

DELTA SIGMA PI RISK MANAGEMENT INFORMATIONAL DOCUMENT/FAQs

The purpose of this document is to attempt to provide answers to common questions that arise in the area of risk management. There are many vague areas in liability and risk management matters so it is not possible for this document to cover every possible situation. Please direct your further questions in this area to your District Director, Regional Vice President, Board of Directors or the staff of the Central Office.

1. Q: What is an Organizational Member?

A: The Risk Management & Conduct policy defines '**organizational members**' as members of Delta Sigma Pi [collegiate and alumni], faculty members, pledges, colony members and employees.

2. Q: What constitutes a "fraternity event"?

A: The Risk Management, Insurance & Conduct policy defines a **fraternity event** as:

'Any event, activity or situation sponsored, co-sponsored or endorsed by the chapter or colony, or any event a reasonable person would associate with the Fraternity.'

An event sponsored by a chapter or the Fraternity is a "fraternity event". An event, regardless of where it is held or who sponsors it, can be construed to be a fraternity event based on the circumstances surrounding the planning and conduct of the event.

An event included on the schedule of events of the chapter or that is promoted during chapter meetings, posted on the chapter's website, publicized via the chapter's email distribution list, through notices in the chapter office or at other fraternity events is likely to be construed as a fraternity event.

Please note that a chapter cannot "decide" what does and what does not constitute a fraternity event. Ultimately it could be a court of law that decides.

3. Q: What constitutes an "Open Party"?

A: The Risk Management & Conduct policy defines an open party as:

'Open Party: are those gatherings at which non-Fraternity members are provided unrestricted access without specific invitation.

4. Q: Does the terminology "specific invitation" mean that formal, written invitations must be provided to those who attend our events?

A: The use of the word "invitation" does not specifically refer to a written invitation. Invitations may be extended via email, phone or personal invitation. The key is that the invitation is extended individually and in advance of the event. The terminology specifically refers to members and guests who have been "invited" to the event as opposed to an event open to anyone.

5. Q: Is the chapter or the Fraternity absolved of liability for an event where alcoholic beverages are served by the trained staff of a hotel or other licensed facility?

A: While the facility and its employees have a primary responsibility for the legal service of alcohol, neither the chapter nor individual members can ever be completely immune from exposure to liability. Use of falsified i.d.'s; the purchase of alcