moved by Brother Coccia, seconded by Brother Gibbs and passed, affirming the resolution offered by Executive Secretary Emeritus Ralph F. Burns, memorializing Brother L. Roy Campbell, Omicron 1915. The resolution is attached to these minutes as Exhibit I.

105. APPROVAL OF EXPENSES:

Moved by Brother Gibbs, seconded by Brother Sanders and passed,

approving expenses for this meeting.

106. ADJOURNMENT:

Moved by Brother Gibbs, seconded by Brother Sanders and passed,
to adjourn the meeting. March 5, 1978, at 3:30 P.M.

Approved


Grand Secretary

Certified Correct


Executive Director

TO: GRAND COUNCIL, ALPHA SIGMA PHI
FROM: STAN MILLER
DATE: 27 JANUARY 1978
RE: REPORT OF DIRECTOR OF ALUMNI AFFAIRS

I. Current Programs.

A. Alumni Councils.

1. Bay Area. "Tux" wadsworth continues to hold things together. Monthly meetings continue to be held.
2. Chicago. Carl Moore reports that a meeting of organizers will be held in a couple of weeks to set up routine for general meetings. I suggested that the meetings to be held for all intended alums be limited to three or four meetings per year and the bulk of the work should be done by and in committee.
3. Detroit. Apparently this group is continuing to meet monthly and is doing well, but I get no feedback unless they have a crisis or want something.
4. Sacramento. This group meets monthly and has ten to twelve who attend. Apparently, they are alive and well, but I have had no feedback for any direct visitation by anyone.
5. Indy. This group is not meeting regularly and I plan to draft some people to assist Greg Sinise to keep our momentum going. (One of the key members, Bob Lindeman, moved to North Carolina.)

B. Alumni Association. I have had contact with several individual chapter alumni associations by letter and phone to offer advice and assistance on individual problems. My contacts have come from Evin Varner and the Headquarters staff. There has not been a really unified on-going program in this area as I have merely reacted to individual requests as needed.

C. General Comments.

1. I personally am quite discouraged by the lack of feedback (good, bad, or indifferent) to the materials I have been sending all over the United States.
2. It appears something is lacking in my current program of organizing our alums and I welcome any comments from anyone as to how I can do this better.
3. If the Grand Council collectively, or individually, is doing anything concerning alumni relations it is a mystery to me. I have heard nothing for months from any Grand Councilors about anyone I can contact, any group having problems, or anything. Obviously, some of the Grand Councilors do chapter visitations, but my questions are:
 - a. Who visits what chapters?
 - b. Is there any effort made to contact alums during these visits?
 - c. Is there any prospecting done to uncover possible alumni workers, contributions, etc.?

4. I suggest that the Grand Council, Headquarters staff, and committee chairmen collectively and individually commit themselves now to an "open arms" policy for our next convention. I.e., there will be many alums there who are not familiar to all of us; we should make a larger effort to make them feel like part of the group.

II. Future Considerations. I strongly urge the Grand Council to establish a Chairman of Long Range Fund Raising.

A. Reasons Why.

1. Alpha Sigma Phi needs money now and will need more in the future to carry out on-going programs.
2. It seems unreasonable to assume that the increase of revenue for pledgings, initiations, and general donations will keep pace with the cost of providing on-going services.
3. The current Director of Alumni Affairs has too broad an area of responsibility to do an adequate job in fund raising.

B. Responsibilities of Chairman of Long Range Fund Raising.

1. He would be responsible for fund raising in the long term, not for the general fund raising to the Loyalty Fund which should be left to the Executive Secretary and the Grand Council.
2. His focus should be a large, individual contribution to be made on both an intervivos and testamentary basis.
3. The Chairman should be knowledgeable in estate planning and should take courses, subscribe to services, attend seminars, etc. to enhance his knowledge of charitable giving.
4. The Chairman should develop a series of presentations (sales talks) that could be given to alums who are potential large contributors. I.e., the Chairman should be able to show affluent alums why it is in their best interests (tax advantages, etc.) to help Alpha Sigma Phi.
5. The Chairman would compile a prospect list of potential contributors by:
 - a. Writing articles for Tomahawk, etc., asking for response of interested individuals;
 - b. Spending some time at National Headquarters with Ralph Burns going through files to identify potential donors; and
 - c. Contacting Grand Council members, staff people, etc. for leads to affluent alums.
6. The Chairman would develop a fund raising program to be initiated at the death of any prominent Alpha Sig. The program would be a general one but developed now so that it would be ready at the demise of any exceptional Alpha Sig. (The rationale of this program is analagous to a newspaper's writing obituaries in advance of the death of a town's prominent citizens.)

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Report of Director of Alumni Affairs

7. The Chairman would have prepared all forms (example codicil, etc.) to implement charitable giving of all types.
 8. The Chairman would select four alums from across the U.S. who are knowledgeable in taxes and estate planning (Example: one alum each in San Francisco, Dallas, Chicago, and Philadelphia) to make the personal contacts on qualified prospects for this program.
 9. The Chairman would develop recognition program for contributors (for those amongst them who desire such).
- C. I suggest that the Grand Council appoint a new Director of Alumni Affairs to take charge before the next convention for the following reasons:
1. The present Chairman (I) took the job two and a half years ago and the post needs some new ideas and new motivation.
 2. The present Alumni Affairs Chairman could be considered for the first Chairman of Long Range Fund Raising.

Respectfully submitted,

Stan N. Miller



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Exhibit B

These are the exclusions

Benefits will not be paid for losses resulting from attempts at suicide while sane or self-destruction while insane; pregnancy, childbirth or miscarriage; declared or undeclared war or any acts thereof; military service; treatment in a V.A. or other Federal Government Hospital unless there is a legal obligation to pay in the absence of insurance; and the congenital anomalies of insured dependent children born before the effective date of your coverage.

Pre-Existing Conditions

Pre-existing conditions are those conditions which were treated or diagnosed within 12 months prior to the effective date of your coverage. Pre-existing conditions will not be covered until 12 consecutive months have elapsed (after the individual's effective date) during which time no treatment was rendered or recommended for the condition. Even pre-existing conditions will be covered after two years have passed from each individual's effective date of coverage.

Meanwhile, **benefits are payable** for all **new** illnesses or accidents for which a period of hospitalization commenced **on or after** the effective date.

Eligibility — Include your family

All members of **AΣΦ** under age 60 may enroll in this Hospital Money Plan. Members may enroll their spouse and all unmarried dependent children age 15 days to 25 years. Acceptance is guaranteed.



Effective Date of Coverage

Coverage will become effective on the first day of the month following receipt of the completed enrollment form (and first premium) at the administrator's office. All enrollments are promptly acknowledged.

Periods of hospitalization which commence on or after the effective date, and which are for treatment not excluded, are covered. No part of a period of hospitalization which commenced prior to the effective date will be covered.

Note: Coverage is not available to residents of South Carolina or Canada.

DETACH HERE

AΣΦ Hospital Plan Enrollment Form

1. Member

☐ \$100/Day Plan ☐ \$70/Day Plan ☐ \$40/Day Plan

Name _____
(Last) (first) (middle)

Street _____

City _____

State _____ Zip _____

Birthdate _____
Mo/Da/Yr ☐ Male ☐ Female

MEMBER'S
SIGNATURE _____

Date _____

2. Spouse

☐ \$100/Day Plan ☐ \$70/Day Plan ☐ \$40/Day Plan

1st Name _____

Birthdate _____
Mo/Da/Yr ☐ Male ☐ Female

3. All Children

☐ \$50/Day Plan ☐ \$40/Day Plan

First Name _____ Birthdate _____

MEMBER'S
SIGNATURE _____

Date _____

DO NOT WRITE IN THE SPACE BELOW

Certificate # _____ Age _____ CWA _____ Effective Date _____
Renewal Date _____ Mode _____ 1st Premium _____ Renewal Premium _____

How to Enroll

Fill out this enrollment form, including signature and date.

Figure your premium below:

Member \$ _____

Spouse \$ _____

All Children \$ _____

+ billing fee \$.50

TOTAL PREMIUM \$ _____

Payable to:
American Insurance
Administrators (not
to the Company).

SEMI-ANNUAL PREMIUMS

Annual premiums are twice the rates shown below

Member's Attained Age	\$100/day Plan		\$70/day Plan		\$40/day Plan	
	Male	Female	Male	Female	Male	Female
Under 40	\$ 82.00	\$132.00	\$ 57.40	\$ 92.40	\$32.80	\$52.80
40-49	118.00	164.00	82.60	114.80	47.20	65.60
50-59	174.00	202.00	121.80	141.40	69.60	80.80
60-64*	230.00	248.00	161.00	173.60	92.00	99.20
65-69*	82.20	82.20	82.20	82.20	54.80	54.80
70 & over*	117.60	117.60	117.60	117.60	78.40	78.40
All Children (Member's Age)	\$50/day (Maximum)		\$50/day (maximum)		\$40/day Plan	
	Male	Female	Male	Female	Male	Female
Under 40	\$90.00	\$90.00	\$90.00	\$90.00	\$72.00	\$72.00
40-49	88.00	88.00	88.00	88.00	70.40	70.40
50-59	72.00	72.00	72.00	72.00	57.60	57.60
60-64*	45.00	45.00	45.00	45.00	36.00	36.00

All premiums are based upon the attained age of the member on the effective date. Renewal premiums change on March 1 after the attained age of the member changes to one of the higher age groups shown above. A 50¢ billing fee will be added to each semi-annual premium notice. *Rates shown for renewal purposes only.

Insured members may increase their existing Hospital Plan coverage, or add dependents by completing the same enrollment form, indicating their certificate number.

Other benefit amounts in multiples of \$10 are available — write administrator for details.

MOISTEN AND SEAL

These Benefits — In Addition To Any Other Insurance

Adults* — Under age 65

Up to \$100/day — \$3,000/month

for covered hospitalization in a regular hospital. Benefits commence with the **first day** of your hospitalization and continue for however long you are hospitalized, up to age 65. If you are hospitalized after age 65, benefits are payable for up to 365 days.

Up to \$200 per day Hospitalization for Cancer or Intensive Care Treatment

If you are hospitalized before age 65 for intensive care treatment, or for treatment of pathologically diagnosed Cancer, your daily benefits will be **doubled**. There is no special limitation (number of days) for this benefit (some other plans have 30 day limits).

Convalescent Home Benefits at 50% of Regular Hospital Benefit

If you are confined in a Convalescent Home upon a doctor's recommendation, you will receive half of your daily benefit for up to One Full Year, prior to age 65. Confinement must begin within 7 days of hospitalization.



Children

Up to \$50/day — \$1,500/month

for hospitalization in a regular hospital. Benefits commence with the **first day** of covered hospitalization and continue for as long as the child is hospitalized.

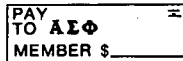


Children are also fully covered for each day of treatment in a Convalescent Home.

Child benefits are doubled for intensive care treatment, or for Cancer, just like the adult benefits are doubled.

PLUS...

Benefits Paid Directly to You, Tax Free



These benefits will be paid directly to you—not the doctor or hospital (unless you tell us to). You decide how to use these benefits—and when!

Simple, Super Claims Service

It's easy to file a claim. You and your doctor complete a short, simple claim form stating the length and cause of your hospital stay. Hospital bills are not normally required.

Super claims service is provided because the claims are paid by the administrator's office in Columbus, Ohio. Over 90% of all claims are paid within **2 (working) days** after they are received (the remainder are usually incomplete, illegible, or require some other clarification before being processed). It would be very difficult to find any better claims service anywhere!

Pays Regardless

benefit payments are made by this Hospital Plan regardless of any other

insurance benefits you may receive—even Medicare and Workmen's Compensation!

Family Continuation

Your insured family members may continue to keep this coverage in force for themselves if you should die, as long as they remain eligible.



Death Benefit

If any insured person should die while hospital confined, the Company will pay **thirty times** the daily benefit. This benefit is not available to Texas residents.

**Over 90% of
all claims paid within
2 working days**

Beyond Age 64 — in addition to Medicare

You may continue the Hospital Money Plan beyond age 64 — for the rest of your life — if you wish. You are not forced out of the plan at age 65, or converted to a Medicare Supplement Plan.



Reductions at age 65 —

At age 65, member and spouse coverage in excess of \$50 Per Day reduces to \$30 Per Day, coverage of \$50 Per Day or less reduces to \$20 Per Day with a corresponding reduction in premium. In addition, the double intensive care benefit, the cancer benefit, and the convalescent home benefit will no longer apply.

Individual Terminations

Your coverage will remain in effect, regardless of age, as long as the Plan remains in force, the premiums are paid, and you remain an AIO member. Your spouse and children are insured as long as your coverage remains in effect, the premiums are paid, and they remain eligible.

Maximum Benefit Period

For those over age 65, repeat claims for the same injury or a recurring illness will be honored as a new claim (entitled to full benefits) if the end of the first period of hospitalization and the start of the second are separated by 12 consecutive non-hospitalized months. If the separation is less than 12 months, the remaining benefits of the first claim are still available.

Why do Members Need a Supplemental Hospital Plan?

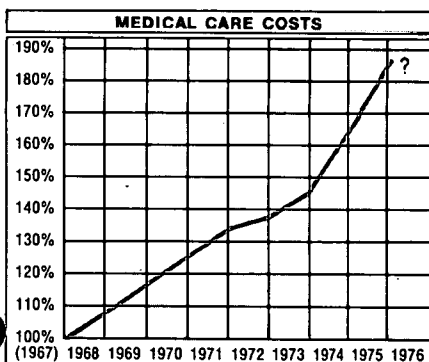
Recovering from illness or accident costs a pretty penny nowadays. Individual spending for health care rose to \$547 per person in 1975 — that's a record \$118.5 billion in fiscal year 1975.*

Hospital Care was the largest element of 1975 health care costs, accounting for 39% (46.6 billion) of total spending for health care.

According to a Health Insurance Institute 1975 survey, **only 40.5%** of all insurance coverage provides full payment for semi-private room. This means that almost **60% does not** cover full semi-private room costs!

Does your group hospitalization pay **all** of the bills? Medicare doesn't!

*Social Security Administration Study "National Health Expenditures"



Costs of Medical Care

Source: Consumer Price Index
Dept. of Labor

Out of Pocket Costs — do you have 100% coverage? Or, is yours among the 60% of coverage which does not pay full semi-private room costs. Hospital costs are rising so rapidly, it's difficult for insurance coverages to keep up. Will you have to make up the difference?

Deductibles, Exclusions, & Co-Insurance — Will the deductibles and exclusions in your insurance plan cause you to have to pay \$500 or more per illness? Is there a co-insurance clause which will cost you 20% of the major medical expenses? Deductibles, exclusions and co-insurance clauses force people to reach into their savings to pay their portion of the medical bills.

Extra Non-Medical Expenses — What if you or a member of your family becomes seriously ill in an out-of-town hospital? Who would pay for the extra transportation, meals, and living expenses if close family members had to keep vigil at the hospital? What about the expenses of child care, a vacation to speed recovery, and lost income?

Battling the illness or accident is difficult enough—why be further depressed by worries about financial ruin?



COSTS OF MEDICAL CARE

Over 35 million Americans were hospitalized in 1975. Hospital costs are currently increasing at the rate of 17.5% per year. The 1975 national average daily in-patient hospital bills averaged \$131.20 according to the American Hospital Association.

DON'T BE CAUGHT UNPROTECTED

NOW, YOU CAN PROTECT YOURSELF and YOUR FAMILY with the Hospital Money Plan which **AΣΦ** proudly offers to its members—a plan designed for **AΣΦ** members—to help meet these rising hospital costs and other expenses you may not foresee.

THE NEWLY IMPROVED AΣΦ HOSPITAL MONEY PLAN

brings you
NEW, HIGHER LIMITS
INCREASED BENEFITS

A QUALITY HOSPITAL PLAN
which pays



NO-RISK GUARANTEE

Guaranteed Acceptance

All eligible members who enroll will be guaranteed acceptance into this Plan. All eligible family members are also guaranteed acceptance! Even if you have been refused coverage before, this insurance will be issued to you. A certificate of insurance will be mailed to you within 10 days after the effective date, along with a claim form and instructions about how to file a claim.

30 Day Examination

Examine your certificate of insurance carefully after receiving it. If you're not completely satisfied, return it within 30 days after the effective date, and your full premium will be cheerfully refunded without hesitation.

AMERICAN INSURANCE ADMINISTRATORS

The Accent is on Administration

P.O. Box 12113 (1373 Grandview Avenue • 200) Columbus, Ohio 43212

February 8, 1978

Mr. Charles E. Poer
4232 Goodland Ave.
N. Hollywood, CA 91604

Here is a GUARANTEED OFFER, Mr. Poer....

which will enable you to DOUBLE the BENEFITS you may collect when you're hospitalized.

Now, until March 1, 1978, all participants in the Alpha Sigma Phi Hospital Money Plan (under age 63) presently having less than \$50/day coverage...may DOUBLE their daily hospital coverage (for new accidents or illnesses commencing after March 1, 1978*). It's GUARANTEED!! All you have to do to apply is sign your name and mail before 3/1/78.

Why should you accept this guaranteed offer to double your coverage? Simply because...

the most recent Consumer Price Index shows that medical care costs have more than doubled (up over 200%) since 1967!! This means you'll probably need to collect more from the Alpha Sigma Phi Hospital Money Plan to keep from dipping into your savings if you are hospitalized.

Let's review the significant features of your coverage under this plan. You presently have \$40/day for yourself, \$40/day for your spouse, payable from the very first day of covered hospitalization. This plan also includes double daily benefits if you're hospitalized for cancer or intensive care treatment benefits are payable to you tax free, regardless of any other insurance you may have, to be spent as you wish coverage is provided for treatment in a convalescent facility after hospitalization and there is no limit on the number of days for which benefits are payable if you're hospitalized under age 65.

You may continue this plan beyond age 64, for the rest of your life if you wish. At age 65, when Medicare is available, benefits and premiums reduce to amounts most people can afford and prefer -- still providing you with some supplemental coverage to help fill the gaps in Medicare.

And most of all, you may have confidence in the claims service available from us. Over 90% of all claims are paid within 2 working days after they are received. Enclosed is a copy of what one member thinks about our claims service.

The next page has the simple enrollment form you can use to take advantage of this guaranteed offer, and shows you the low group cost for doubling your present coverage.

THE NEXT PAGE HAS THE STUDENT EMPLOYMENT FORM AND CAN BE SO SENT

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 flow ns. oase doz of ett stjrtmz yle b9tj mtrrtu j rorrtua q9t? mrel
 yug mocr of ett' lon wyl mrale coutrqunce tu rpe stjrtmz gelatce qattjrtg

ἵστητε οὐτὸν ἔμπροσθεν ὁμοῦ ὡς ἡμεῖς τοῖς ἀποστόλοις καὶ τοῖς ἀγγέλοις
 τοῦ κυρίου ἡμετέρου ἵστασθαι ἡμεῖς καὶ ὑμεῖς ἅμα ἑνώπιον
 τοῦ κυρίου ἡμετέρου ἵστασθαι ἡμεῖς καὶ ὑμεῖς ἅμα ἑνώπιον
 τοῦ κυρίου ἡμετέρου ἵστασθαι ἡμεῖς καὶ ὑμεῖς ἅμα ἑνώπιον

դո՛ւն ելեցա՜յլ մըտն շողօղա՜յլ լուի կողակաթի՝ շողօղա՜յլ լուի կողմ ճիւղսէ՛
բերքս լեւալեռ էրս արհաւիրեցաւս բացուեալ ո՛ր կողմ, Եւսկայնի սպիտակ խորշ

HOGBITC97 MOWEL RTYU FO XEGB TIOW QYHBTUD TUCO LONL ZGALWDS TE LON
LON, TT BLORQPTA UEGG FO CORJCEC WOLE TIOW RUE YTHUY PTIDWY EUT
YGLAS BOKS IYUW QONOTYU (NB OLAL ZOOK) PTUGG IADYI; IUTS MOWUS
RUE WOGF LECBUC CONENWEL KLTCE IUDGX SPOMZ EYUQ BGGYTCYI CYIE COZTS

Իսկ ջրով չլողալու օրը՝ խոստովանեց, որ չի կարողանում լողալ։

14.2 CONVEYANCE; VTT AOP WGLS TO GO TO GIBJL IS STDU AOPL WGLS
[EOL WGLS WGLS OF ITTUSSES COMMENCED ATTEL WGLS 1' 1232].
STDU 220\WGLS COMELED...WGLS DONBFF CUELE GUTJL POSBFFCT COMELED
BUT POSBFFCT WGLS STDU (WGLS GLE 02) BLESSECTJL WGLS 1622
WGLS WGLS WGLS 1' 1232' GUTJL BLESSECTJL WGLS TO CUE VTTBFF STDU

МРТСР. МИТТ БУСРТЕ АОН СО ДОНБТЕ СРЕ ВРМЕЛИДЗ АОН ШУЛ СОТТЕСР МРЕН

WL: CRYLTOZ E: BOGL

8 JAN 1958

February 8, 1978

Page 2

Certificate #410013

Your low group semi-annual premium for double coverage to become effective March 1, 1978 is:

Yourself	\$184.00
Spouse	\$198.40
Billing fee	\$.50
Total due 3/1/78	\$382.90

It's simple, Mr. Poer. To double your coverage, simply sign below and return this page along with your premium remittance -- before March 1, 1978.

Sincerely,

Alan E. Zink, General Manager
Alpha Sigma Phi Insurance Plan Administrator

AEZ/nt

P.S. If you have any questions, please call our Customer Service Dept. collect at 614-486-5388.

ENROLLMENT FORM
ALPHA SIGMA PHI HOSPITAL MONEY PLAN
Underwritten by Continental Casualty Company
CNA/insurance

Yes, I wish to double my present coverage under this plan for all new accidents or illnesses* effective March 1, 1978, under Cert. #410013.

Signature _____
Charles E Poer

Date _____

*The exclusions are the ones stated in your present certificate of insurance. In this case, new accidents or illnesses are those which have their inception after the effective date; they are covered after the effective date.

The effective date of your original coverage remains unchanged, and is not affected by the additional or increased coverage.

#H07-P-4007-C-2/78

RECEIVED APR 28 1977

Alan R. Willson
Cinnamint Hill
P. O. Box 832
Antigua, West Indies

Exhibit B

30 Apr. 77

Mrs. Rita Hiles
American Ins Admin.
Columbus, Ohio

Dear Mrs. Hiles:

This is to thank you, American Insurance Administrators, and our insurer, Continental Casualty Company, for such prompt and efficient service in the payment of my two claims under the new Alpha Sigma Phi group hospitalization policy.

Your second check arrived here today via airmail, and I can assure you it was most welcome!

I spent twenty-seven years in the group insurance business, both Home Office and Field, and can recognize fair, prompt claim administration when I see it.

Congratulations and thank you, for paying, rather than adjusting, my claim.

Most sincerely yours,

Alan R. Willson

AMERICAN INSURANCE ADMINISTRATORS

The Accent is on Administration

P.O. Box 12113 (1373 Grandview Avenue • 200) Columbus, Ohio 43212

614/488-8100

January 30, 1978

Mr. Gary Anderson, Executive Secretary
Alpha Sigma Phi Fraternity
24 W. William St.
Delaware, Ohio, 43015

RE: ALPHA SIGMA PHI MEMBERSHIP INSURANCE PROGRAM
1977 STATUS REPORT

Dear Gary:

As your administrator, it is our procedure and pleasure each January to present a written report for the Grand Council of the Fraternity.

I. HOSPITAL MONEY PLAN - MASTER POLICY #1-A-1148

For the benefit of any new persons who might review this report, we would review the fact that the Alpha Sigma Phi Hospital Money Plan is offered under a master group insurance policy underwritten by Continental Casualty Company of the CNA Insurance Group, Chicago, Illinois. The program had its inception in March, 1973 and is approaching the beginning of the sixth year on March 1, 1978. The program was originally administered by K&K Insurance Administrators, and we (American Insurance Administrators) became responsible for the Alpha Sigma Phi Hospital Plan in December, 1975.

This Hospital Plan is a supplemental plan of insurance which pays daily benefits, regardless of other insurance, for each day that the insured person is hospitalized for a covered accident or illness. The plan originally provided the applicant with a choice of \$20/day and \$30/day benefit amounts. On 3/1/75 the master policy was expanded to make a choice of benefits up to \$100/day available to the applicants. At that same time the Plan was improved by eliminating the 365 day maximum benefit period. Presently there is no maximum benefit period (number of days) in the Plan for insureds under age 65. For those insured age 65 and over, the maximum days payable remains at 365 days for a given illness or accident. This plan improvement for insureds under age 65 was made voluntarily by CNA at no additional premium costs.

A. PARTICIPATION

The former administrator had done nothing to promote the Plan with these improvements. Consequently, the number of insureds at the time of our take-over was 54, and the total annualized premium for the Plan was \$5,900. With the Fraternity's cooperation and approval, we conducted a three mailing solicitation campaign to the entire membership in April, May, and June of 1976.

Since that time there have been no additional members enrolled in the Plan. A year ago the enrollment was 84 members generating a total annualized premium volume of \$16,972. Today, due to lapses and other attrition, there are 72

members insured (with their families). The annualized premium volume is approximately \$16,000.

B. CLAIMS EXPERIENCE

Last Fall we received the yearly claims experience report for this group insurance plan for claims through 2/28/77. The ratio of claims incurred to premium earned is referred to as the "loss/ratio". CNA uses the previous three year period as a credible period for analysing the loss/ratio trend. The loss/ratio for the Alpha Sigma Phi Hospital Plan shows an increasing trend for the past three years, as follows:

<u>PERIOD</u>	<u>INCURRED LOSS RATIO</u>
3/1/74 - 2/28/75	17.1%
3/1/75 - 2/29/76	31.5%
3/1/76 - 2/28/77	103.4%
TOTAL	64.5% (average)

The above information indicates that in the period from 3/1/76 to 3/28/77, CNA paid out \$103.40 in benefits for every \$100 it received in premium. This is a significant increase in loss/ratio from the prior two years, and is not a good trend.

When this plan was introduced in 1973, the premium rates were established based upon a given level of anticipated participation in conjunction with characteristics of the membership. As mentioned earlier, no adjustment in premium rates has been made to the present time. Since then, CNA has altered its thinking about group insurance plans which generate less than \$30,000 of annualized premium. They have determined that such groups should not be viewed individually for the purpose of determining whether the premium rates are adequate. Therefore, they have developed a "pooling" concept which combines the claims experience (loss/ratios) of all such plans they underwrite which have less than \$30,000 annualized premium, for the purpose of determining of what the overall premium rates should be for groups of this size offering hospital money plans.

The premium rates for the Alpha Sigma Phi Hospital Money Plan are slightly below the level of premium rates which CNA has determined should be charged to each of these "pooled" group plans. "Slightly" means from 1% to 5%, depending upon which age group the insured person might be in.

C. RESOLICITATION CAMPAIGN - 1978

We believe there are more members who want and need this hospital plan. Therefore we are proposing to conduct a direct mail campaign of 2 and possibly 3 mailings in 1978, assuming that the arrangements and costs for address labels would be similar to the 1976 campaign.

An immediate objective would be to boost the premium volume to overcome the increasing loss ratio trend.

If we are successful in boosting the premium volume above the \$30,000 level, the Plan would stand on its own experience. If the experience trend reverses

and becomes better, an experience credit could become available to insured members. Of course, if the experience trend continues to become worse a premium adjustment will become necessary.

We hope to have the Grand Council's approval to conduct a resolicitation campaign.

II. OTHER INSURANCE PLANS

As the Fraternity's insurance plan administrator, and recalling that the Fraternity's objective in sponsoring the Hospital Money Plan is to provide an additional membership benefit to retain alumni interest and awareness, part of our responsibility and function is to keep the Fraternity informed about additional types of group life and health insurance which may be offered to the members. Increasing the number of types of insurance available in the portfolio increases the opportunity for member participation.

Before discussing the other plans of insurance which might also be offered, we would point out that these plans are all designed specifically to be marketed via direct mail to members of associations. These products are not generally available to the public through individual insurance agents, and especially not at such low group premium rates. These plans are generally supplemental - to be added to a person's insurance estate - in amounts and at prices which the successful individual agents cannot afford to bother with!

Therefore, we submit that the offering of such group insurance plans does not conflict with nor directly compete with individual insurance agents. Additionally, there are only a handful of insurance companies which have the products, philosophy, marketing technique, licensing, and other skills and facilities to offer a national group insurance plan via direct mail to members of associations.

The types of products which might be considered are:

A. CANCER EXPENSE PLAN

This is a supplemental health insurance plan which pays benefits for hospitalization and treatment of cancer. It helps the insured meet the high costs of cancer treatment which may not be covered by their other health insurance coverage. This coverage is offered at low premiums ranging from \$50-\$100 annually for a full family, depending upon the specific benefits offered in the plan. It would appeal to older members more than younger ones.

B. TERM LIFE INSURANCE PLAN

This is term life insurance (usually) to age 70 - available in \$10,000 units to \$50,000 maximum for members, plus an (optional) small amount of insurance for spouses and children. It appeals to the youngest member just beginning his insurance estate, as well as members up through age 59. (Many college alumni associations offer this type of life insurance plan to their members.) Please see attached request from a member.

C. MEDICARE SUPPLEMENT PLAN

This type of insurance is designed to fill the gaps in medicare which cause the individual to pay for medical expenses from their pockets. It obviously is intended for persons age 65 and over.

D. EXCESS MAJOR MEDICAL

This is an umbrella type major medical coverage designed to pick up where a person's major medical plan leaves off. The premiums range from about \$20.00 to \$120.00 annually.

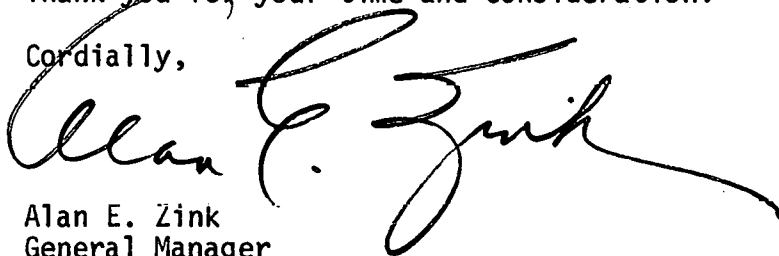
E. HIGH LIMIT ACCIDENTAL DEATH & DISMEMBERMENT

This is 24 hour worldwide accident coverage offering from \$25,000 to \$100,000 for accidental death or dismemberment. The premiums range from \$25 to \$100 annually.

We are hopeful that the Grand Council might wish to study the possibility of offering additional insurance plans to Alpha Sigma Phi members. A full portfolio of plans could eventually involve up to 20% of the membership, making a significant contribution to the Fraternity in terms of alumni interest and awareness. We would welcome the opportunity to work with an insurance committee or other designated person or group to develop proposals for Council consideration.

Thank you for your time and consideration.

Cordially,

A large, stylized handwritten signature in black ink, appearing to read "Alan E. Zink". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Alan E. Zink
General Manager

June 2, 1977

American Insurance Administrators
1373 Grandview Avenue
Columbus, Ohio 43212

Gentlemen:

Please send me information regarding the Alpha Sigma Phi Insurance Plan. I am interested in obtaining life insurance through the fraternity plan.

Thank you for your assistance.



E. M. Witzel
Nu Chapter '37
Alpha Sigma Phi

11 Teaberry Lane
Tiburon, CA 94920

RECEIVED JUN 6 1977



EVIN C. VARNER
EDITOR
BOX 4351
CHARLOTTE, N.C. 28204

704-372-8880

27 January 1978

TO: The Grand Council

FROM: Evin C. Varner

RE: Report of the Director of Publications

Update on current projects and programs:

Tomahawk -- On schedule, on budget (thanks to Bill Kegel's help). Reaction has been very positive to publication.

Gazette -- Two issues out so far ('77-'78). Probably have four issues total for year. White Paper section has resulted in a lot of comment. Flow of material from Chapters could be better.

To Better The Man -- Revision and updating work underway.

Chapter Services -- Letterhead service now available for all Chapters. Combination of Stuart Anderson awards, Headquarters push and field staff effort, has resulted in many more Chapters producing newsletters. Artwork, formats and general counseling offered when needed. Headquarters support staff doing fine job here. Every Chapter gets two personal letters a year. Every Chapter mentioned in Gazette and Tommy get letter. (Suggesting HSP salute HAE at next Chapter meeting.)

Miscellaneous -- General files and photo files are well underway. Theme for Convention '78 developed -- graphic applications will be created. We continue to update and upgrade forms and other materials as old supplies run out and needs develop.

Expansion -- Mike Boundy has developed fine Colony manual. Two leaflets (both with rush utilization as well) produced.

Manuals -- HAE manual and forms produced, ready for printing. How to search for lost brothers information sheets produced.

Memorial Fund -- Research completed. First draft done on leaflet for fund raising purposes.

PAGE 2 OF 2 --

Priorities/Recommendations:

1. Provide, as funds become available, additional production budget for Tomahawk. Holding each issue to 12 pages means some material is a year or older before it can be used. We have, on hand, material adequate for double or more the pages.
2. Provide to each Chapter a minimum number of our leaflets free 25-50. We need to provide reasons "Why National". And the leaflets can help develop larger membership.
3. Fund printing of reproduction sheets of our various insignia. About \$100. To encourage further improvement of newsletters.
4. Fund development of needed manuals. Priorities to be set by staff.
5. Seriously consider the problem of ritual. Chapters have indicated that a redo is of low priority to them if they have to pay for them. Nor surprise in that. They shouldn't have to pay for them. And it is an indication of the importance they attach to ritual. As long as we don't give it to them in a decent form, they'll continue attaching little importance to it.

DRAFT - Resolution to affiliate Philippine Fraternity

Whereas, representatives of Alpha Sigma Phi in the Philippines have sought and maintained contact with the Headquarters of Alpha Sigma Phi in the United States of America for a period of time in excess of seven years; and

Whereas, in recent months, Mr. Manuel M. Omongan, National President of Alpha Sigma Phi in the Philippines, has communicated freely with Gary A. Anderson, Executive Director of Alpha Sigma Phi in the United States of America regarding the operations and traditions of the Filipino group; and

Whereas, for an extended time, Mr. Joel V. Pal, in various capacities, has undertaken to keep Alpha Sigma Phi in the United States of America informed of developments, activities and statistics regarding Alpha Sigma Phi in the Philippines, and to raise continually the question of affiliation; and

Whereas, correspondence from a number of the members of Alpha Sigma Phi in the Philippines has indicated their deep devotion to the principles of fraternalism; and

Whereas, the leaders of Alpha Sigma Phi in the Philippines have declared a willingness to accept the guidance of Alpha Sigma Phi in the United States of America in their administration of the Filipino Fraternity,

THEREFORE, be it resolved that Alpha Sigma Phi in the United States of America grant to Alpha Sigma Phi in the Philippines the status of affiliation by declaring ALPHA SIGMA PHI IN THE PHILIPPINES an International Affiliate of ALPHA SIGMA PHI, INCORPORATED, under the terms set forth in the separate affiliation agreement.

DRAFT - Affiliation agreement between Alpha Sigma Phi, Inc. and Alpha Sigma Phi in the Philippines.

By accepting this agreement, Alpha Sigma Phi in the Philippines assumes recognition as an International Affiliate of Alpha Sigma Phi, Inc., a New York corporation. This recognition carries some privileges and responsibilities which are outlined below.

1. Full use of the rituals of Alpha Sigma Phi, Inc. permitted and required.
2. Annual report of Filipino operations to be sent to the Headquarters in the United States. To include membership statistics by Chapter, an assessment in the areas of recruitment success, alumni activity, pledge education, community service and publications, and a statement of the Fraternity's goals in these areas for the upcoming year.
3. Annual reports of the operations of Alpha Sigma Phi in the United States will be sent to the National President of Alpha Sigma Phi in the Philippines.
4. Reports on changes in national officers of the Filipino group to be sent to the U. S. Headquarters immediately after such changes should occur. Similar information on the U. S. officers will be sent to the Filipino National President.
5. Regular reports to be sent by the Filipino Affiliate for inclusion in the publications of Alpha Sigma Phi in the U. S., especially for The Tomahawk.
6. A life-time subscription of The Tomahawk to be given to each National President of Alpha Sigma Phi in the Philippines on a complimentary basis.
7. Permission to publish copies of To Better The Man, including the creation of a section on the history and operations of Alpha Sigma Phi in the Philippines.
8. Complete separation of the women's fraternity from the men's fraternity, with a re-naming of the women's fraternity. Activities jointly undertaken are encouraged, but a separation of the two groups in name and administration is required. They can be very similar, but women may not hold membership

in Alpha Sigma Phi Fraternity.

9. Hazing is to be eliminated from the induction process, to be replaced with strong personal examples of morality and community concern. Rather than creating situations in which a prospective member is subjected to ridicule and embarrassment, create opportunities for the prospective members to do good works for the Fraternity, the University and the community. Those who are willing to do these things will be more worthy of membership in Alpha Sigma Phi than those who merely prove themselves willing to undergo hazing.



The American Parkinson Disease Association

147 East 50th Street • New York, N.Y. 10022

RECEIVED

MAR 10 1978

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National Chairman

WILLIAM SIDELL
National Campaign Chairman

FRED SPRINGER
National President

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March 7, 1978

Alpha Sigma Phi Fraternity, Inc.

Mr. Gary Anderson-Executive Director
Alpha Sigma Phi Fraternity
National Headquarters
24 West William Street
Delaware, Ohio 43015

Dear Andy:

I am in receipt of your letter dated February 16, 1978 concerning exoteric rituals and the pledging program of the fraternity. I have given this matter considerable thought and since I will be unable to be with you in Ohio this week-end, I am putting these thoughts on paper so that you might discuss it at the meeting.

I have spoken with a number of people over the past few years concerning this situation at educational conferences, conventions and in personal visits to individual chapters. It is my strong feeling that pledging should be, as much as possible, an exoteric event. This will, as you have said, enable family members, friends and university officials to observe what our beloved fraternity is all about. It will also be a helpful tool in enlisting others to join our ranks.

In this day and age when people are requesting accountability in almost everything we do, I think that we as a fraternity must meet the challenges and ideas of the day if we are to survive by opening our pledging. This will fit the need of many chapters who have requested this for many years.

I would suggest that we not make this mandatory but rather make it optional and further suggest that there are enough individual secrets about our fraternity which for obvious reasons we must retain, that allow us to cling to our heritage.

Please let me know the outcome of your deliberations as I am most concerned. Wishing you well, I am

Fraternaly yours,


Louis DeLuca
Grand Marshall

LD:j

P.S. My Dad seems to be progressing fairly well. I am optimistic for the future. Thank you for your concern.

Carver
OFFICE COPY



NATIONAL HEADQUARTERS
24 WEST WILLIAM STREET
DELAWARE, OHIO 43015
614-363-1911

PERFORMANCE CONTRACT

BETWEEN BETA SIGMA CHAPTER AND THE GRAND COUNCIL

Be it resolved that the Beta Sigma Chapter of Alpha Sigma Phi Fraternity fulfill the following conditions before June 12, 1977:

Condition One: The duly initiated members of the Beta Sigma Chapter of Alpha Sigma Phi Fraternity who are committed to living in the Chapter house, at least during the fall quarter of the 1977-78 academic year, must number ten.

Condition Two: The undergraduate Brothers of the Beta Sigma Chapter must perform a community service project within the realm of the University of Cincinnati or of Cincinnati, Ohio. This project shall involve money-raising only in the case that such money is donated to a charitable cause.

Condition Three: The undergraduate Brothers of the Beta Sigma Chapter must send at least two newsletters, one during the winter quarter and one during the spring quarter to, at least, each alumnus of the Chapter for whom an accurate address can be obtained, the Grand Province Chief of Province V, each Chapter of Province V, the Dean of the University in charge of Fraternity Affairs, and the Fraternity Headquarters.

Be it further resolved that the Beta Sigma Chapter of Alpha Sigma Phi Fraternity fulfill the following conditions before December 10, 1977:

Condition Four: The undergraduate Brothers of the Beta Sigma Chapter must adhere to the Alpha Sigma Phi Constitution and By-laws in all respects at all times. All fees must be paid as prescribed.

Condition Five: A constitution for the undergraduate Brothers of the Beta Sigma Chapter must be submitted to and approved by the Executive Director of the Fraternity no later than January 31, 1977. Thereafter, any proposed adoption of another constitution or proposed changes in the approved constitution must first be submitted to and approved by the Executive Director of the Fraternity. At all times, the undergraduate Brothers of the Beta Sigma Chapter must possess and attempt to honor a constitution.

Condition Six: An operating budget for the undergraduate Brothers of the Beta Sigma Chapter must be submitted to and approved by the Executive Director of the Fraternity no later than January 31, 1977. Thereafter, the operating budget for any period of time must be submitted to and approved by the Executive Director of the Fraternity prior to the beginning of such a period. At all times, the undergraduate Brothers of the Beta Sigma Chapter must possess and attempt to honor an operating budget.

Condition Seven: The program for any period of pledgeship must be submitted to and approved by the Executive Director of the Fraternity prior to the beginning of such a period of pledgeship. Such a program must be administered as approved.

Condition Eight: The undergraduate Brothers of the Beta Sigma Chapter must participate with the Interfraternity Council of the University of Cincinnati in its planning and execution of procedures regarding the rushing of incoming freshmen of the 1977-78 academic year.

Condition Nine: The undergraduate Brothers of Beta Sigma Chapter must have pledged at least ten men to the Fraternity. These pledges must be additional to the ten initiated members who return to live in the Chapter house during the fall quarter of the 1977-78 academic year.

Condition Ten: The undergraduate Brothers of Beta Sigma Chapter must be represented by a delegation to the 1977 National Educational Conference.

Be it further resolved that on this day, , 1977, we, the undersigned, hereby establish this contract of performance between the Grand Council of Alpha Sigma Phi Fraternity and the undergraduate Brothers of the Beta Sigma Chapter of Alpha Sigma Phi Fraternity.

Frank Wahman
Chapter Consultant

Ron Rhoads
HSP, Beta Sigma Chapter

OFFICE COPY

Be it resolved that, at such time that the following conditions are met, the charter of the Gamma Delta Chapter of Alpha Sigma Phi Fraternity, which was suspended August 15, 1976, by the Grand Council of Alpha Sigma Phi Fraternity, shall be returned to the duly initiated undergraduate Brothers of Davis and Elkins College, Elkins, West Virginia.

Condition One: The undergraduate Brothers of Davis and Elkins College must adhere to the Alpha Sigma Phi Constitution and By-laws in all respects. All fees, excepting the Chapter Fee and the annual dues, must be paid as prescribed.

Condition Two: A constitution for the undergraduate Brothers of Davis and Elkins College must be submitted to and approved by the Executive Director of the Fraternity no later than November 1, 1976. Thereafter, any proposed adoption of another constitution or proposed changes in the current constitution must first be submitted to and approved by the Executive Director of the Fraternity. At all times during which classes of Davis and Elkins College are in session, the undergraduate Brothers of Davis and Elkins College must possess and attempt to honor a constitution.

Condition Three: An operating budget for the undergraduate Brothers of Davis and Elkins College must be submitted to and approved by the Executive Director of the Fraternity no later than November 1, 1976. Thereafter, the operating budget for any period of time must be submitted to and approved by the Executive Director of the Fraternity prior to the beginning of such a period. At all times during which classes of Davis and Elkins College are in session, the undergraduate Brothers of Davis and Elkins College must possess and attempt to honor an operating budget.

Condition Four: The undergraduate Brothers of Davis and Elkins College must honor the agreement made the twenty-third day of April, 1976, by and between the Brothers of Alpha Sigma Phi Fraternity, Gamma Delta Chapter of Davis and Elkins College and Gamma Delta Alumni Association, P.O. Box 830, Elkins, West Virginia.

Condition Five: The program for any period of pledgeship beginning after October 1, 1976, must be submitted to and approved by the Executive Director of the Fraternity prior to the beginning of such a period of pledgeship. Such a program must be administered as approved.

Condition Six: The duly initiated members of Alpha Sigma Phi Fraternity at Davis and Elkins College, Elkins, West Virginia, must number twenty-five.

Condition Seven: The undergraduate Brothers of Davis and Elkins College must perform community service projects within the realm of Davis and Elkins College or Elkins, West Virginia. These projects shall not involve money-raising and must number at least one in the fall and one in the spring.

Condition Eight: The undergraduate Brothers of Davis and Elkins College must send at least two newsletters each fall and spring to, at least, each alumnus of the chapter for whom an accurate address can be obtained, each chapter of Province VIII, and the Fraternity Headquarters.

Be it further resolved that on this second day of October, 1976, we, the undersigned, hereby establish this contract of performance between the Grand Council of Alpha Sigma Phi Fraternity and the undergraduate Brothers of Davis and Elkins College, Elkins, West Virginia.

Daniel Groman

Frank Wehman

~ Daniel Kent

MEMORANDUM

OFFICE COPY

TO: The Grand Council

DT: January 3, 1978

RE: Agreement between Alpha Sigma Chapter of Alpha Sigma Phi Fraternity
and the Grand Council

The following agreement has been drawn up between the Grand Council
and Alpha Sigma Chapter of Alpha Sigma Phi Fraternity.

- Pledge and Initiation fees	- \$455.00
- '74-'75 Chapter fee and fine	- 165.00
- '75-'76 " " " "	- 135.00
- '76-'77 " " " "	- 165.00
- '76-'77 " " " "	- 60.00
	<u>\$980.00</u>

The 1977-78 chapter fee and dues amounting to \$195.00 (\$150 Chapter fee
-\$45 dues) will be paid by April 15, 1978. Also, all people associated
with the Alpha Sigma Chapter will be registered with HQ as either a brother
or a pledge. The fees for these people will be paid respectively. The
date of registration will be May 15, 1978. If the above items are met, the
\$980.00 past bill will be expunged.

Kevin J. Garvey
Chapter Consultant

Thomas Swanekamp
President, Alpha Sigma Chapter

cc: Jack Ottenheimer

EXPANSION REPORT

to the

GRAND COUNCIL

of

ALPHA SIGMA PHI FRATERNITY

March 10-11, 1978

Delaware, Ohio

Mike Boundy, Expansion Consultant

COLONY AND CHAPTER VISITATION

1. University of North Carolina at Charlotte
The group recently got four new pledges which makes the total number of members and pledges at 13. They seem to be showing much improvement as they recently changed officers and the new President seems to be a go getter.
2. North Carolina State University
This group was chartered on February 18 and fifteen men were initiated on the 17th. At the present time there are 23 total members and pledges. This group has really improved throughout the year and lose only two members to graduation.
3. Wake Forest University
Probably one of Alpha Sigma Phi's most improved chapters in terms of an increase in membership and improvement in programs. Spring semester rush netted 18 new pledges and total membership is now nearing 60.
4. Presbyterian College
The chapter doubled their membership Fall semester from 21 to 42. Good quality also. The chapter will be celebrating their 50th anniversary on March 18 in Clinton. Their programs are generally good with a special emphasis on alumni relations where they have been slack in the past.
5. Atlantic Christian College
Probably the weakest chapter in the region. The University has a policy of deferred rush and only 13 men went through rush during Spring semester. They recently elected new officers and the new President is a bright individual who should do nothing but help the chapter. Total membership now numbers 23.
6. Stanford University
A co-ed chapter but doing pretty well. House capacity is 50 with 27 males living in. They always keep it a majority of males. In a time when many of Stanford's fraternities failed our chapter survived because it offered something different. The general fraternity condition at Stanford is still not strong.
7. University of Washington
Should be considered as one of our top chapters because all of their programs are very well carried out. There are about sixty-five members living in the house and annex and others living outside.
8. Oregon State University
Should also be considered as one of our top chapters. They have 70 members living inside the house with an additional 10 or 15 members living out. They have encountered no major problems.



MEMORANDUM

EXPANSION "HOT-PROSPECT" LIST

RADFORD COLLEGE Radford, Virginia

Enrollment: 5200 Males: 1200

Fraternities: 4 Total membership in fraternities: 125

University approval: Yes

Any interested men?: Yes, five

Closest chapters: Concord College, Athens, WV

Wake Forest Univ., Winston-Salem, NC

Alumni Assistance: Robert Reed, Roanoke, VA

William Clapper, Vinton, VA

Thomas Wilson, Bluefield, WV

W*S. Kitchen, Roanoke, VA

We are holding a meeting on March 16 for these men and will help them plan activities for the remainder of the quarter. Concord College men have shown considerable interest in helping this group get started and will participate in the discussion. We will set a date for pledging.

UNIVERSITY OF NORTH CAROLINA, Chapel Hill, NC

Enrollment: 20,000 Males: 10,000

Fraternities: 30

University approval: Yes

Any interested men: Yes, five

Possible colonization: March organizational meeting

Closest chapter: N. C. State, Raleigh

Alumni Assistance: Mahlon Aycock, Raleigh

Peter Tourtellot, Greensboro

John Hawkins, Carrboro, NC

Don McQueen, Winston-Salem

Gary Koch, Chapel Hill (faculty member)

There are six members of Alpha Sigma Phi on the faculty at UNC. Mrs. Harold Senior has donated \$ 100 to get the colony off the ground. During the week of Feb. 27 we sent out 2300 letters to Carolina freshmen, sophomores, and some juniors. An organizational meeting is scheduled for the week of March 28, as soon as we receive response from the mailing.

EAST CAROLINA UNIVERSITY, Greenville, North Carolina
Enrollment: 13,500 Males: 5500
Fraternities: 13
University approval: Yes
Closest chapter: Atlantic Christian College, Wilson, NC
Alumni assistance: Walter Anglin, Roanoke Rapids, NC
Larry Messer, Farmville, NC
Sheldon Downes, Greenville, NC (faculty advisor)
Ed Harding, Washington, NC

We pledged three men at ECU on Feb. 28 and also have a brother transfer, Ben Ball, from Wake Forest who will administer the pledge education program. The three men we have pledged are really gung-ho and are talking to their friends about joining. They are in the process of making up a rush list and plan to pledge three more men after spring break.

SECONDARY PROSPECT LIST

Francis Marion College, Florence, South Carolina
George Washington University, Washington, DC

INITIATION OF PLEDGES AT UNIVERSITY OF NORTH CAROLINA-CHARLOTTE AS MEMBERS AT LARGE

Don Goforth
Paul Fomberg
Vinson Washburn
Mitch Nelson
Jim Wiley
Mark Rodgers
Edwin Simpson
Rodney Hawkins
Garry Shelton

The following are the schools I visited during Fall 1977. To the right of each school are symbols meaning that the university administrator in charge of fraternities thinks the chances of colonizing is positive (+), negative (-), or neutral (n).

Univeristy of Maryland, College Park (-)

There is a sewer moratorium in College Park, therefore no new fraternity houses can be built. The Greek system at Maryland is very strong. I got the opinion from Al Peterson that if we went to the IFC for approval to colonize we would not get permission but if we went ahead and got a group of men interested and then went to the IFC for approval and recognition, they would not turn us down.

George Washington University, Washington DC (+)

We have the go ahead to colonize at GWU however, I did not list it as a top priority because it is an urban campus and housing is short in DC.

Washington and Lee University, Lexington, Virginia (-)

Chi Psi Fraternity colonized this last fall, therefore, it will be some time before another fraternity is allowed to colonize. This is a very traditional fraternity campus with 13 chapters on campus and with about 60% of the men joining fraternities.

V.P.I. and State University, Blacksburg, Virginia (+)

There are 26 fraternities at Tech but it is not a strong fraternity campus. We did talk to a local about affiliating with us however they decided to go with Delta Tau Delta instead. The local's name was Tau Delta and they did used to be affiliated with Delta Tau Delta until 1972 when problems arose. I would not consider this campus to be a top priority because of zoning problems in the City of Blacksburg and the fact that the average size of each chapter at Tech is fairly small.

Radford College, Radford, Virginia (+)

We are currently in the process of colonizing at Radford.

University of Virginia, Charlottesville (-)

This is a very traditional fraternity campus and the administration and the IFC is against any new fraternities coming onto campus at this time.

Virginia Commonwealth University, Richmond (+)

This campus is situated in downtown Richmond and has many commuter students. Although the administrator has given us the go-ahead to colonize, I did not list this as one of the priorities because of its situation and the fact thath housing is short in the city.

James Madison University, Harrisonburg, Virginia (n)

The campus is in the process of developing guidelines for the establishment of additional fraternities on campus. The school is also building a row of fraternities on a lake at Madison.

University of North Carolina at Greensboro (no Greek system yet)

A committee is in the process of looking at the possibility of allowing fraternities and sororities on campus. They are expected to announce their decision at the end of Spring semester.



MEMORANDUM

Elon College, Elon, North Carolina (n)

The administration is neutral on the position of allowing additional fraternities on campus. There are two locals at Elon but they are not interested in going "national" at this time. Fraternities are having problems with citizens of the city of Elon College.

Duke University, Durham, North Carolina (-)

The university will not let additional fraternities on campus at this time. Presently there are 18 fraternities, two of those being locals who are not interested in affiliation. This is a very strong fraternity campus.

University of North Carolina at Chapel Hill (+)

This is the oldest state-supported institution of higher learning in the United States. There are thirty fraternities on campus and we are currently in the process of colonizing at Carolina.

Pfeiffer College, Misenheimer, North Carolina (no Greek system)

We are in the process of corresponding with a local fraternity at Pfeiffer which goes by the name of Beta Theta. A committee in the school is looking at the question of establishing a fraternity system at Pfeiffer. A decision is expected later in the Spring.

East Carolina University, Greenville, North Carolina (+)

We are in the process of colonizing at East Carolina.

North Carolina Wesleyan, Rocky Mount (-)

The school experienced a big drop in enrollment in the last few years and almost closed, however, they have added classes to their curriculum and are drawing more students. There are no fraternities on campus and the administrator did not think there was much of a chance of colonizing there in the near future.

Western Carolina University, Cullowhee, North Carolina (n)

The administrator left open the possibility of colonizing however, he did not recommend it because the seven existing fraternities on campus do not have a very good reputation and he did not think there were enough rushees to go around.

University of North Carolina, Asheville (-)

There are not any men's fraternities on campus and there is not a possibility of establishing any at this time.

Winthrop College, Rock Hill, South Carolina (no fraternities yet)

Fraternities have been approved, however, there have been no attempts here to colonize. This school recently turned co-ed. For colonization the school made a policy that the fraternity cannot come onto campus and recruit. A group of men have to ask the fraternity to come and talk to them and an university official has to be present at the meeting.

University of North Carolina at Wilmington (-)

The administrator does not think that another fraternity can be successful at colonizing at this time because the three already established fraternities are not doing well. The official attributes this to the fact that Wilmington is on the coast and there are other things students can do.



MEMORANDUM

Clemson University, Clemson, South Carolina (-)

Clemson has 14 fraternities and most of them are doing very well. The administration and IFC is very hesitant about letting another fraternity on campus because they feel it will hurt the system as a whole. At this time there is no chance that we will be able to colonize.

University of South Carolina, Columbia (-)

There is no chance to colonize at USC according to the official in charge of fraternities, as they have promised that Theta Chi and Sigma Pi would be the next fraternities to attempt to colonize. Alpha Sigma Phi does have quite a few transfers at USC and if we could get some of them interested in forming a group I think we could go to the administration and tell them that these men cannot join another fraternity and they probably would allow us to set up the colony.

Francis Marion College, Florence, South Carolina (+)

The administrator in charge of fraternities thinks there is room for another fraternity at Francis Marion. This is a new state supported university outside of Florence, SC. There is a bill pending in the South Carolina legislature to build dormitories at the school as there are none at this time. Therefore, I list this school as a priority school for the 78-79 school year. It is a rapidly growing institution. An angle to go after at Francis Marion may be the athletes.

College of Charleston, Charleston, South Carolina (-)

The administration sees no new fraternities at least through this year. However, this university is drawing more students year after year and much construction is going on to upgrade the campus. The school is located in downtown Charleston and the official said that it may be possible to colonize next school year (78-79).

Wofford College, Spartanburg, South Carolina (-)

We once had a chapter at this school but according to the administrator in charge of fraternities there is no chance to reactivate here in the near future.

Limestone College, Gaffney, South Carolina (-)

I made contact with the President and he referred me to the Assistant Dean of Students. This school does not have any fraternities nor is it looking into that possibility.

George Mason University, Fairfax, Virginia (-)

The administrator seems to be satisfied with the number of fraternities on campus at this time and sees no new fraternities at any time in the near future.

Roanoke College, Roanoke, Virginia (-)

The administrator sees no expansion of the Greek system at this time or the foreseeable future.



MEMORANDUM

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h. i. s. t. o. r. y. b. y. a. l. l. m. e. m. b. e. r. s. o. f. t. h. e. f. r. a. t. e. r. n. i. t. y.
a. l. l. m. e. m. b. e. r. s. o. f. t. h. e. f. r. a. t. e. r. n. i. t. y.

Following are universities and colleges I have contacted with the help of our alumni and chapters. These schools are located outside our target area.

KEY: () administration positive (L) Local fraternity involved
(-) administration negative (C) Chapter working on expansion
(n) administration neutral (A) Alumnus contact

Augustana College, Rock Island, Illinois (L) (C) IIT
University of British Columbia, Vancouver (?)
University of California, Davis (-)
University of California, Santa Barbara Not heard yet.
Cal State, Chico (n)
Central Connecticut St., New Britain (L)
Grand Valley State College, Grand Rapids, Mich., (C) Tri State
Indiana State, Terre Haute (-)
University of Iowa, Iowa City (C) Iowa State
Kent State, Kent, Ohio ()
Muskingum College, New Concord, Ohio (A)
University of Oregon, Eugene (-)
Portland State Univ., Portland, Oregon ()
Rose Hulman Inst., Terre Haute, Indiana (-)
State University of New York, Oswego (L)
Thiel College, PA (-)
Towson State, Baltimore (A)
Washington State Univ., Pullman (-)
Winona State, Winona, Minnesota (A)

Expansion possibilities at schools which I have yet to contact:

Coastal Carolina College, Univ. of S. Carolina, Conway, SC
Longwood College, Farmville, VA
Appalachian State Univ., Boone, NC

Colleges and Universities where we once had active chapters
and the contacts we have had with them.

Wright Michigan State, East Lansing
Wayne State, Dayton, Ohio
Centre College of Kentucky
Univ. of Missouri
University of Nebraska
SUNY at Buffalo
M. I. T.
Cal State, Sacramento
U. C. L. A.
Univ. of California, Berkeley
Dartmouth
Marshall Univ., Huntington, WV
Tulane Univ., New Orleans
Univ. of Massachusetts, Amherst
Univ. of Iowa

St. Leo College, St. Leo, Florida (30 Miles n. e. of Tampa)

Name of Local: Alpha Sigma Chi

In the process of arranging a meeting with the group and Gary Anderson
since he will be in Florida at that time. They have written a couple
letters indicating their interest in affiliation.

1. In July 1977 an expansion survey form was sent to 66 colleges and universities in our target area of Virginia, North Carolina, South Carolina, and Washington, DC. This is where we came up with our initial list of colleges and universities which showed an interest in expanding their Greek system.
2. In January 1978 a letter went off to alumni near where our "top-prospect" campuses are located. asking these alumni for assistance in advising the new group or taking a position on the alumni board.
3. Colony guidance manual.
4. Newly outlined guidelines on chartering and installation and how it should be carried out.
5. Feb. 1978 letter to every college and university where we once had a chapter of Alpha Sigma Phi asking if it would be possible if we could reactivate in the near future.
6. Expansion manual (proposed)
7. Spring 1978 letter off to local fraternities at campuses near where we have chapters asking if they are considering affiliating in the near future.
8. Jan. 1978 memo to HSP's at all chapters announcing the installation at N. C. State and asking for assistance in locating possible universities where expansion could take place (or the affiliation of known local fraternities). No responses. Also asked whether the chapters like the idea of giving a gift to each newly installed chapter. Two responses both positive.
9. Peter Tourtellot, Director of Expansion, believes full attendance of the Grand Council should be realized at the installation of new chapters of Alpha Sigma Phi.
10. On April 1 a letter will be sent to all colleges and universities in Florida and Georgia, as we feel a need to expand our target area to these two states.

Exhibit H

Convention '78
Program

Tuesday, August 15

Grand Council and staff arrive at Hotel

9 p.m. Grand Council meeting

Wednesday, August 16

9 a.m. Grand Council Meeting

Staff Meeting

10 a.m. - 2 p.m. Registration (late registration 2-5 p.m.)

2 p.m. - 5 p.m. Opening Session

Call to order

Ceremony of invocation

Introduction of Grand Council

Greetings (staffers and GSP)

Roll Call

Report of the Executive Director

Report of the Grand Council

Report of the Grand Treasurer

Announcement of and Charge to committees

General announcements

Committee Chairman Conference

6:30 - 8 p.m. Dinner

8-9 p.m. "Who's who - Convention '78" - Kevin Garvey

9:30 p.m. Mixer

Thursday, August 17

8:00 a.m. Juice and coffee

8:30 a.m. Business Session

Roll Call

Review of Committees and Charge

Committee meetings/room assignments

11:30 Brunch

1 p.m. Business Session

Interim committee reports

2 p.m. Committee meetings

3 p.m. General Session

The Newsletter Association of Alpha Sigma Phi

Alum Corp Discussion

Province meetings

Interfraternity Relations

Additional time for committee meetings

6:30 p.m. Dinner

8:00 p.m. General Session

Rush - Stan Miller

Rituals Exemplification Rehearsal

Friday, August 18

8:00 a.m. Juice and coffee

8:30 a.m. Business Session

Roll call

Committee Final Reports

11:30 Brunch

12:30 - 6 p.m. Sports tourneys/free time

6 p.m. Awards Dinner

8 p.m. Exemplification of the Ritual

(prepare legislative
docket for Saturday and
type committee reports)

Saturday, August 19

8 a.m. Juice and coffee

8:30 a.m. Legislative Session

Committee Proposals

Resolutions

Province elections

Grand Council elections

11:30 Brunch

12:30 Free time - Bus to and from Downtown Philadelphia

6 - 6:30 p.m. Reception

7 p.m. Convention Banquet

Sunday, August 20

9 a.m. Continental Breakfast

9:30 a.m. Devotional Service

10:00 a.m. Expense Checks Distributed

10:30 a.m. Grand Council meeting

-P.M.- Headquarters Staff Retreat

Convention '78

Presiding - George E. Lord, GSP

Committee Director - Richard A. Dexter, GS

Convention Manager - Gary Anderson

Host Chapters - Transportation - Penn

Recreation - Widener

Ritual Exemplification - Lehigh

Convention Office - Mrs. Kathleen "Kathy" Oja
Mrs. Marilyn Sipes

Music Chairman - Larry Lukas

Ladies Activities - Mrs. George E. Lord

Mrs. Richard Sanders

Mrs. Richard Dexter

Committees

Nominations

George B. Trubow, Chairman

Alumni Affairs

Stan Miller, Chairman

Awards

Charlie Schmidt

Finance

Richard Gibbs, Chairman, Alfred B. Wise

Housing

Richard Sanders

Instruction

Law

Michel Coccia

Publications

Evin Varner

Public Relations/Community Service

Louis DeLuca

Purposes and Objects

(Chaplain)

Scholarship

Otto Sonder

Province

Mark Stone (GC)

Credentials and Resolutions

Michel Coccia

Expansion

Peter Tourtellot

Ritual (Exoteric Pledging)



ALPHA SIGMA PHI FRATERNITY

L. ROY CAMPBELL

May 28, 1894 - March 3, 1978

Whereas, Brother L. Roy Campbell, Omicron Roster Number 20, University of Pennsylvania, initiated May 11, 1915 joined the Omega Chapter March 3, 1978 at 8:30 A.M., and

Whereas, Brother Campbell served the Fraternity as Grand Treasurer from 1923-1925, and

Whereas, Brother Campbell, C.P.A., served as auditor of the Fraternity's books of account for many years, and

Whereas, Brother Campbell served as General Chairman of the Fraternity's National Convention at the Pocono Manor Inn, Pocono Manor, Pennsylvania, September, 1952 and

Whereas, Brother Campbell was elected to the honor of Delta Beta Xi for Distinguished Service to the Fraternity on December 6, 1938, now

Therefore

Be It Resolved, that the Grand Council assembled in Delaware, Ohio, March 11, 1978 extend to Brother Roy's beloved wife "Winnie" of Fifty Two Years and their two sons Brother Luther R. Campbell, Jr., Omicron Roster Number 515 and David, our deepest expression of sympathy and Brotherly Love in their loss of Husband and Father and the Fraternity of a Brother who truly exemplified the highest ideals of "The Old Gal" and

Be It Further Resolved,

that this resolution be made a part of the permanent record of the Alpha Sigma Phi Fraternity and be transmitted to members of the family of Brother L. Roy Campbell.


Gary A. Anderson
Executive Director


George E. Lord
Grand Senior President

ALPHA SIGMA PHI FRATERNITY

MINUTES

GRAND COUNCIL MEETING

Wednesday, August 16, 1978

Valley Forge, Pennsylvania

107. CALL TO ORDER:

Grand Senior President George E. Lord called the meeting to order at 10:45 a.m.

108. ROLL CALL:

Members of the Grand Council in attendance: GSP George E. Lord; GJP Alfred B. Wise; GS Richard Dexter arrived late; GT Richard R. Gibbs; GM Louis DeLuca; GC Richard S. Sanders.

Others in attendance: Evin C. Varner, Director of Publications; Robert J. McDowell, President, Gamma Chi Alumni Corporation; Frank L. Wahman, Secretary-Treasurer, Gamma Chi Alumni Corporation; Gary A. Anderson, Executive Director.

109. APPROVAL OF MINUTES OF MARCH 10-11, 1978 MEETING:

Moved by Brother Wise, seconded by Brother Gibbs and passed, approving the minutes of the March 10-11, 1978 Grand Council meeting, which had been distributed by mail following the meeting.

110. APPROVAL OF MAIL VOTES #129 AND #130.

Tallies of the votes were presented and are attached as Exhibits A and B. Exhibit A (#129) documents George B. Trubow and Stuart W. Anderson as recipients of the Distinguished Service Award for 1977 and 1978, respectively. Exhibit B documents Henry G. Cramblett, M. D., as recipient of the Distinguished Merit Award for 1978.

Moved by Brother DeLuca, seconded by Sanders and unanimously passed, approving Mail Votes #129 and #130

111. REPORT OF THE FINANCE COMMITTEE, RICHARD R. GIBBS, GT, CHAIRMAN:

- A. GT Gibbs reported '77-'78 brought an operating surplus of roughly \$16,000 and good financial condition for the Fraternity, the principal reason being more pledges and initiates than expected and budgeted.
- B. Moved by Gibbs, seconded by Sanders and unanimously passed, setting aside passive income of \$19,389.58 as having been marked and expended for restricted purposes as noted in the resolutions attached as Exhibit C.
- C. Moved by Brother DeLuca, seconded by Brother Sanders and unanimously passed, setting aside an amount of passive income for 1978-79 estimated at \$17,800 for restricted purposes, as noted in the resolution attached as Exhibit D.

- D. After being set aside for further discussion, the proposed budget for 1978-1979 was not acted upon by Council, but was considered in Convention committee and approved with amendments by vote of the Convention.
- E. Moved by Brother Sanders, seconded by Brother Wise and passed, referring consideration fo a Reserve Fund loan request from the Marshall alumni back to the finance committee, with suggestion that the A-S-P Corporation review its mortgage picture with the Marshall Chapter.
- F. Moved by Brother Gibbs, seconded by Brother DeLuca and passed, approving a Reserve Fund loan request from the Tri-State Alumni in the amount of \$2,800.
- G. Brother Gibbs reported that the IRS has ruled in the Fraternity's favor regarding the educational nature of our Chapter Consultant position and work, and has revoked its claim of \$6,700 for taxes on unrelated business income.
- H. Moved by Brother Lord, seconded by Brother Gibbs and passed, commending all those who assisted in achieving the favorable ruling of the IRS and in bringing about such financial success as seen in 1977-78.

112. LOSS PREVENTION PROGRAM AND INSURANCE FOR CHAPTER PROPERTY AND LIABILITY, REPORT BY ROBERT J. McDOWELL:

Brother McDowell submitted a report and printed materials which are attached as Exhibit E. The Council was keenly interested.

Moved by Brother DeLuca, seconded by Brother Gibbs and passed,
thanking Brother McDowell for his interest and work.

Moved by Brother Sanders, seconded by Brother Gibbs and passed,
authorizing Brother McDowell to continue his survey work with the
Chapters and requesting him to report his progress to the
January, 1979. Grand Council meeting. If possible, he is also
to pursue the creation of group policies on our Chapters for
fire and liability insurance protection.

113.

AWARDS:

- A. Stuart W. and Bruce R. Anderson, Jr., Awards for Editorial
Excellence:

Moved by Brother Sanders, seconded by Brother DeLuca and
passed, approving the nominations of Brother Evin Varner,
director of publications, as the 1977-78 recipients. These
names are presented in a letter attached as Exhibit F.

- B. Delta Beta Xi:

There were a very small number of nominees submitted to date.
The Council's discussion resulted in GSP Lord instructing
the Executive Director to reannounce the award and solicit
additional nominees from the Chapters and Alumni Councils.
A mail vote will be conducted to select the class of 1978.

114. DECLARATION OF ANDERSON AWARDS TO BE A REGULAR ANNUAL PROGRAM:

Moved by Brother DeLuca, seconded by Brother Sanders and passed,
approving the resolution attached as Exhibit G, opening the way
for simplifying the process of selection and funding of the
Stuart W. and Bruce R. Anderson, Jr. Awards for Editorial
Excellence.

The Executive Director is to work with the Memorial Fund trustees
to advance this matter.

115. NIC EXCESS MAJOR/MEDICAL SUPPLEMENT PLAN:

The Council felt the Fraternity should not participate in the
NIC group plan until better knowing the needs of our alumni.

Moved by Brother Gibbs, seconded by Brother Dexter and passed,
to run an article in The Tomahawk on group insurance plans,
with a tear-out response to survey alumni interest, from which
to determine Fraternity policy.

116. CONVENTION PROGRAM:

Moved by Brother Dexter, seconded by Brother Gibbs and passed,
approving the Convention program, attached as Exhibit H.

117. A-S-P CORPORATION:

Discussion pointed up the Corporation is losing money through large doubtful accounts. No action was taken; the matter was deferred to the Sunday meeting of the new Grand Council.

118. SERVICE QUESTIONNAIRE:

As requested at the March 4-5, 1977, meeting, GS Dexter prepared a questionnaire regarding national charity work. Executive Director Anderson has submitted it to become part of the annual survey of the Fraternity Executives' Association.

119. EXECUTIVE SESSION:

The Council excused all non-members and discussed private matters.

120. ADJOURNMENT:

Moved by Brother Gibbs, seconded by Brother Sanders and passed,
to adjourn the meeting at approximately 1:30 p.m.

Submitted in part by Richard S. Sanders, Grand Councilor.

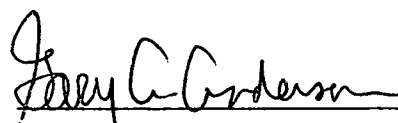
Submitted in part by Richard A. Dexter, Grand Secretary.

Written by Gary A. Anderson, Executive Director.

Approved

Certified Correct


Grand Secretary


Executive Director



MEMORANDUM

Tally of Mail Vote #129
Distinguished Service Award for 1977 and 1978
10 August, 1978

Candidates' names are to the left. Each vote received is recorded
in a vertical column.

Robert A. Allen				3	7		1	
Stuart W. Anderson	2	2	1		3		3	*
J. Edward Drew			5		5			
Emmett B. Hayes			4	2	4			
Robert A. Sandercox			3		6			
George B. Trubow	3	1	6	1	1	1	4	*
Evin C. Varner	1		2	4	2	3	5	



MEMORANDUM

Tally of Mail Vote #130
Distinguished Merit Award for 1977 and 1978
10 August, 1978

Candidates' names are to the left. Each vote received is recorded in a vertical column:

Henry G. Cramblett, M.D.	1	1	2	1	1	*
Warren H. Dunn	3	2	1	2-3		
G. Montgomery Mitchell	2	3	3	2-3	1	



MEMORANDUM

Resolved, that the income of Alpha Sigma Phi, Inc., received from the Tomahawk Fund (\$15,649.44), parking lot rent (\$959.00), Reserve Fund earnings (\$2,397.79) and General Fund interest on savings and bonds (\$383.35) in the fiscal year from July 1, 1977 to June 30, 1978 in the total amount of \$19,389.58 was set aside for and expended for educational and charitable activities of Alpha Sigma Phi Fraternity, Inc., including but not limited to the Chapter Consultant, with full-time duties as an educational aide to the various chapters, and the portion of the Executive Director's salary and expenses that are devoted to leadership training and education of chapter members, and the expenses of volunteers while involved in leadership training and education of chapter members, as well as the proper overhead cost to support these activities from the national headquarters during the fiscal year from July 1, 1977 to June 30, 1978.

Signed:

Richard A. Dexter

Date:

August 16, 1978



MEMORANDUM

Be it resolved that, in the fiscal year of July 1, 1978 to June 30, 1979, income from the Tomahawk Fund and other non-member income sources shall be, and hereby is, set aside in a separate fund to be expended for scholarships, student loans, loans on local Chapter housing, leadership and citizenship schools and services, and similar activities.

Be it further resolved that the amount is estimated at \$17,800.00.

Signed:

Richard A. Dyke

Date:

August 16, 1978

PRESENTATION TO THE GRAND COUNCIL
BY THE GAMMA CHI ALUMNI CORPORATION

Robert J. McDowell, Alumni Corporation President

August 16, 1978

King of Prussia, Pennsylvania

1. Educating Ourselves In Loss Prevention and Property and Liability Insurance
2. Status Report - Group Insurance
 - a. completion of insurance data form from all chapters
 - b. buying insurance: Property and Liability
 - c. buying insurance: choosing the insurer and the agent
3. The Indiana Ritual referred to the Grand Marshal
4. Loan Application presented at Council Meeting and withdrawn at that time

EDUCATING OURSELVES
IN LOSS PREVENTION
AND
PROPERTY AND LIABILITY INSURANCE

Submitted to the Grand Council of Alpha Sigma Phi Fraternity at the National
Convention, King of Prussia, Pennsylvania, August 16, 1978

Robert J. McDowell
Indiana '73

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INTRODUCTION

*Educating Ourselves in Loss Prevention and Property and Liability Insurance

One of the Purposes for which our Fraternity was formed is to foster the maintenance of college homes by Chapters for their undergraduate members. It happens that this is the last Purpose we pledge, but certainly the Purpose is one of the most important in maintaining the high ideals of Alpha Sigma Phi. Fraternity living is a unique style of campus life. Alternatives to such housing for our undergraduates are university housing, rental housing or apartments, and possibly commuting to and from home. To preserve our lifestyle and Brotherhood in such suitable living arrangements, maintenance of college homes includes preventing the loss of our houses by perils such as fire and lightening and insuring against such perils.

The following is a guide or manual to help acquaint and educate ourselves in methods of loss prevention and determining what our insurance needs may be. The manual itself is not intended to provide a complete guide for loss prevention methods nor is it intended to suggest that the insurance coverages mentioned are mandatory. In fact, depending on a Chapter's particular situation, the guide may not cover all that needs to be covered. Loss prevention or loss protection and insurance are complex fields and gaps may arise. It is hoped that the guide will be an educational introduction to one aspect of fraternal living that will help realize many of our limitations and potentialities for loss prevention and insurance.

LOSS PREVENTION

*Educating Ourselves

The following is not intended to provide a complete guide for voluntary compliance with general standards of reasonable care in the operation of our undergraduate homes by Chapters. With this understood, it is hoped the loss prevention portion of this guide will be of value as an introduction to some of the standards for the safe operation of each Chapter.

A program to reduce many areas of potential fires or loss of life should be implemented by each Chapter. This program should be under constant check to be sure risk of such losses are reduced as well as enhancing the desire for insurance companies to write policies. We should begin to educate ourselves in the important aspect of fraternity living known as loss prevention.

*Medical and First Aid

1. Post "Emergency Phone Numbers" near telephones. Be sure to include the fraternity house phone number and the number of the fire department, police department and ambulance service.

2. In the absence of a nearby clinic or hospital, at least one undergraduate Brother should be trained to render first aid. Many members may have completed the American Red Cross Basic First Aid Course or have had training from a course in high school or college. Know who these Brothers are.

3. First aid supplies should be readily available, regularly inspected, and replenished.

*Accident Prevention Signs

1. Exit signs should be provided on doors intended for Brother's egress from the building.

2. Caution signs should be posted near any hazardous material as a reminder of potential dangers.

3. Any door, passage, or stairway which is neither an exit nor a way of access and which is located or arranged as to be mistaken for an exit should be

block the fire extinguishers or block them from view.

3. Fire extinguishers should be installed on hangers or brackets. If the extinguisher does not weigh over 40 pounds gross weight, it should be installed so that its top is not over 5 feet off the floor. If the fire extinguisher weighs more than 40 pounds, arrange a mounting bracket so the top of the extinguisher is not more than 3½ feet above the floor.

4. The number and types of extinguishers needed should be determined by considering the following:

- Floor area of your Chapter house
- Fire loading or severity of the fire hazard
- Class of fire hazard which exists (generally fraternities would be considered ordinary hazard occupancy), and
- Distance to be traveled to each fire extinguisher.

The following tables should be used as a guide for selecting the proper portable fire extinguisher fire protection equipment:

Basic Minimum Extinguisher Rating for Specified Area (Note 2)	Maximum Travel Distance in Feet to Extinguisher	Area to be Protected Per Extinguisher in Square Feet (Note 1)		
		Light Hazard Occupancy	Ordinary Hazard Occupancy	Extra Hazard Occupancy
1A	75	3,000	Note 3	Note 3
2A	75	6,000	3,000	Note 3
3A	75	9,000	4,500	3,000
4A	75	11,000	6,000	4,000
6A	75	11,250	9,000	6,000

Light Hazard - a situation where minimal combustibles are present, such as offices, schoolrooms, churches, etc.

Ordinary Hazard - a situation where combustibles or flammable liquids may present a fire hazard of severe magnitude, such as woodworking, auto repair, painting.

Note 1: where the floor area of a building is less than 3,000 sq. ft., at least one extinguisher of minimum size recommended should be provided.

Note 2: extinguishers of higher rating may be used, provided the maximum travel distances do not exceed 75 feet.

Note 3: not permitted

5. Fire extinguishers should be visually inspected monthly to insure they are in their designated places and to detect any physical damage, corrosion or other impairments.

6. At least once a year, your fire extinguisher must be thoroughly inspected, recharged or repaired to insure good operating condition. After your extinguishers are examined, be sure each one has a durable tag attached to show the date and initials (or signature) of the person who performed the inspection.

7. If an extinguisher is removed from the premises of the house, it should be replaced with a spare extinguisher until yours is returned.

8. At least one portable fire extinguisher having a rating of not less than 12B units should be located outside of, but not more than 10 feet from, the doorway into a room used for storing flammable or combustible liquids.

- Fixed Fire Suppression Equipment -

Fixed fire suppression systems, such as automatic sprinklers and standpipe and hose systems, are generally installed during building construction. If you are a tenant in a building equipped with fixed fire protection system(s) which are not under your control, you should determine that the persons responsible exercise reasonable diligence in keeping the system in good operating condition. It is also reasonable to expect that you would take steps to assure that neither physical conditions in the Chapter house or any actions by the undergraduate Chapter in any way impair the operation of fixed fire protection systems.

- Automatic Sprinkler Systems -

1. Every automatic sprinkler system shall meet the design requirements of the National Fire Protection Association's Standard for the Installation of Sprinkler Systems.

2. One or more connections through which a fire department can pump water into a sprinkler system shall be provided. The hose coupling threads shall conform to those used by the local fire department.

3. Water flow alarms should be provided on all sprinkler installations.

4. Clearance of at least 18 inches shall be maintained between sprinkler deflectors and the top of storage to reduce the possibility of obstruction to the distribution of water (36 inches clearance, if highly flammable materials are stored).

- Standpipe and Hose Systems -

1. Standpipe and hose fire protection consists of a system of water piping to supply preconnected lengths of fire hose. Standpipe systems are grouped into three classes of service:

+Class I

Intended for use by fire department personnel. Persons not trained in the use of heavy fire streams (2½ inch hose) should not use the Class I system.

+Class II

A smaller system (1½ inch hose) intended primarily for use by the building occupants until the fire department arrives.

+Class III

A standpipe system which has both the heavy fire stream (2½ inch hose) connections and the smaller preconnected 1½ inch hose line for use by the building occupants.

2. Each hose outlet provided for the use of building occupants should be

equipped with approved 1½ inch fire hose, attached for ready use. The maximum total length of unlined hose is 75 feet and 1000 feet for lined fire hose.

3. Each station provided with small hose should be equipped with an approved rack or an approved hose reel, securely fastened in position.

4. The size of nozzles for small hose should not be larger than ½ inch.

5. Fire department hose connections outside the building to supply water to the standpipe system should be located and arranged so that fire department hose lines can be readily and conveniently attached to the inlet. The exterior hose connection should be designated by raised letters cast on a plate or fitting reading, "Standpipe".

6. Standpipe hose stations should be kept free of obstruction and readily accessible at all times.

7. Standpipe hose stations should be inspected periodically to detect visible defects and/or hose deterioration.

*Smoke Alarms

One of the greatest things that has hit the loss prevention scene in recent years is the smoke alarm. Smoke alarms can be purchased at a low cost. The battery operated smoke alarms are very economical and can be easily installed. Most of these alarms have a device that triggers a buzzer to let you know when to change batteries. Thus, the cost to maintain this type of smoke alarm is the battery itself--generally once a year.

Electrical smoke alarms have constant electricity running into the alarm to go off the instant smoke is detected. Consult an electrician when preparing to use these alarms. Electricians should know what standard codes are used in installation.

Smoke alarms should be placed on walls 12" to 18" from the ceiling. An alarm should be in each dormitory corridor, especially one outside central sleeping areas. It might be wise to keep one near the furnace or boiler room. Smoke alarms do not detect heat, only smoke. An electrical fire can start anywhere, therefore, the more smoke alarms are installed, the more chance there

is in alerting Brothers of a possible fire. Consult university fire marshals or local fire department officials as to number and best locations in the house for placement of smoke alarms.

*Walking and Working Surfaces

1. Aisles and passageways should be kept clear, in good repair and with no obstruction across or in aisles that could create a hazard.

2. Elevated walks, runways or platforms over 4 feet from floor level must be provided railings except where there is an entrance to a ramp, ladder or stair. A toe board should be provided wherever persons can pass beneath the open sides, there is moving machinery or there is equipment with which falling material could create a hazard.

3. Guard rails may be constructed of wood, metal or other materials provided they conform to the following: (a) a strength to withstand at least 200 pounds top/rail pressure; (b) standard intermediate rail or equivalent.

4. Every wall opening from which there is a drop of over 4 feet should be guarded by a guard rail or equivalent barrier.

5. Every floor opening or hole into which persons can accidentally walk should be guarded by either a standard railing on all exposed sides or a floor hole cover of standard strength and construction that should be hinged in place.

6. All stairways, walkways and platforms should have adequate illumination.

*Stockroom (Food Pantries and House Maintenance Stockrooms)

1. Aisles and passageways should be kept clear and in good repair with no obstructions across or in aisles that could create a hazard.

2. Storage of materials should not create a hazard. Bags, containers, bundles, etc. stored in their tiers should be stacked, blocked, interlocked and limited in height so that they are stable and secure against sliding or collapse.

3. All shelving should be of sturdy construction, capable of safely bearing the weight of materials stored on them and kept in good repair.
4. Heavy or bulky items should be stored on lower shelves to minimize the possibility of employee (cook) injury from falling objects.
5. Storage areas should be kept clear from accumulation of debris that constitutes hazards from tripping, fire, explosion or pest harborage.
6. Proper drainage should be provided.
7. A Sturdy stepladder or step stool should be provided for use when placing or removing material from racks or shelving which cannot be reached from floor level.
8. Adequate lighting should be provided in all storage areas.

*Heating Equipment

1. Boilers should be equipped with pressure relief valves, water level gauges.
2. Boilers and water tanks should be checked regularly by a qualified inspector for cracks, corrosion and other defects.
3. The furnace should be enclosed in a separate room with fire resistive partitions and ceiling.
4. A self-closing fire door should be provided at the entrance of the furnace room.
5. Metal containers with metal covers should be provided for the disposal of ashes.
6. All heating equipment, including duct systems, breeching and others, should be provided with all necessary automatic limit controls.
7. All heating equipment, including chimney, flue connector, vents from gas appliances and hot air ducts should be: (a) in good serviceable condition and well-maintained; (b) properly insulated and separated from all combustible material by a safe distance; (c) serviced by a qualified service man at least once a year.

8. Oil burners should have a remote control switch.
9. Exposed oil lines should be protected from damage.

*The Kitchen

1. The range should be installed away from combustible material and the nearby floor protected.
2. There should be a hood above the range equipped with an exhaust duct to the outside.
3. The hood should be kept free of grease and accumulations.
4. The exhaust duct should be insulated or separated from combustible material by a safe distance.
5. A proper type of fire extinguisher for grease fires should be provided and in good working order.
6. The refrigeration equipment should be serviced by a qualified service man at least once a year.

*Lighting and Electrical Equipment

1. All fuses on lighting and small appliance circuits should be of not more than 15-ampere capacity.
2. All alterations of electrical installations should be made only by a qualified electrician.
3. Wiring and electrical equipment should be checked regularly for defects.

*General

1. The building should be properly equipped with a system of lightning rod protection and carry the Master Label of Underwriters' Laboratories, Inc.
2. Decorations of a combustible nature provided in any room or space used for assembly purposes should be flame proof.
3. The collection and disposal of trash should be safely handled in a manner to avoid hazardous accumulations of combustible materials.
4. Spaces beneath stairways should be free from accumulations of combustible materials.

A GUIDE TO SAFE LIFTING

WHAT HAPPENS IN LIFTING-

In essence, the body is a mechanical system ... a series of "levers and hinges" activated by "cables." The "levers" are the long bones, the "hinges" are the joints at either end of the long bones, and the "cables" are the muscles. Nature has designed each of these parts for specific jobs, and each performs best when it does its intended work.

When objects are lifted correctly—with the knees bent and the trunk erect—the force goes from the forearm muscles to the bone of the upper arm, then to the shoulder and chest, and finally to the middle and lower spine. Much of this force is expended in grasping the object securely. For the most part, the actual lifting force is supplied by the heavy muscles of the thighs. That's because they are stronger by far than the other body muscles.

To replace a lifted object, of course, the reverse procedure takes place. So, it becomes just as easy to put something down as it is to lift it.

You would expect that men, trained to lift correctly (safely) would follow this easier way to lift, everywhere, all the time; but now and again someone doesn't stop to think. When it's so simple to lift safely, who would do otherwise?

The secret to proper lifting is to bend your knees—but not your back—and to let your powerful leg muscles do the bulk of the work. It's a simple technique but it does so much to help make lifting easier.

When you bend your back and lift, there is almost five times more force acting on your lower back than is exerted when you lift the same object by bending your knees and "lifting with your legs."

- **Get a good footing.**
- **Place one foot alongside and the other behind the object.**
- **Squat — although back is inclined, it should be kept straight.**
- **Tilt object and firmly grasp a bottom corner.**
- **Draw object close and lift slowly by straightening legs.**



When the load is too heavy or bulky for you to lift comfortably, get help.

Don't try to be a hero.

PROPERTY AND LIABILITY INSURANCE

*Educating Ourselves

Although we may have taken all measures and precautions to prevent a loss, there is always the risk of a fire or accident. Survival of a Chapter and Brotherhood becomes a definite question when a loss occurs and insurance is inadequate.

The need for insuring our Chapters against fire and liability losses is a matter that needs only a brief explanation. Financial security is one of the main reasons insurance should be continued for our local Chpters. If an insurance program has not been established, one should be seriously considered. Not only will an adequate amount of insurance provide a sense of permanency, security, and continuity within the Brotherhood of a Chapter, but it can provide the money a Chapter may need to rebuild a house after one has been destroyed by a covered loss. In the case of liability claims or suits, financial embarrassment can be avoided where sufficient insurance is in effect. In other words, the undergraduate Chapter and alumni corporation do not have to concern themselves about the question of survival when faced with a loss that is covered by insurance.

What we must concern ourselves with is the amounts and types of insurance needed to meet specific perils. Determination of the value of the fraternity property and liability exposures can be difficult, therefore, it is necessary to educate ourselves in analyzing our insurance needs.

*The Insurance Policy

An insurance policy is the document that contains the contract between our fraternity and the insurance company. Easily recognizable parts include declarations, insuring agreements, exclusions, and conditions.

Declarations include descriptive material relating to the subjects covered. The coverages given under an insurance policy are defined broadly in the insuring agreements. The exlusions are the cuttings from the coverage. (Exclusions are

necessary: 1) to facilitate the management of the physical and moral hazard; 2) to eliminate coverage which would duplicate that in other policies we are apt to have; 3) to eliminate uninsurable perils; 4) to eliminate coverage not needed by us; and 5) to eliminate coverage of a specialized nature.) The ground rules of the insurance transaction are set forth in the conditions.

Very often, it is necessary to amend a standard or printed policy to fit the coverage to a particular need. These changes are made by attaching to the policy a written, stamped, or printed form that is made part of the insurance contract and is known as an "endorsement".

Policies have come to be rather standardized. They are standardized by custom, by law, or by intercompany agreement. Not all policies, of course, are standardized, so that it pays to examine each policy.

The current trend is toward comprehensive policies that reduce the likelihood of gaps and overlaps in coverage and increase the number of insureds with adequate coverage. A policy may be labeled comprehensive by offering comprehensive coverage on a particular exposure or by offering comprehensive coverage as to all perils or all hazards.

*Insurance Coverages

- Coverages - The standard fire insurance policy provides insurance against direct loss by fire and lightning. This coverage is broadened by a number of forms or endorsements. Our Chapters need protection not only against direct loss of the house, but also against indirect losses while damage is being repaired and against extra expenses involved in getting the Chapter back in operation following a fire. Protection is needed not only against a fire and lightning but also against such perils as earthquake, explosion, riot, rain, smoke, and many others. Fire insurance companies have undertaken to provide all of these coverages.

- Bulding and contents form - Forms that describe the physical nature of the property to be insured vary with the type of property being insured. A general form, usually called the building and contents form, can be used in insuring our fraternity houses throughout the country.

The perils covered are those listed in the standard fire insurance policy; fire and lightning. Use of the extended coverage endorsement adds other perils. Policies may be written on both the building and the contents, separately or combined in one policy.

Several paragraphs of the building and contents form are devoted to an enumeration of both the types of property covered by the form and those not covered. The first few paragraphs define the building coverage to include not only the building and its foundation but also machinery used for the service of the building, as well as various other items such as plumbing; electrical wiring; stationary heating; ventilating and air-conditioning equipment; elevators; permanent fixtures; awnings; signs; and storm doors and windows. Specially excluded are: damage to radio or television equipment on the outside of the building.

Contents coverage insures contents and personal property belonging to the alumni corporation and/or named insured, except automobiles and trailers licensed for use on public highways, aircraft, and property excluded by the standard fire policy itself.

When the alumni corporation does not own the building, improvements and betterments may be insured. These are defined as "fixtures, alterations, installations or additions comprising a part of the described building and made at the expense of the insured but which are not legally subject to removal by insured". For example, a new lighting fixture (such as a pinlight) is installed by the Chapter. Although the Chapter no longer owns the fixture when attached to the rented building, an interest is retained and this interest is insurable.

- Rents coverage - Rent insurance is an indirect-loss coverage. If the building is rented by the alumni corporation to the undergraduate Chapter, this coverage reimburses the corporation for loss of rents or potential rents. It is highly recommended that each alumni corporation obtain this endorsement because if a fire or other catastrophe occurs there will be no income to the corporation to pay many of the fixed expenses that come due periodically, such as the mortgage payment (if the house is owned), taxes, insurance, and other items.

- Persons - The building and contents form covers only the named insured, his legal representative, and the mortgages, if any or any other interest under a loss payable clause. Property belonging to guests is not covered.

- Boiler and Machinery Insurance - Heating boilers, hot water heaters, tanks and air-conditioning equipment are used by our Chapters in many parts of the nation. Boilers and tanks in particular involve hazards which should be seriously considered for insurance, as such devices sometimes explode with extreme violence, causing considerable property loss and serious personal injuries.

Insurance companies contemplate spending a greater portion of each premium dollar for inspection and other preventive measures than they will spend in paying losses. In fact, this loss-prevention service is an important reason for the purchase of this coverage.

Seven basic coverages are afforded: coverage A, damage to property of the named insured; coverage B, expediting charges; coverage C, property damage liability; coverage D, bodily injury liability; coverage E, legal expenses of defending suits and supplementary payments; coverage F, automatic coverage of additional boilers or other insured objects acquired during the policy period; and coverage G, riot and malicious damage. One important exclusion in the boiler and machinery policy is consequential damage. Damage to the boiler or machinery may result in spoilage of specified property from lack of power, light, heat, steam, or refrigeration. These losses are not direct and are not covered by the basic policy. Consequential damage coverage, however, may be written as an endorsement on the basic policy, or it may be provided by a separate contract.

*The Liability Insurance Policy

The liability insurance policy is designed to protect the Chapter against losses arising out of the liability exposure. The types of losses arising from the exposure are the cost of defending against lawsuits alleging liability and the amount of damages to be paid to claimants when the defense fails. In many circumstances where liability is alleged, court action is bypassed, and a negotiated settlement is reached. In these instances, the types of losses include the cost of investigation, negotiation and the amount agreed upon settlement. If the case reaches court and the defendant is held liable, the amount of damages is fixed by the jury. In cases involving property damage, the jury will consider the loss of use of the property as well as the value of the property damaged. In bodily injury cases, the jury will consider medical expenses, permanent deformity, and pain and suffering.

In addition to paying claims awarded by court action, defending the Chapter in these actions, and paying all expenses of investigation of the claim, negotiation of the claim, and defense of the suit, the insurance company agrees to pay the premium on bonds to release attachments, the premium on appeal bonds, and all reasonable expenses incurred by the fraternity at the insurer's request, and such charges for immediate medical and surgical expenses of others as shall be imperative at the time of the accident.

- Medical Payments - Beyond immediate first aid, medical payments coverage automatically is included in some liability policies and may be added at moderate cost to most others. Under medical payments coverage, the injured person is paid benefits regardless of the fraternity's liability, and such payment does not affect the right of the injured party to bring tort action against us.

Actual Cash Value Policies vs. Replacement Cost Insurance Policies

Insurance companies do not issue blank checks when they write insurance policies. A number of limitations are placed on the amount of their liability.

Limitations that might apply in any given loss are: 1) extent of insurable interest; 2) actual cash value of the loss; 3) policy limits; 4) coinsurance contribution and average clauses; 5) other insurance; and 6) deductibles. Of course, not all these limitations appear in every insurance contract.

As a general rule, the maximum reimbursement for losses is limited to the interest of the name insured. The insurable interest limitation prevents an alumni corporation from collecting more than what they would lose in a loss. As an example, suppose the alumni corporation owns half interest in a \$400,000 fraternity house, insures the house for \$400,000 in their name. In the event of a total loss, the alumni corporation would be entitled to collect only \$200,000.

Property insurance contracts usually limit recovery to the actual cash value of the loss. It will not pay an amount exceeding the "cost to repair or replace the property with materials of like kind and quality within a reasonable amount of time after such loss."

Like kind and quality does not mean the exact kind and quality, because it is sometimes not only impractical but impossible to reproduce property using the same materials and construction methods. It has been an acceptable loss adjustment practice to use replacement cost rather than reproduction cost. Replacement cost must be limited to the same style, quality, and function as the destroyed or damaged property.

Actual cash value, therefore, is replacement cost new less observed depreciation. The application of this rule requires that 1) replacement cost must be determined and 2) depreciation measured.

Some insurance authorities believe that to pay replacement cost without a deduction for depreciation not only would be a violation of the principle of indemnity but also would create a moral hazard. Even so, insurance can be written to pay the actual cost of repairing or replacing damaged property without deduction for depreciation. Replacement cost insurance offers an additional amount of

protection for the difference between the actual cash value of the loss and the cost of restoring the damaged property.

If a Chapter carries an actual cash value policy and has a total loss, it may be difficult to rebuild the house, especially if the insured house is an old house. For example, if a house is determined to have a life of 80 years and is 40 years old, an actual cash value policy would pay replacement cost less depreciation (50%). However, by insuring on a replacement cost basis rather than on actual cash basis, the depreciation factor can be eliminated.

Unless otherwise provided, a property insurance contract will not pay more than the face amount of the policy or in excess of policy limits.

An other-insurance clause may provide that the coverage is to be shared with other insurance, or it may prohibit any other insurance to be written on the same policy.

Some contracts are written with co-insurance clauses. These clauses restrict the amount of recovery on a partial loss if the fraternity or Chapter does not insure their property for at least a given percentage of its actual cash value at the time of loss.

Some insurance policies utilize a deductible to eliminate coverage for small losses. The most common deductible is the straight deductible. The deductible usually is expressed as a given amount, such as \$50, \$100, \$250, or more.

*Other Coverages

- Worker's Compensation Insurance Policies - Insurers have developed a universal standard worker's compensation and employers' liability policy to provide insurance protection for employers under compensation acts. This policy follows the usual liability policy format. It combines in one policy protection against any obligations the fraternity may have under her state's compensation law and protection for the Chapter should a worker bring suit under the law of negligence instead of applying for compensation. The first part of the policy is not subject to a stated face-amount limit. The insurer promises to make all worker's compensation required by the law of the state in which the policy applies. This section may be expanded by

endorsement 1) to cover the fraternity's employees, should they be injured in other states, 2) to provide worker's compensation coverage for employees not required by the law to be covered, and 3) to increase the medical coverage to amounts in excess of those required by the state law.

The second section of the policy covers the liability of the Chapter to her employees, for a basic limit (in most states) of \$100,000 per accident or per disease. This limit can be increased by payment of an additional premium. The policy includes the usual arrangement for supplementary payments for defense of suits and the like.

Premiums for worker's compensation insurance are based on the dollar amount of payrolls, and the premium is subject to change, following a payroll audit at the end of the insuring period.

- Fidelity Bond Coverages - A bond is a contract which one party binds himself financially for the performance by another of an agreed-upon obligation. One group of bonds is fidelity bonds which guarantee the honesty of the principal.

Usually it is easy to tell if a fire has occurred. It is not so easy in the case of infidelity. The H.E. or H.S.P. may have had their hands in the till for several months before someone in the undergraduate Chapter or alumni corporation discovers it.

Two general types of fidelity bonds are available; individual bonds and schedule bonds. Individual bonds are written to cover a particular person named in the bond. Schedule bonds, in turn, are of two general types; name schedule and position schedule.

The name schedule bond is, in effect, a document that combines several individual bonds. In it, as in the individual bond, the persons covered must be listed by name alone, with the specific amount of coverage that applies to each person.

The position schedule bond, on the other hand, does not list the names of officers covered. Instead, the officers of the fraternity are listed, each specifying the amount for which that position is bonded. For this reason, it is unnecessary for the Chapter to notify the bonding company when a new officer is installed.

*Valuation of Our Chapter Houses and Contents

The most important consideration in insuring fraternity property is an accurate valuation to determine the amount of insurance needed and to adjust periodically in keeping with the trend of future costs.

Valuations of buildings can be obtained in several ways. Don't take it upon yourself to attempt to establish the value of your house or structure. Let a competent appraiser, local builder, architect, or insurance representative familiar with this type of construction do the work for you.

Establishing the value of your contents should be done by the local Chapter. A complete inventory should be made. Contents, as discussed earlier, is personal property owned by the Chapter not attached to the fraternity structure. As a help, a personal property inventory list is included for your convenience. The graph should be made showing where the personal property is located in each room. (Sometimes it is a good idea to take pictures of each room and wall prior to a loss for proof of our claim against an insurance company.) The inventory list should include each item, quantity, date of purchase, and an original cost of each item. If possible, try to save receipts when a purchase of a content item is made. It is important that this inventory list and receipts be kept with our local Chapter's accountant or in a safe deposit box at the bank, or away from the premises so that in case a loss does occur, reference to the list can be made quick and we won't run a risk of the inventory list being a part of the loss, too!

CHAPTER 24

Buying insurance: Choosing the insurer and the agent

The purpose of this chapter is to set forth some principles which will help the insurance buyer in making the following decisions:

1. Whether to self-insure or to insure commercially.
2. What insurer to select for insurance.
3. Which agency, if any, to use.

SELF-INSURANCE VERSUS COMMERCIAL INSURANCE

For most insurance buyers, the question of whether to self-insure never will (or can) arise. Self-insurance requires a large number of homogeneous exposure units so that losses can be predicted with an acceptable degree of accuracy. The exposure units should be so distributed as to be free from the catastrophic hazard. Risks that meet these requisites may be self-insured if the individual or firm has the financial strength to fund a self-insurance plan and to absorb unpredicted losses, plus a sufficient understanding of insurance principles to administer the plan.

Under self-insurance, instead of paying premiums to an insurer, a regular deposit is made into a self-insurance fund. The amount of premium deposit is based on estimated losses averaged over a period of years. In those years in which losses are low, the fund will grow, only to be depleted in years when losses are high. Since bad experience might come during the early years of the plan before the fund is built up, it usually is considered wise to install self-insurance gradually. Thus, a decreasing amount of commercial insurance can be taken each year as the self-insurance fund increases, thereby protecting the self-insurer against increased heavy losses before the self-insurance fund has matured.

When self-insurance is used, it is often desirable to arrange for reinsurance

or excess coverage¹ with commercial insurers to cover losses exceeding some basic figure. The size of this figure is an inverse function of the degree of risk involved and the intensity of the insured's risk aversion—that is, the amount of risk he can comfortably assume.

One other point about self-insurance is important. Self-insurers must provide efficient loss-inspection and loss-prevention activities which, in some lines of insurance, are at least as important as indemnity. If a company is not in a position to provide or purchase this service for itself, it may be wise to insure commercially.

Those few companies that can qualify might find self-insurance economical. Because of lower administrative costs, self-insurance might be less expensive than insurance with commercial insurers. There are no selling costs and no premium taxes. Some of these savings, however, might be offset by an increased cost of engineering and claims service, if the self-insured is not equipped to perform these functions as efficiently as they can be performed by commercial insurers. A company with favorable loss experience might find attractive savings in a self-insurance program, since insurance merit-rating plans do not fully reflect individual experience. Through self-insurance, the insured receives the full benefit of successful efforts in loss prevention.

One disadvantage of self-insurance in third-party lines, principally workmen's compensation, is the lack of an impersonal claim service. A delicate situation is created between employer and employee when the employer denies the claim as a self-insurer. If he is commercially insured, the employer can "pass the buck" to the insurer.

There might be a tax disadvantage in connection with the use of self-insurance: self-insurance might create an additional income tax burden. Contributions to a self-insurance fund are not deductible as an expense under income tax laws. Only losses paid from the fund are deductible. The result is that several high profit years may pass with relatively light tax deductions, whereas there may be heavy deductions in low profit years. Because of the graduated scale of tax rates, the net tax burden over a period of years could be less if an average annual tax deduction could be taken (assuming, of course, that earnings also are relatively stable). Premiums that are paid to commercial insurers are tax deductible in the year paid. The annual income tax deductions for losses, therefore, are averaged and are spread over high and low profit years.

Self-insurance sometimes is criticized as unsafe in the event of catastrophic losses. This shortcoming can be offset by the use of excess insurance. Finally, the management of self-insurance often is criticized as inferior to that offered by commercial insurers. However, when the self-insurer does not feel qualified to operate his own self-insurance plan, he can employ the services of

¹ An excess insurance plan is one under which an insurance company will reimburse the insured for all losses exceeding a given figure. The insurance carrier is under no obligation to provide claims, engineering, or other services to the insured.

professional self-insurance management firms. A number of these service organizations are located throughout the country.

SELECTING THE INSURER

Chapters 4 and 5 dealt with the various types of insurers and their variations and similarities. Considerations in choosing an insurer are broadly summarized in those chapters. A good deal of that discussion is summarized in a paraphrase of Pope's *Essay on Man*:

For forms of companies let fools contest
Whate'er is best administer'd is best.

General considerations

The quality and philosophy of the company's management are the most important criteria in selecting an insurer. Unfortunately, these are intangible items not entirely revealed in statistical or financial reports. Published figures can be used principally to determine the management's ability to maintain sound financial practices and to keep the insurer both liquid and solvent. They tell little about its claims policy or its service to policyholders. Then, where is this information to be found? Frankly, unbiased² and informed observers often are in no position to offer advice other than generalities, because their position may depend upon the goodwill of the entire industry. Although they have informed personal opinions, they consider it the better part of valor to keep such personal opinions private. The best course with this group is to arrange to get their opinions on a personal, unpublicized basis.

If one's agent can be counted upon to have his clients' interests at heart and not too closely tied to a particular insurer or set of insurers, he probably is the best readily available source of information about insurers as well as about policy contracts. Of the two mentioned—being interested in his clients and not being tied to particular insurers—the former is the more important. If the agent has been in business for some time and does have his clients' interests at heart, it may be presumed that if he has tied himself to a particular insurer or insurers, it is because he has become satisfied that they are good for his clients. If there are unusual policies which suit a particular client's need but which the particular agent's insurers do not offer, the good agent either obtains the special protection from insurers that do offer it or tells his client how to do so. The one restrictive action which may ordinarily be

² It seems unlikely that there is an insurer anywhere in the world that will not have some dissatisfied claimants; and these are usually the most vociferous in their opinions and most likely to give the unwary buyer "help" in forming his opinions. On the other hand, those persons who have more complete information often will have gone to the trouble to acquire it because of some special interest—and that special interest may make them something less than unbiased reporters.

expected from even the best agent is that purely stock company agents seldom, if ever, recommend protection in a cooperative insurer of any type; purely mutual representatives tend to reciprocate this feeling and practice.

However, one thing is certain: financial condition, underwriting philosophy, claims policy, services and price are more important in selecting an insurer than whether it is a reciprocal, a stock, or a mutual. There are good and bad insurers of all types. The job of discriminating among them is not an easy one for the layman. The preponderance of good insurers, however, puts the odds in favor of making a wise selection.

Alfred M. Best, Inc., publishes two insurance yearbooks: one for fire and casualty and another for life insurance. *Best Reports* gives details on company history, personnel, investments, operating results, underwriting results, and other financial data relating to insurers. This information is reported for all types of insurers. In the Fire and Casualty Reports, ratings based on an analysis of their financial statements usually are assigned to the companies. In explaining its ratings, Best writes: "Our system recognizes . . . that the stability of a company . . . and the desirability of its policies hinge upon the following principal factors: good underwriting, economy of management, adequate reserves for undischarged liabilities of all kinds, net resources adequate to absorb unusual shocks, and sound investments." These five factors are examined by Best to arrive at its "general policyholders' rating," which is intended to measure the financial stability and general reliability of the insurer from the viewpoint of the insurance buyer. These ratings range from Excellent (A+ or A) through Very Good (B+) and Good (B) to Fairly Good (C+) to Fair (C). If adequate information is not available (either through the insurer's refusal to cooperate or because the company has not operated for five years) the rating is omitted.

Best supplies a second grade for each company, a financial rating, that is intended to evaluate the net safety factor of each company. This is based on the surplus to policyholders, plus equities and minus any indicated shortages in reserves. These ratings begin with CC, representing a net safety factor of less than \$250,000, to AAAAA which represents a net safety factor in excess of \$25,000,000. The pessimists would say these "canned" ratings are valuable only in eliminating from consideration the low-rated insurers. They place more reliance on a low rate as an eliminator than upon a high rate as a selector. Be that as it may, many corporate insurance buyers give attention to these published ratings. Best does not assign ratings to life insurers, but offers varying degrees of superlatives in commenting on the management of these insurers.

Once a person has determined to buy an item of any kind, he becomes interested in three aspects of the purchase: how much (quantity and quality) he can get; what it will cost; and how quickly he can get it. The insurance buyer's "how much" is determined by the amount of insurance protection and auxiliary services. Sometimes, as in boiler insurance, the buyer may rate the services above the insurance, but generally the insurance is para-

mount. Either way, the buyer should shop according to his needs and preferences.

A quality product in insurance demands, above all else, a financially sound insurer. Insurance protection and services are sold in the present for indefinite future delivery. Whether the buyer wants protection or service, he will get neither unless his insurer is financially able to deliver them. In choosing among different insurers, estimation of future liquidity and solvency should be determining factors. But there are too many insurers with resources ample for any contingency (short of destruction of the whole nation's finances) for the selection to be made *solely* on the basis of financial stability.

Factors in insurers' finances

Since there have been, and undoubtedly will continue to be, some stock-promoter-organized insurers with an apparent lack of concern for their long-term future existence, the insurance buyer does need to be able to recognize them, although most insureds are poor judges of insurance finance. The reliable insurer is both solvent and liquid. Solvency means being worth more than one owes: total assets exceed total liabilities. Liquidity means being able to pay off liabilities when they become due: current assets exceed current liabilities. If an insured had to make a choice at the time of a loss, he would rather have his insurer liquid than solvent. But the time when he will need his insurer to be liquid is in the indefinite future. An insurer that is solvent and liquid today may become insolvent or illiquid in the future. The wise buyer is interested, therefore, in knowing whether an insurer is making or losing money. It is necessary for him to study the insurer's loss and expense ratios, the net income earned on its investments, and the size and growth of its surplus. In evaluating the insurer's surplus, the buyer should consider the soundness, liquidity, and diversification of assets. Also, the size of surplus should be appraised in the light of company obligations (that is, the ratio of surplus to liabilities). As a practical matter, small insurers should have a larger surplus-to-liabilities ratio than big companies, since any unfavorable variation in experience in the small company will be felt more: the loss of one good agency, the loss of one or two big accounts, or a catastrophic loss would have greater impact on the financial position of a small insurer than on that of a large one.

With regard to relative size of surplus, some insurance commissioners use a rule of thumb. They hold that the policyholders' surplus³ of a fire insurer should be equal to at least one year's premiums. For casualty insurers the rule is that this surplus should not be less than one half the premiums. Other commissioners, however, have disputed the necessity or accuracy of such a rule. In any event, the policyholders' surplus shows the amount of "cushion" policy owners have before the company is declared technically insolvent. It

³ Capital stock or guaranty fund, net or "free" surplus, and voluntary reserves.

gives some indication of the insurer's success in the past. If the insurer has been growing, however, this is an important consideration in an appraisal of its surplus position: growth causes a reduction in the amount of statutory surplus shown on its books, although this decrease will disappear when the rate of growth slackens.⁴ Therefore, a declining surplus may not necessarily represent an unhealthy condition.

Forecasting insurers' finances

Future financial results for an insurer depend on the success of its management in selecting risks, making investments, and controlling expenses. No management is perfect. The ability of an insurer to prosper depends both upon the magnitude and number of errors made and on the size of the surplus available to absorb them. The difficulties of prognostication sometimes are almost insurmountable. One of the leading professional insurance financial-rating services in one edition gave the following policyholders' ratings to three insurers: to one, A+; to the second, A; and to the third, B+. By the time the next annual edition of the service was published, the company with the B+ rating was being subjected to receivership proceedings by its home-state commissioner; and the companies with the A+ and A ratings had been forced to change management and continue to survive only by virtue of outside financial aid. It might be added that not all three of these companies were of the same type—stock or mutual. But all three got into difficulties for the same reason: heavy commitments in automobile insurance, which had been (and still is) generally unprofitable.

Services to the insured

One question regarding an insurer's service can be settled quickly: Is the particular type of policy the buyer wants one that this insurer offers? And, if so, will this company issue it to this buyer? Many special coverages are available only from certain insurers, and even *valid* differences in underwriting philosophy allow one insurer to insure a particular person or to cover a particular property under a given type of policy whereas another insurer will not. In such cases, certain insurers automatically are eliminated from the buyer's consideration. Most life insurers, for example, do not write disability income riders; some do not insure medically impaired lives. Of those that write them, some will cover diabetics; others will not. Insurance protection for lumberyards is a specialty line for certain insurers, whereas others cater especially to flour mills or coal mines. Insurers lacking the necessary specialized facilities or experience often will take none of these.

Many times, underwriters will "take the bitter only with the sweet." This

⁴ A part of the surplus is transferred to the Unearned Premium Reserve account to meet state requirements. The nature of this complicated operation will be explained in Chapter 28.

means that undesirable (unprofitable) coverages are written for a buyer only if the profitable ones are also purchased. Workmen's compensation often is considered an undesirable line and will be taken only by that underwriter who also gets the generally more profitable fidelity and property-liability lines (or, for some underwriters, vice versa!). Sometimes, package deals are the determining consideration in insurer selection.

The speed and fairness of an insurer's claim service are of interest. Ascertaining these is difficult, for prejudiced and limited observation invalidates a great many, if not the majority, of observers' opinions. Human nature being what it is, it is natural that not every claimant will receive what he thinks he ought to get. Considering how few insurance policyholders read, let alone understand, their policies, and how much room there is for honest differences of opinion about the values of assets, the wonder is that there is not more difficulty. As one insurance teacher remarks: "To hear that a particular company has had a dissatisfied claimant is to hear no more than that it is in the insurance business."

Yet, if the buyer is to form any judgment of the speed and amicability of an insurer's claims service, he has at best only two sources: its customers and its competitors. Both must be used with caution and with considerable weight given to the experience, knowledge, and character of each informant. As for liberality in claims payments, both extremes are bad. No insured wants to do business with an insurer that regularly pinches its claims pennies. On the other hand, overliberal payments can be disastrous to an insurer's financial structure—if not made up by charging higher premiums. Location of claims offices may be an important factor.

The question of agency service is discussed in Chapters 4 and 5. In some lines of insurance, one additional type of service is important: engineering and loss prevention. The quality of engineering service varies among insurers. A well-qualified corps of inspectors might weigh the balance in favor of a given insurer for a boiler and machinery line. And an imaginative engineering department might be the deciding factor which swings a workmen's compensation coverage from one insurer to another.

The question of variation in rates is discussed in Chapters 4 and 5.

CHOOSING THE AGENT

Too many writers on the subject of "how to buy insurance" have made selection of the insurer the core or major part of their work. Frequently, these same authors have had little or nothing to say about that job which often is even more important—the selection of the agent⁵ with whom the business is to be transacted.

⁵ In this section the word "agent" is used in its broadest, nontechnical sense to include all types of insurance representatives who deal with buyers of insurance in the matter of initiating or renewing their insurance policies. Thus, at this point the term is to be read as including not only agents but also brokers, direct salesmen, traveling representatives from home offices, or anyone else who performs all or part of the services involved. See Chapter 25 for a discussion of insurance marketing.

This brings us squarely face to face with the problem of discovering the good agent. In addition to his feeling of responsibility for his clients' welfare, the good agent has the following qualities: knowledge of the insurance business; time and facilities for providing necessary services; good contacts with the insurance market so that he can get prompt and favorable action for his clients from the insurers; knowledge of which insurers to use for special situations; an effective claims follow-up service; and, finally, the respect and cooperation of his clients, his competitors, his insurers, and his claim adjusters. If the agent has all the other qualities he will automatically have a good share of the last one, which is an ultimate summary of them all.

What readily visible earmarks are there which will enable the new buyer to select his agent wisely. The answer is: practically none. Practically none, that is, that are readily visible. There are several, however, which are not too difficult to dig out. Two sources of information about agents generally are available: insurance buyers and insurance agents. The validity of the opinions of particular insurance buyers naturally varies with the nature and extent of their knowledge of insurance and their experience with insurance representatives. In each case, special interests need to be considered. An informed banker should be a good source of information about insurance agents—provided that he does not limit his recommendations to those who happen to do their banking business with him. The insurance-buying executive of a local warehouse or factory may be informed on the comparative abilities of agents as they apply to his business, which may or may not be the same as the comparative ability of agents as applied to retailing or financial trades or to coverages for the home. And although insurance problems of one's neighbor may be the same as one's own, so that he judges agents and agencies for the same purposes, his judgment may be inexperienced and faulty. For these reasons, it is necessary to build a composite opinion from several buying sources.

In general, an agent's competitors are a valuable source of information about his qualities. Here two points must be noted: certain agents' comments about their competitors will tell more about the commenting agent than about the "commentee." It is the practice of all good businessmen, in whatever line of business, to be wary of making critical remarks about competitors. Therefore, the man who is freely critical may only be telling his listener that he himself is not a good businessman. Still, the ethical and honest agent usually cannot bring himself to condone clearly unethical or dishonest practices. In such cases, he usually will be specific about his comments but reserved in drawing general conclusions from them.

But the buyer wants to know more about most agents than whether they avoid undesirable practices. He wants to know how much *better* than just "all right" they are. He needs the answers to specific, pertinent questions: What is an agent's experience in terms of years and extent of practice? Is he noted as a specialist in any coverage? Does he tend to do business mostly with individual householders, with small or large firms, or on a general across-the-board basis? Does he sell insurance or peddle policies? What is

the standing of the insurer or insurers he represents? Are he and his staff known to be regular attendants at schools, forums, and trade educational activities? Does he engage in survey selling? Does he present a unified program of coverage based on a detailed analysis of exposures? The answers to all these questions offer some measure of the likelihood of quality in any agency. This is true no matter what the source of the answers, as long as the source can be expected to be informed and honest. Competing agents are the source most likely to be informed on such matters and, with the few reservations mentioned, generally can be counted upon to be guardedly honest in their replies.

The ultimate source of information about an agent is the agent himself. Obviously, he must be someone whom the buyer feels he can trust and with whom he is willing to discuss financial details of his business and home.

If the buyer is well informed about insurance subjects, the quickest and probably the best way for him to judge the competency of a given agent is to discuss insurance matters directly with him. The usefulness of this method, however, is strongly conditioned by the extent of the buyer's own knowledge of the subject.

And what should the buyer expect of the good agent besides knowledge? How should the good agent show his feeling of responsibility for his clients' welfare? How should he use his time and facilities for providing service? To what end should he organize his contacts in the insurance market?

The agent's second responsibility (after acquiring and keeping up with the knowledge of his product) is to become thoroughly acquainted with his clients' problems. He should, with each buyer, go over the process of locating exposures, as described in Chapters 3, 22, and 23. Naturally, the amount of time and energy put into the process must and should vary with the complexity of the insured's situation and, to an important extent, with the size of the insured's contribution to the agency's expenses, whether through the usual method of the commissions the agency receives on the business placed with it or through any direct fee the client may pay for professional risk management advice.

Putting together his knowledge of insurance and of his client's exposures, the good agent will complete an insurance program for his client at the lowest possible premium consistent with the use of sound insurers. He will show his client various possibilities of coverage, each at the most favorable premium in qualified insurers, indicating the possible variations of each. He will help the client decide what coverage is essential and what is desirable. In short, the good agent will do everything possible to help his client reach an intelligent insurance purchase decision. Seldom is it wise, however, for an agent to make decisions for his clients.

After the initial placing of the coverage, the good agent will make sure that he keeps up to date on changes in the client's situation and that he keeps his client informed as to relevant changes in insurance rules, forms, and rates. These are never-ending jobs, requiring regular contact and cooperation between the insurance representative and the insured.

Finally, the agent may play a role in the settlement of claims. Most agents have little or no official position regarding the settlement of claims, other than the very small ones. The process of claims settling is carried out by bureau or independent adjusters or specialists from the insurers. In large agencies and, occasionally, even in moderate-sized ones, a large percentage of claims (occasionally all claims) may be handled by the agency. Such agencies represent a small portion of the total number of agencies.

When the agent has no official standing with regard to claims settlement, his services, when called upon, consist mainly of interpreting the positions of the insurer and the insured to each other and in seeing that the settlement process moves as rapidly and as smoothly as possible to an agreeable conclusion. The wise agent tends to be rather more active in behalf of the insured than the insurer. Often he proves better able than the insured to "sell" the insurer on the validity of the insured's position. The insured, however, should not expect an agent to back him up in other than a valid position. There are, of course, agents who have tried to do otherwise, but those who persist in the practice sooner or later find themselves without reputable insurers to represent—a wholly just outcome. And the authors cannot refrain from closing this paragraph with the remark that in their experience the professional claims adjusters are, in by far the majority of instances, considerably more capable of handling both the claim and the claimant to everyone's satisfaction (including the claimant's) than some agents seem to think they are.

Agents' services, like those of the insurers, cost money—money that comes out of premiums paid by insureds. Chapters 4 and 5 point out that differences in premium levels often are explained by differences in agency services. As students of marketing put it, "distribution costs" are reduced in these cases by the shifting of a part of the servicing burden over to the final customer, the insured. How much service each insured wishes to buy and pay for, and how much he wishes to supply himself, are matters for personal, individual determination. By now, however, it is hoped that the student will not underestimate the importance of the services of a *good* agent.

Collecting policies versus buying insurance

In concluding the discussion of the principles of insurance buying, we cannot resist the temptation to quote the story of Poor Herman to emphasize the importance of *buying insurance* rather than *collecting policies*.⁶

Once upon a time, in the rich land of America, in the village of Sunnyside, there dwelt a citizen known as Herman. He was a righteous and respected businessman who, since early manhood, had applied himself diligently to his trade. And not without success. Somewhat abundant was his store of worldly goods and bright indeed his prospects. Now Herman was not alike unto all of his fellowmen, for he was a believer in insurance. And he let this be known since his belief was founded upon the conviction that only insurance can remove the risk of

loss. And the people to whom he spoke, spoke of it among themselves, and the word spread, and the agents of insurance did one after another seek him out. To each of these did he renew his faith saying: "Yea, I am a believer in insurance and I feel it is a good thing. For has not insurance the power to lift the crown of care from the brows of the worried?"

And to him they displayed their policies, and from them did he take insurance. Even the property floater which is personal and the personal liability which is comprehensive. From one he sought security against loss by automobile and to yet another did he entrust the fire insurance on his dwelling. And thus at last was his mind at rest, and to himself he said: "Secure must I be against misfortune, for have I not of policies a full bushel and of agents a round half dozen? Surely ease and prosperity shall follow me all the days of my life."

But it came to pass that on a day when Herman and his family visited in a neighboring village, a sudden and accidental rupture of the steamheating boiler did rend asunder the house of Herman. . . . Yea, from gable to foundation. And Herman upon his return did summon unto himself all of his agents of insurance, and they together examined his bushel of policies. And then at last as the truth broke upon them did they all fall back aghast; for of all the policies of Herman, none there was which would make good the destruction, and all of his good intentions availed him naught. Then truly did Herman tear his hair, and beat his breast, and cry out: "Oh Lord, what is the use?"

This story should emphasize the importance of selecting a good agent who will tailor insurance protection to needs. It pinpoints the dangers of shopping around and ending up with "a full bushel" of policies from "a round half dozen" of agents.

~~SUMMARY~~

~~Insurance may be purchased either from commercial insurers or handled by the insured himself. The latter is called self-insurance and is available to organizations possessing a large number of independent homogeneous exposure units and the know-how to administer the plan. When an outside insurer must be used, as it must in the great majority of cases, the problem of selecting the insurer becomes important. As a general rule, it makes no difference whether the insurer is a stock company, mutual company, or reciprocal exchange. The important considerations are continuing financial strength; coverages offered; cost, engineering, and loss-prevention activities; and claims service. Specialized insurance financial publications are available to provide some of the facts and figures necessary for an appraisal of the eligibility of an insurer.~~

~~The job of selecting an agent, however, might be even more important than the job of selecting the insurer, for by definition it can be assumed that a good agent represents a good company. It cannot be assumed, however, that a good company always is represented by a good agent.~~

~~Selecting an agent is not an easy task. The qualities desirable in an agent are knowledge of the buyer's business and of the insurance business, facilities~~

CHAPTER 22

Buying insurance: Property and liability

In insurance as in other business circles, much is heard of salesmanship. A great deal of time and millions of dollars have been devoted to that subject. But salesmanship has a poor stepsister, who practically "lives in the woods alone, where few men have ever trod." Her name is "buymanship." Many readers of this text will not enter the insurance business. Their experience with insurance problems will be as buyers. Other readers will go into the insurance business as salesmen. Their success will be created and supported by an appreciation of their customers' problems and a thorough understanding of how to solve these problems through insurance.

PRINCIPLES OF INSURANCE BUYING

The large-loss principle

Insurance should be bought on sound theory. The basic insurance principle is the substitution of a *small* certain cost for a *large* uncertain one. Many insurance buyers seem assiduously to avoid this principle. Instead, many of them are strangely interested in substituting small certain costs for *small* uncertain ones!

An insurance salesman, describing the sale of a health insurance policy, remarked that he had written the policy "with first-day coverage," that is, with the company paying disability income starting the first day of illness. The sale was a moderate-sized one with relatively low maximum benefits. The coverage did not represent adequate income replacement for the insured, who in this case would have been wiser to take a waiting period in exchange for higher maximum benefits. This insured would have been better protected in a protracted illness had he been willing to give up a few dollars during the early days of his disability in exchange for many more dollars during the later stages. When the salesman was asked why he wrote coverage for the

first day (for his company offered a wide variety of "waiting periods"), he said: "People are not smart insurance buyers. Sure, they *ought* to buy insurance protection against the large losses rather than small ones; but many times the only way you get them to buy protection against catastrophic losses is by tying it in with protection against all the small losses, too."

Curious buying principles occasionally are found in respect to automobile insurance. Some people carry low deductible collision coverage, often at the expense of more essential protection. On some cars and in some territories, it takes \$19 a year to buy an extra \$50 worth of collision insurance (that is, \$50 instead of \$100 deductible). This \$19 can buy more than \$50,000 of comprehensive personal liability insurance or over \$1,000 of non-par continuous-premium whole life insurance at any age under 35, or nearly \$40 a month disability income protection to age 65, with a one-month waiting period. It seems unlikely that an extra \$50 of auto collision protection is worth more than adequate family liability protection or the additional monthly income which the life or health insurance could provide.

If a man loses his automobile by fire or theft, or collision, the most he can lose is the value of the car. If, however, he injures someone with his car, a judgment can cost him not only his automobile but also his bank account and other property. Furthermore, it might (through garnishment and attachments) cost him a part of his future income. Yet, some people who feel that they cannot afford both physical damage and liability insurance buy physical damage and leave the liability uninsured.¹ It has been necessary to force motorists to buy liability insurance by financial responsibility statutes.

Why do so many intelligent people suddenly become unintelligent when they buy their insurance? Could it be that the more frequent the occurrence of losses, the more aware they are of the existence of the perils producing them? Could it be that they want to insure against only those losses that are likely to occur?

Insurance of small losses is uneconomic. The cost of writing the insurance, when added to the loss cost, makes the insurance too expensive. Insurance becomes a matter of trading dollars, with the insured on the short end of the trade. Moreover, small losses tend to have some certainty for the insured. The frequency of their occurrence makes them susceptible to the law of large numbers. Most students, every year, lose some part of their valuables—pens, pencils, money, a raincoat, or even an insurance textbook. Pilferage of retailers' merchandise can be predicted with some accuracy, and businesses of all kinds are subject to regular losses in material and equipment due to carelessness or ineptness of employees.² When losses are so

¹ Finance companies require physical damage insurance on financed automobiles. They do not require liability insurance. A number of automobile owners feel they have all the insurance they need when they satisfy the standards established by finance companies.

² Shoplifting is increasingly a problem of the retailer. One recent survey reports that 1 out of every 10 persons entering the stores took something without paying for it.

regular that they can be calculated as an expense, there seems to be no reason to pay an insurer for covering them, *unless there are valuable special-service features associated with the coverage, or unless the coverage is required by law or contract.*

In workmen's compensation, for example, the employers of large numbers of workers may have fairly stable loss ratios. Yet, some of them will purchase insurance protection because they want both the loss-prevention and the claim-adjustment services of a good workmen's compensation insurer.

In purchasing insurance, too much weight may be given to the probable *chance of loss* and not enough to the *possible size of loss*. If a \$50,000 loss would bankrupt a business or a \$10,000 loss would ruin a family, what difference does it make whether the loss is caused by fire, windstorm, explosion, illness, death, theft, or an adverse judgment at law? And, if it is an adverse judgment, what difference does it make whether the successful claimant fell down the front steps or was run over by an automobile? An individual or business pays all of its uninsured losses from the same pocket, and these losses have the same effect on the payer regardless of their causes.

Gradation of insurance coverages

Essential coverage. ~~*An important principle of insurance buying is to buy protection first against all those losses—probable and otherwise—which potentially are so large as to be financially disastrous.~~ Insurance against such losses is essential. Severity of a possible loss, not its frequency, should be the determining factor. Insurance might be considered even if the chance of loss is so remote as to be negligible. Consider the following story concerning the experience of one harried insurance agency manager:

I remember a case called The Loss That Could Never Happen. A number of years ago we were asked to insure a collection of fine Egyptian statuary and John Rogers, who's our partner in charge of Fine Arts and Special Risks, sent young Ad Taylor out to survey the place. Taylor came back and said, Mr. Rogers, if I ever saw a perfect risk, this is it. The statues are six feet high and weigh a ton or more each. Frankly I don't see how they ever got them in there and it would take a railway car to get them out. They're housed in a separate fireproof building and anyway, they're stone and they can't burn. And they have a watchman and dogs around the place. There hasn't been an earthquake in Jersey for as long as I can remember and meteorites don't scare me. What could possibly happen to them?

We underwrote that risk and practically no sooner had we done so than we had to write out a check for close to \$500,000 for a total loss. It seems the statues were waxed to keep them at a high finish and one day a little fire broke out in a bundle of old rags they kept around for that purpose. The fire got going on the wax, and the next thing you know, the statues are red hot. Then the firemen came and sprayed the darn things. Inside of two minutes those statues had split into pieces you could pick up in your hand.

However, in spite of such an experience, it is not suggested that all remote chances of loss be insured. For example, one would not be expected to insure against volcanic eruptions in Chicago.

The decision as to whether to insure may not rest with the insured. Some forms of insurance are essential because they are required by contract; other forms are essential because they are required by law. In cases where property is mortgaged, fire insurance is usually required by the mortgagee. Leases sometimes require the tenant to carry glass insurance and other forms of coverages. Some labor contracts require the employer to buy life and health group insurance and group annuities. Some business units have buy-and-sell agreements which must be funded by life and health insurance. Examples of other forms of insurance required by contract are transportation insurance, liability insurance, and surety bonds.

Workmen's compensation insurance usually is required by law. In some states, disability income insurance is required. Some jurisdictions require automobile liability insurance. And surety bonds are required by law under a number of circumstances.

When insurance is required, coverage becomes essential irrespective of the large-loss principle.

Desirable coverage. Some losses cannot be handled out of current income, but nevertheless are not large enough to lead to the bankruptcy of a business or a family. They may seriously impair accumulated savings or reserves or saddle a business or family with a burdensome debt. Insurance against these losses is desirable if the insurance budget is large enough to provide more than essential coverage.

Available coverage. If, after buying the desirable coverages, the buyer still has money left in his insurance budget, other available coverages may be bought. Included in this class is insurance against small losses that can be paid out of current income or surplus without seriously impairing savings or reserve funds or incurring burdensome debts. Few families or businesses will be able to afford the luxury of insurance simply because it is available to offset some possible financial loss; nor would the purchase of this insurance be a wise choice except for those with abnormally high risk-aversion factors. As for families, in nearly all cases every premium dollar available is needed for insurance necessities; and even then some important exposures might have to go uncovered.

Boundaries between the classes. The boundaries between the classes are not rigid; they are highly variable. They depend not only upon the amount of property owned by the insured but also on his income, financial status, responsibilities, desires, and even his attitude toward assuming a loss. Furthermore, what may have been essential coverage last year may logically be desirable coverage this year and only available coverage next year.

Liability insurance protection is always essential coverage. Liability claims are likely to arise at any time, from a variety of sources and for large amounts. Bodily injury damage claims resulting in awards of over \$100,000

are not uncommon, and accidents involving several persons could produce claims for damages of millions of dollars.³ Liability claims could exceed total business assets, and except for certain exemptions a person's entire property can be attached to pay a liability judgment. Even a person who is free of property is not immune to liability claims. The future can be "mortgaged." Garnishment of wages to be received and rights of liens against any property acquired in the future make the chances of financial growth slim indeed.

To some families a \$300 hospital bill might be serious enough to make hospital insurance desirable. Others might be able to handle the expense in stride. Automobile physical damage insurance might be desirable for moderate-income families; whereas high-income families might ignore the coverage and share any losses with the federal government by charging them off as allowable income tax deductions. The important measure of what is a large loss is the relationship of the possible loss to free assets, not the absolute amount of the loss itself.

The less affluent the business or family, the greater is the number of essential and desirable coverages; also, the smaller is the insurance budget. This creates a dilemma in insurance planning. With respect to certain coverages, planners find that those who need them cannot afford them, and those who can afford them do not need them.

***The loss-unit concept.** In determining whether a certain type of insurance is essential, desirable, or available, the loss-unit concept is helpful. A loss unit may be defined as the aggregate losses resulting from a single event. A peril can cause a loss which can develop into catastrophic proportions. For example, an explosion of a steam boiler can cause an *aggregate* loss which would be crippling to a business, although several of the individual losses that make up the aggregate might be handled alone without stress. The maximum potential loss from this event would be the sum of the maximum potential damage to the boiler, direct damage to the building, direct and consequential damage to contents, loss of profits resulting from interruption of the business until repairs are made, compensation payments to injured employees, judgments at law for bodily injuries and property damage, and loss of the services of key men injured or killed in the explosion. Of course, the explosion is not likely to occur, and if it does the loss sustained is not likely to be the estimated maximum potential. For that matter, each loss must be the exception, or the insurance would be too expensive. The insurance manager who ignores the exceptions would have no insurance to manage. Thus, the probability that a large loss will *not* occur should not be a controlling factor in insurance buying.

In deciding what losses *not* to insure, the buyer must consider the loss-unit concept and the often overlooked reality that the same free assets which one may depend upon to offset *uninsured* losses must also be relied upon to

³ A court recently awarded damages for over \$3,000,000 in a case involving only one injured person.

handle *uninsurable* losses. Because these assets may be needed to cover business reverses or unemployment in the family, they may not be available to meet losses which might more properly have been insured.

Integrated insurance planning

Insurance buying presents a budgeting problem. The budget for insurance should be an integrated one, and not a separate one for each coverage. Insurance planning involves the integration of all coverages: life, health, property, and liability. Only through an overall insurance plan will premium dollars be spent efficiently. The danger inherent in nonintegrated planning is that a given policy will be bought because it fills some particular insurance need, without any reference to the order of the importance of needs.

Some authorities on family finance, however, do not advocate a separate insurance budget. For example, they feel that the cost of automobile insurance should be a part of the transportation budget; the cost of homeowner's insurance should be included in the housing budget; and the cost of life insurance should be a part of the savings budget. While this view can be defended, it does not encourage sensible insurance buying. It does not force the buyer to think in terms of buying insurance on a "first needs first" basis.

Integrated insurance planning for a business is a different matter. The use of profit centers may force efficiency-conscious managers to consider various alternatives to insurance as a risk management device. It may also force top management to consider pure risk more carefully in planning new ventures.

SURVEYING PROCEDURE

It is not enough to understand principles alone. In order to apply these principles the insurance buyer must know how to gather the pertinent facts. It is one thing to know that all liability exposures ought to be insured; it is another to know what these liability exposures are. The insurance buyer needs to know surveying techniques, that is, how to search the property systematically for perils, losses, hazards, and amounts that make up this exposure. For example, a notorious oversight in the writing of liability coverages is failure to include sites away from insured premises on which directly owned outdoor advertising signs are located. And the country is full of apartment dwellers who faithfully buy protection against liability arising out of the ownership or use of an automobile, but who do nothing about their exposure to liability for injuries suffered on their premises.

Systematic insurance planning requires the use of the survey technique. A complete insurance survey is used to: (1) inventory property subject to loss; (2) determine the perils, losses, hazards, and amounts to which there is an exposure; (3) determine the best and least costly way to arrange insurance to protect against these exposures; (4) analyze present insurance and make those changes necessary to accomplish the recommended program.

eliminating gaps and overlaps; (5) identify areas for loss prevention in order to consider avenues for rate reduction; (6) study the financial position to determine the free assets available for loss assumption; and (7) provide a system for keeping the insurance up to date.

Many insurers provide their agents with survey forms to be used in fitting insurance to meet the needs of clients. These forms vary from a simple 6- or 8-page portfolio for planning household insurance to a 50- or 60-page booklet for surveying complicated commercial risks.⁴ Insurance survey forms called fact finders are used in assembling information necessary for underwriting, rating, and policywriting. The information obtained through the fact finder is the foundation of an insurance survey.

Inventory of property

The buyer should know the extent and location of all his property. Comparatively unused property should not be overlooked. Householders sometimes have property stored in the garage, at the home of a friend or relative, at the summer cottage, or even in a commercial warehouse. The businessman needs to consider when the title passes on incoming or outgoing goods. He must consider whether any of his goods are stored, or worked on, off his premises. Exactly where does he keep his money, securities, and other valuables? How does he get them to and from the bank? Are delivery trucks and other vehicles always kept in a central garage for storage, or are they sometimes left elsewhere?

In listing properties, those in which the insured's interest is other than that of tenant or owner also should be considered. Among the other legal insurable interests are those of remaindermen, mortgagees, sellers of merchandise under installment purchase plans, and bailees.

It is necessary to classify the property. Few standard insurance contracts cover both business and personal possessions; if both are involved, it usually is necessary to buy a special endorsement or to buy two policies. Also, distinctions between real and personal property are important in many insurance policies, and these distinctions are not always the same in every type of insurance contract. (Improvements and betterments are the most common example.) In many policies, distinctions are made between stocks of merchandise and equipment. Possessions that are especially valuable (money, precious metals, furs, jewelry, etc.), relatively indestructible, or having certain other special characteristics often require special handling.

A complete inventory of property with correct insurable values recorded is especially important when coinsurance clauses are used in order to reduce the chance of an unplanned coinsurance deficiency. The problem of determining insurable values was discussed in Chapter 11.

⁴ Several insurance publishers also have developed insurance survey forms which are sold to local agents.

Perils must be analyzed

Questions must be raised to determine the perils to which the property is exposed and for which insurance is available. Buildings, for example, may be exposed to losses resulting from fire, windstorm, hail, explosion, smudge damage, glass breakage, water damage, sprinkler leakage, riot damage, malicious damage, damage by aircraft or other vehicle, earthquake damage, and other perils. Equipment, machinery, stock, and other personal (as opposed to real) property, in addition to these perils, are exposed to burglary, theft, misplacement, disappearance, temperature changes, breakage, spotting, collision, and others. In arranging insurance, it is important not to overlook any of the perils that could cause a serious loss.

Income losses

Any peril destroying property destroys its use value. Sometimes income losses can result from the destruction of property not owned or used by the insured. The study of the exposure must reveal data that will make it possible for the insurance buyer to determine all potential sources of income losses, so that, if necessary, insurance can be arranged to cover them.

In measuring the income exposure, expenses that do not continue after a loss should be deducted from gross income. Noncontinuing expenses, however, often are difficult to estimate in advance. For example, if an apartment building becomes totally untenable, many expenses can be eliminated; if only one unit is affected, however, there may be little difference in the owner's maintenance outlays.

Rental values of owner-occupied dwellings may be protected by rent insurance; rental values of owner-occupied business properties are protected by regular business-interruption insurance.

Incomes other than rent have to be analyzed most carefully as to source. Income losses may be incurred as a result of damages sustained away from the main business properties—at warehouses, for example. The wise insurance buyer will consider the possible results of destruction or damage at the plants of subcontractors; or at the plants of suppliers of raw materials, parts, fuel, or power; or on the premises of any buyers of his products who make their purchases under contract; or on the premises of the buyers of his customers' products.

Because of different forms used for income insurance on property, it is necessary to divide business income into (1) that which is to come from operations not yet consummated; and (2) that which will be derived from operations already completed. For retail or wholesale operations, the first class includes goods not yet sold; whereas goods sold but still under the seller's control come under the second category. In manufacturing operations the first class includes both raw materials and goods in process; the second contains finished goods. Business-interruption insurance is the proper

form of coverage for the first category, profits and commissions (or a market or sales-value clause) for the second. (Sales agents who do not take title to the goods sold are insured under the sales agents' commissions form.)

Valuation of possible net income losses should be made in the light of the specific terms and forms of insurance to be purchased. For business-interruption insurance, special "worksheets" are available. Consideration needs to be given to the possible time involved in replacement of raw materials and the physical facilities.

A frequently overlooked source of income loss is also one of the most important—the loss of *human* values. The human element is the most important of all in the success or failure of any business concern.⁵ By encouraging early treatment of illnesses and injuries, group health insurance may reduce the amount of working time lost. The use of group life and health insurance and group annuities is primarily a matter of personnel administration and should be considered in connection with the overall personnel management program of the company.

Increased expenses

The study of exposures also must provide data for estimating the nature and amounts of possible additional expense losses.

Net income may be reduced, either through a decrease in receipts or through an increase in costs. A distinction is made because the plan of insurance coverage in each case generally is different. There is, however, some overlap. Business-interruption insurance is basically protection against decreases in receipts, but it also offers protection, sometimes in substantial amounts, against increases in costs. The extra-expense protection offered in business-interruption insurance becomes effective only if the net business-interruption loss can be reduced by incurring these additional expenses. Business-interruption insurance, therefore, is not extra-expense insurance.

Increased costs generally should be covered by an extra-expense insurance. The standard examples of the need for extra-expense coverage are those service businesses which must continue to operate in spite of damage to their facilities. To shut down even temporarily may mean a loss of customers to competitors, perhaps permanently. Newspapers, laundries, dry-cleaners, and banks are usually in this class. Contract suppliers are another group of businesses which must continue in operation "at all costs." An example is a transportation company that has a contract to supply school bus service. If the company's regular vehicles are damaged or lost, substitutes must be found and paid for, or the busman probably will find himself out of business thereafter and subject, in addition, to damages under the unfulfilled contract.

Certain increased costs are peculiarly associated with the perils that cause

⁵ Key man life and health insurance are explained in Chapter 23.

them. Foremost are the costs and expenses connected with liabilities imposed by law for injuries to others and damage to their property. In locating liability exposures, it is necessary to consider both property and the activities of persons. Any property *owned, used, or produced*, or for which the individual has *responsibility* of any kind, can be the source of liability claims.

The acts of the insured and of anyone who is or *who can be construed to be acting as his agent* also can be the source of liability claims. In a leading California case it was held that a salesman who had an accident while driving his own car en route to a company sales meeting was acting as an employee. His employer was held jointly liable for the \$10,000 judgment. One employee used his personal automobile to take an injured fellow employee to the hospital, and the employer was held liable for an accident that occurred during the trip. Liability protection must be bought to cover the acts of any person who may be construed to be acting as agents of the insured.

Responsibility for damages and injuries caused by products after they get into the hands of customers must not be overlooked. When an oil company recommended that millers use a certain kind of grease to prevent the dust from the manufacturing process of cattle feed from getting into the bearings of the rollers of their machines, more than \$10,000,000 in products liability resulted. The grease kept the dust out of the bearings all right, but some of the grease seeped into the feed. When the cattle ate the greasy feed, they developed hyperkeratosis (overgrowth of skin causing a high death rate) which resulted from the hardening agent used in the grease. Claims were filed against retailers and wholesalers, as well as against the several feed mills involved. Dealers should remember, too, that they are generally responsible for the merchantability of the goods they handle, even though they had nothing to do with their creation, packaging, or recommendations for proper use. Contractors' and repairmen's responsibilities for the results of their operations after completion need to be considered. The chance of large liability loss through products or workmanship is greater than most businessmen seem to believe. And, certainly, under the large-loss principle the size of the claims that can occur demands insurance protection.

Liability for professional malpractice can result in costly claims, also. If a business concern employs a physician or a nurse, it has a professional malpractice exposure.

Under workmen's compensation, liability for the employees of contractors or subcontractors must be covered. Householdors who hire independent workmen (who may call themselves "contractors") to build or make repairs are particularly subject to this type of loss. No employer of business or domestic help should labor under the delusion that, because his operations do not come under the workmen's compensation requirements, he is thereby relieved of liability toward his employees. He still is liable, but under common law rather than under the workmen's compensation statutes.

Those who have charge, care, or control of other people's property should

remember, in buying liability insurance, that they have responsibilities toward the goods in their custody. In many businesses, the handling of customers' goods is an integral part of the business itself. Examples are laundries, drycleaners, warehouses, cold-storage lockers, repair establishments of various kinds, and so on. Although each of these has a bailee's liability toward the goods deposited with him, there are a number of losses for which bailees are not liable. Still, these business operators know that a requirement of sound business practice is that they make good such losses if they intend to stay in business. This is especially true of those bailees who handle items belonging to householders. On the other hand, public warehousemen and public transportation agencies who deal with businessmen stick closely to the legal limits of their liabilities. Businessmen are (or soon get to be!) acquainted with the limited liability of such agencies and guide themselves accordingly.

Fire legal liability insurance will be needed by property owners and tenants for protection against the destruction by fire of property in their care or custody.

Several types of extra expenses may be incurred as the result of direct damage to the insured's property: (1) local building codes may require more expensive construction if a structure is to be rebuilt after a fire; (2) a favorable lease may be cancelled after a fire, necessitating renewal at a much higher rent; (3) the cost of rebuilding usually is greater than the actual cash value of the property, since the insurance, as customarily written, does not cover depreciation; and (4) in case fire destroys an owner-occupied dwelling, the homeless occupants might incur additional living expenses until the dwelling can be replaced. Insurance coverage for these exposures needs to be considered.

The foregoing discussion presents only a few of the items that need to be looked for in making an insurance survey. It is in no way intended to be complete. Its purpose is to show that the job of buying insurance requires detailed attention. In business, the job of insurance buying is a specialized function, especially in the larger and more complicated firms. To develop a program free of unexpected gaps insurance planners need to have a keen imagination, perception, and an understanding of the business surveyed. Mistakes are likely to be found in the insurance coverage of businesses (and families) unless the planners of the coverage have knowledge of both the business (or family) to be insured and the insurance business. Since one man usually does not have both in sufficient quantity, successful insurance planning requires close cooperation (and full disclosure) between the buyer and *qualified* insurance agents, brokers, and salesmen.

A PERSONAL INSURANCE SURVEY

Ideally, once a prospective insurance buyer has determined his exposures he would say to the insurance company: "Insure this property, this income,

and these expenses against whatever perils might cause a loss." Unfortunately, in the present state of insurance practice, such perfection in coverage is impossible.

Dwelling coverage

In selecting dwelling coverage, the buyer needs to consider the expense of the broader forms against the importance of losses resulting from the additional perils covered. Several of the added perils seem to deal with losses the economic effect of which would be less than disastrous, for example, breakage of glass. The broader forms tend to exclude several perils which clearly can cause major losses, for example, earthquake, flood, and termites.

In favor of the broader forms are their coverages against landslide and building collapse (under certain conditions); water damage; and vandalism coverages. (Explosion of steam boilers on the premises is an important peril covered under the broader forms, but so few dwellings are subject to this risk.)

In addition to coverage against loss in value of the dwelling itself, families are advised to consider protection against the loss of the use of their home. During the time it takes to rebuild a dwelling after a loss by fire or other insured peril, the owner loses its rental value. This loss may be insured through rental-value insurance, a limited amount of which is included on the dwelling forms. Often, after loss of or damage to the dwelling, it will cost the family extra money for living expenses until the dwelling can be restored. Additional living-expense insurance has been designed to reimburse the insured for this extra burden on the family budget. Since rental-value insurance may not cover all additional living expenses, the family would be better protected with additional living-expense insurance. The newer and broader dwelling forms frequently include broad "loss of use" coverage as a part of the regular physical damage form.

In addition, some of the broader forms provide payment for losses at full replacement cost without deduction for depreciation. This coverage is a form of extra-expense protection—the extra expense incurred by the insured because "old" must be replaced with "new."

A final and important coverage for the dwelling is liability insurance. The ownership of property carries with it not only the privilege of enjoying its use but also the obligation of keeping it in such repair and order that no one is caused bodily injury or property damage by it. Residence liability—a form of the owners', landlords', and tenants' liability policy—covers the homeowner's legal liability for damages to others arising out of the maintenance and use of his residence. A more extensive coverage is the comprehensive personal liability policy which covers not only residence liability but also additional exposures. Broad liability coverage is included as part of the Homeowners forms and usually should be purchased there.

The present HO-2, for example, actually will give the family needed protection against direct loss by 18 perils to the dwelling and its contents on a replacement-cost basis, off-premises coverage for personal property, coverage of additional living expenses required if the family is forced to vacate the premises by an insured peril, and broad liability protection. The question whether the family should buy one of the Homeowners forms or several of the separate policies (fire and extended coverage, comprehensive personal liability, and personal theft insurance) will be considered later after the discussion of personal property and personal activities.

Personal property other than automobile

The problem in insuring personal property also is one of choosing among various named-peril and all-risk coverages. The typical householder has his choice among (1) fire and extended coverage plus protection against additional specified perils including theft, (2) the personal property floater, and (3) one of the Homeowners forms.

Personal property is protected against the same perils as is the dwelling under fire and extended coverage and for the same perils as is the dwelling under the dwelling and contents broad form. These forms do not cover theft. In buying theft coverage, the insured has a choice of two basic forms, a broad form and a limited one.⁶ The broad form is more expensive, but it may be worth the difference, particularly for those families that have one or both of the following problems: (1) large values exposed at home; (2) important exposure in a dormitory, fraternity (or sorority), or a mixed (or mixed-up) house. Additional features found only in the broad form are coverage for mysterious disappearance, for loss from unlocked automobiles, and inclusion of boats in the property covered. Also, coverage for a professional or certain business offices may be included.

If a personal property floater is selected, it is advisable to buy a deductible contract and gain a substantial reduction in the rate.⁷ When buying a personal property floater, the insured should schedule all articles of high value, such as jewelry and furs, with specific amounts of insurance, since unscheduled jewelry and fur losses are limited to a recovery of \$250 on each loss.

If the insurance buyer has bought a Homeowners policy he automatically acquires personal property coverage. Homeowners forms are available for a tenant to cover the contents of the residence against the usual dwelling broad-form perils (including theft), plus coverage of additional living expenses and the usual comprehensive personal liability coverage common to all Homeowners forms. This liability coverage includes fire legal liability protection for the tenant for damage by fire to the rented premises.

⁶ See Chapter 16.

⁷ In some high-risk areas, use of a deductible is mandatory.

Personal activities

A negligent act causing bodily injury or property damage to others can cost an individual or his family huge sums of money, causing a serious drain on accumulated wealth and tying up future earning power.

Persons engaged in sports obviously are exposed to liability hazards. As every golfer knows, there is no assurance of either the direction or the destination of a golf ball once it is hit by the typical player. An injured party may claim that the so-called golfer failed to give adequate warning and therefore is guilty of negligence and liable for damages. Whether or not the defendant yelled "fore," he would need liability insurance (1) to pay the cost of his defense and (2) to pay the damages should the court decide against him.

A person does not have to engage in sports to be exposed to liability claims. For example, it could cost several thousand dollars to enter an office building via a revolving door if the entering party carelessly pushed the door at such speed as to injure an old lady on her way out.

The best liability coverage for the family is comprehensive personal liability protection. Special endorsements for business as well as personal activities are generally available. High limits are recommended. Medical payments coverage is included in the standard form.

The Homeowners policies incorporate a comprehensive personal liability policy as Section II. The standard amounts include \$25,000 for each occurrence for liability for bodily injury or property damage, \$500 per person for medical payments, and \$250 for physical damage to property of others in cases where there is no liability.

Homeowners package versus separate policies

To protect himself against liability losses and loss of or damage to his dwelling and personal property, the homeowner has a choice of buying one of the Homeowners forms or some combination of separate policies. For the insured eligible for coverage, the Homeowners forms provide greater coverage per dollar than can be obtained by the purchase of separate property and liability policies. In a typical situation, it would cost 20 percent more to buy the same coverage with a cluster of policies than to buy everything in a Homeowners. Some insureds, however, are not eligible for the Homeowners. In most territories, an apartment house owner who occupies one of the apartments in his building cannot buy homeowners on the property if he has more than four apartments in the building. Thus, he will have to buy other forms of insurance. Likewise, a homeowner is not eligible for the package policy if he has more than two boarders living in his house. Nor can a Homeowners be purchased if the home is a trailer. And the Homeowners policy is not available to insure a house owned by an individual but rented entirely to others.



EVIN C. VARNER
EDITOR
BOX 4351
CHARLOTTE, N.C. 28204
704-372-8880

25 July 1978

RECEIVED

JUL 28 1978

Mr. George E. Lord
Grand Senior President
and
The Grand Council
Alpha Sigma Phi Fraternity
24 West William Street
Delaware, Ohio 43015

Alpha Sigma Phi Fraternity, Inc.

Brothers:

Undergraduate Chapter support of the Fraternity's publications program for the past year has been carefully reviewed. Following are recommendations for recipients of the Anderson Awards. For your information, the reasons for nominating these Chapters follow each:

The Tomahawk Award. Nominee: Beta Mu Chapter, Wake Forest University. For willingness to assist and for consistently good follow-through. Excellent photography. Undertook on their own research on outstanding alumni for possible articles.

The Gazette Award. Nominee: Theta Chapter, University of Michigan. For providing monthly reports to the editor. For undertaking and completing several major articles of a how-to nature.

The Newsletter Award. Nominee: Gamma Chi Chapter, Indiana University. Student-produced newsletter that is utilizing typography in a fresh way. Well written. Outstanding in communicating to alumni, particularly in a year leading up to a special anniversary event. Good results on a low budget.

It may be appropriate at some time to write a letter of commendation to the Colony at the University of North Carolina at Charlotte. The group has been most supportive, particularly in the person of Don Goforth. Don has assisted the editor in many ways that have contributed to the success of our program.

If there are any questions, or should you desire more information, please let me know.

Fraternally,

Evin C. Varner
Director of Publications



MEMORANDUM

16 August, 1978

WHEREAS, the Stuart W. And Bruce R. Anderson, Jr. Awards for Editorial Excellence have been annual and regular since 1976, and

WHEREAS, the monetary award accompanying the citation has been a gift of Brother Stuart W. Anderson through the vehicle of the Memorial Fund of Alpha Sigma Phi, and

WHEREAS, the Trustees of the Memorial Fund have no concern for raising funds for these awards, therefore:

BE IT RESOLVED, by this Grand Council, to encourage the Memorial Fund Trustees to declare the Stuart W. and Bruce R. Anderson, Jr. Awards for Editorial Excellence to be an annual standing program, so long as the Fraternity enjoys the favor of Brother Stuart W. Anderson, and

BE IT FURTHER RESOLVED, that this Council requests authority from the Memorial Fund Trustees to select the annual recipients for the awards from the recommendations of the Director of Publications, and

BE IT FURTHER RESOLVED, that this Council authorizes the Memorial Fund Trustees to dispense with an annual mail vote to approve the expense of the Anderson Awards, if by resolution they establish the Awards as an annual program and authorize the expense for so long as the favor of Brother Stuart W. Anderson continues.

Richard A. Dieter
Grand Secretary

August 16, 1978
Date

ALPHA SIGMA PHI FRATERNITY

MINUTES

GRAND COUNCIL MEETING

SATURDAY, AUGUST 19, 1978

VALLEY FORGE, PENNSYLVANIA

GRAND COUNCIL MEETING
AUGUST 19, 1978

1. CALL TO ORDER:

Grand Senior President Richard A. Dexter called the meeting to order at 12:30 p.m.

2. ROLL CALL:

Grand Council members present: GSP Richard A. Dexter;
GJP Richard R. Gibbs; GS Louis DeLuca; GT Richard S. Sanders;
GM Evin C. Varner

Others present: Executive Director Gary A. Anderson;
Chapter Consultant Larry D. Philippi; Expansion Consultant
Jeffrey R. Hoffman.

3. COMMENTS FROM THE NEW GRAND SENIOR PRESIDENT:

Brother Dexter noted his plans will stress alumni involvement with Chapters, more appointments to volunteer program positions and increasing awareness to the need and opportunity to have more alumni involved.

In finances, GSP Dexter stressed continued operations in the black an and the need for increased revenues without cutting expenses. This requires increased growth in the Chapters and continued effort and success in expansion.

4. EQUAL RIGHTS AMENDMENT:

Moved by Brother DeLuca, seconded by Brother Gibbs and passed, adopting the resolution attached as Exhibit A.

Executive Director Anderson presented a concern that passage of the E.R.A. may create potential hazards to single-sex organizations including fraternities and sororities.

5. DRUG POLICY ENFORCEMENT:

Moved by Brother Sanders, seconded by Brother Gibbs and passed, accepting the memorandum attached as Exhibit B.

6. CHAPTER SERVICE:

Larry D. Philippi, Chapter Consultant presented a report attached as Exhibit C.

Also, Larry reviewed existing Chapter performance contracts with the following results:

- A. Tufts - visit to learn of status. If disbanded as expected, suspend Charter.
- B. Cincinnati - suspend Charter. Anderson and Sanders to consolidate finances into A-S-P Corporation and indicate intention to call the mortgage.
- C. Wagner - suspend Charter.

(Note: Cincinnati and Wagner are given two years from August 19, 1978 to come into compliance with the minimum standards of operation or be closed down.)

- D. American - progressing well.
- E. Davis & Elkins - weak, but no action recommended. Already under suspension.

Moved by Brother Gibbs, seconded by Brother Varner and passed, accepting the report and recommendations noted above.

7. EXPANSION:

Expansion Consultant Jeff Hoffman presented a report, attached as Exhibit D.

8. FINANCE:

A. Moved by Brother Gibbs, seconded by Brother Sanders and passed, that nay General Fund check over \$200.00 except payroll needs two signatures and that a payroll account should be opened payable over one signature.

B. Moved by Brother Gibbs, seconded by Brother Sanders and passed, that the Reserve Fund purchase an IBM memory typewriter and sell it to the General Fund at \$100.00 per month.

C. Moved by Brother Gibbs, seconded by Brother Varner and passed, that signators of Fraternity accounts remain the same as in the past by title.

9. A-S-P CORPORATION:

A. Sitting as the stockholders of the A-S-P Corporation, it was moved by Brother DeLuca, seconded by Brother Gibbs and passed, to waive notice of meeting of the A-S-P Corporation.

B. While in meeting, the stockholders elected as Directors of the A-S-P Corporation Richard A. Dexter, Richard S. Sanders and Alfred B. Wise. Previous directors were relieved of office.

10. NATIONAL EDUCATIONAL CONFERENCE - 1979:

Through correspondence by the Executive Director, the site for the 1979 NEC was set to be Indiana University, Bloomington, Indiana University, Bloomington, Indiana, to be hosted by Gamma Chi Chapter.

Loui DeLuca and Dennis "Skip" Parks were suggested as resource personnel for development and discharge of the Conference program.

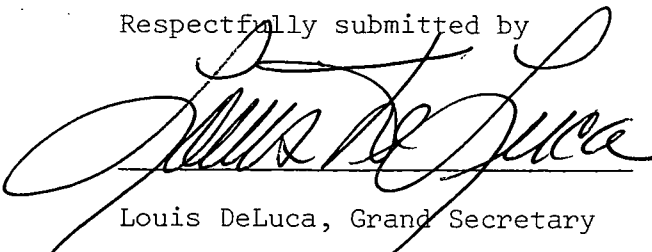
11. NATIONAL CONVENTION - 1980:

Criteria for length and possibility of site selection was discussed. Executive Director Anderson promised a budget projection and aid in site selection with a report to be given at the January 1979 Grand Council meeting.

12. EXECUTIVE SESSION AND ADJOURNMENT:

At 3:15 p.m. the Council held an executive session, following which it was moved by Brother Sanders, seconded by Brother DeLuca and passed that the meeting be adjourned.

Respectfully submitted by



Louis DeLuca, Grand Secretary

EXHIBIT A
GRAND COUNCIL MEETING -
August 199, 1978

ALPHA SIGMA PHI FRATERNITY



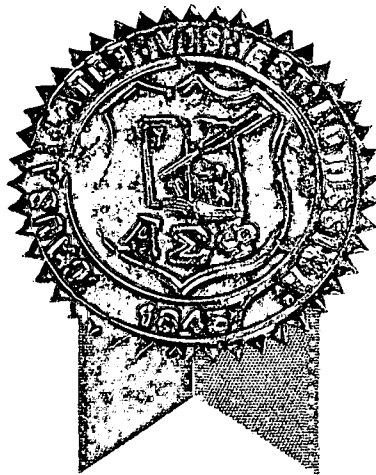
NATIONAL HEADQUARTERS
24 WEST WILLIAM STREET
DELAWARE, OHIO 43015
614-363-1911

Whereas, an agreement existed regarding an acceptable time period for ratification of the Equal Rights Amendment, and

Whereas, the Amendment has in that time period failed to muster sufficient support for ratification, and

Whereas, passage of the Amendment would create strong potential for undue regulations being place against single-sex organizations, including fraternities and sororities,

BE IT
RESOLVED, that the Grand Council of Alpha Sigma Phi Fraternity express to the Senators of these United States its dismay that an extension has been granted for the ratification of the ammendment, and further dismay that States having already voted are denied opportunity to reconsider their stand.



Given under the hand of the
Executive Director and the
Seal of the Fraternity

This 17th day of October, 1978.


Kevin J. Garvey, Executive Director



MEMORANDUM

To: Grand Council

Fm: Gary A. Anderson, Executive Director

Re: Drug Policy Enforcement

Dt: August 11, 1978

Alpha Sigma Phi Conventions have set and supported a policy of permitting no illegal drugs to be possessed or used on Fraternity property.

In the process of Chapter Consultation there have been occasional violations of this policy observed. This memo is produced to seek authority from the Grand Council for policy enforcement by the Staff.

In the event violation of the policy is noted, the executive director would have specific authority to:

1. Require immediate removal of all illegal substances and related materials from the Fraternity premises.
2. Declare immediate emergency suspension of the Charter under which the activity is occurring in the event there is refusal to cooperate with cessation of use and removal of materials from Fraternity premises.



NATIONAL HEADQUARTERS
24 WEST WILLIAM STREET
DELAWARE, OHIO 43015
614-363-1911

TO: The Grand Council

FROM: Larry Philippi, Chapter Consultant

DATE: August 10, 1978

My Philosophy

I believe the CC position is one of a helper. He is expected to first gather information from chapter members and pledges, advisors, deans, and alumni, to get a total picture. Secondly, he is to assess problem areas of the chapter. Thirdly, he is to deal with those problems by educating, providing resource materials, setting standards and goals, and inspiring members. And lastly, he is to report his findings to the appropriate persons.

The CC should also be developing programming ideas and acts as the main communications link to inform chapters of the scope of resources available from headquarters. A good CC is sensitive to the individualistic needs of each chapter, but personifies the spirit of our national brotherhood, that bonds us as one.

Objectives

Goal - Lose no chapters

- Plan - 1. Visit most chapters before Christmas, so I can spend more time with weak chapters on second visits in 1979.
2. Emphasis on Rush Seminars to keep membership increase above 10%.
3. Review responsibilities and commitment with each officer

Goal - Bring all chapters within range of minimum standards

- Plan - 1. Make chapters aware of minimum standards
2. Develop Chapter Retreat materials for chapter officers on:
a. Rush
b. Pledge Education
c. Goal setting

Goal - Increase exchange of ideas

- Plan - 1. Encourage Province activity
2. Develop newsletter plans for every chapter not having one
3. Expand correspondence with Director of Publications

Goal - Bring financial order

- Plan - 1. Develop a financial monitoring system
2. Copies of chapter budgets to HQ
3. All initiation fees paid

Goal - Define and Eliminate Hazing

- Plan - 1. Develop specific alternatives to hazing practices
2. Enforce fraternity policy 3. Re-education about the pledge period



MEMORANDUM

Expansion Report to the Grand Council

August 20, 1978
Valley Forge, Pennsylvania

Expansion is a complicated process that incorporates the gathering of and the analysis of information pertaining to various schools and utilizing it to benefit the growth of the Fraternity. The current expansion program is entering its second year and has already contributed greatly to the future of Alpha Sigma Phi.

It is the responsibility of the Expansion Consultant, working under the auspices of the Expansion Director and the Executive Director of the Fraternity, to investigate, suggest, and develop all possibilities for expansion. Once a school has been selected as an expansion site, the consultant organizes interested students, enlists alumni support, and guides the new colony through that status until the time when it is chartered as a full Chapter of Alpha Sigma Phi. Only schools which are felt to be beneficial to the perpetuation of the Brotherhood are chosen as possible expansion sites.

The current expansion program continues to focus on the Southeastern United States. It is felt that this area should continue to be primary to our efforts because of the large number of quality schools, the large number of interested schools, and because of the availability of manpower central to that area. By concentrating our efforts in one geographic location we are also able to gain maximum useage of our expansion dollars. The goals for the school year 1978-1979 have been set high. By capitalizing on the progress made by past-Expansion Consultant Mike Boundy, we hope to establish 5-6 new colonies this year. It is also a goal of the expansion program to see the Delta Kappa Colony at the University of North Carolina at Charlotte chartered as a full chapter in the Spring of 1979. With the aid of area alumni and Brothers who have transferred to or are attending graduate school at one of the schools in our target area, these goals can and should be met.

I have spent this summer visiting over 40 schools in our target area to examine expansion prospects. Contact was made with administrators, some inter-fraternity councils, and some students at those schools.

Group 1 Schools

Division A HOT PROSPECTS --GOING TO THIS FALL

University of North Carolina at Charlotte

Colony. Will be entering into third year of Colony status in February, 1979. Most problems have been overcome. The Colony is working hard on building membership and developing more sound programming and committee structures. This should be the year that UNCC will be chartered. If progress continues, chartering could take place in the Spring of 1979.

Division A. cont'd.

University of Delaware ((Newark))

Interest group was started there last spring. This Fall should show progress. Goal is to bring the group to Colony status.

St. Leo College (St. Leo, Fla.)

Local fraternity Alpha Sigma Chi has asked for affiliation. Two members of local in attendance at 1978 Convention. Affiliation looks like a real possibility for late Fall or early Spring. Alpha Sigma Chi presently has 40 members.

Clinch Valley College of the University of Virginia (Wise, Va.)

Local fraternity Tau Beta Chi has expressed interest in Alpha Sigma Phi. Will be meeting with them early this Fall to help them decide. Strong, high quality local at a two fraternity college.

East Carolina University (Greenville, N. C.)

Interest group begun last Spring. Headed by transfer Brother from Wake Forest. Group is very excited and is receiving excellent support from the University. This Fall should show significant progress.

Radford College (Radford, Va.)

Interest group begun last Spring. Communications problem between the Fraternity and the College set us back. Problem was cleared up this Summer. Progress should be made this Fall.

Division B Schools HAVE SHOWN STRONG INTEREST --MAY GO HOT THIS FALL

Winthrop College (Rock Hill, S. C.)

Elon College (Elon, N. C.)

Armstrong State College (Savannah, Ga.)

University of North Carolina at Chapel Hill

Memphis State University (Memphis, Tennessee)

George Washington University (Washington, D. C.)

George Mason University (Fairfax, Va.)

Division C HAVE SHOWN SOME INTEREST

Francis Marion College (Florence, S. C.)

University of South Florida (Tampa)

University of Tampa (Florida)

Division D WILL ATTEND INTEREST FAIRS OR MAY MAKE PRESENTATIONS TO IFC

University of North Carolina at Asheville

Virginia Commonwealth University (Richmond)

Longwood College (Farmville, Va.)

Florida Technological University (Orlando)

Group 2 Schools

Division E MAY DEVELOP THIS YEAR -- SLIGHT POSSIBILITY

Virginia Polytechnic Institute and State University (Blacksburg)

Emory and Henry College (Emory, Va.)

College of Charleston (Charleston, S. C.)

Division F Schools WATCH FOR DEVELOPMENT IN UPCOMING YEARS

University of Massachusetts (Amherst)

James Madison University (Harrisonburg, Va.)

Florida State University (Tallahassee, Florida)

University of Maryland (College Park)

University of North Carolina at Greensboro

Tulane University (New Orleans, La.)

Appalachian State University (Boone, N. C.)

University of South Carolina (Columbia)

University of Miami (Coral Gables, Fla.)

Florida Institute of Technology (Melbourne)

Catholic University (Washington, D.C.)

Group 3 Schools MINIMAL OR ALUMNI CONTACT

University of Virginia at Charlottesville

Georgia Institute of Technology (Atlanta)

Georgia State University (Atlanta)

Group 3 Schools cont'd.

Western Carolina University (Culowhee, N.C.)

University of Florida (Gainesville)

University of California (Berkeley)

University of California at Los Angeles

San Francisco State University

Northwood Institute (Midland Michigan)

Oregon Institute of Technology (Klamath Falls, Oregon)

Southern Oregon State College (Ashland, Oregon)

Otterbein College (Westerville, Ohio)

Duke University (Durham, N. C.)

Group 4 Schools

CLOSED

Washington and Lee University (Lexington, Va.)

Gardner-Webb College (Boiling Springs, N. C.)

Davidson College (Davidson, N. C.)

Florida International University (Miami)

Lenoir-Rhyne College (Hickory, N. C.)

Gallaudet University (Washington, D. C.)

Georgetown University (Washington, D. C.)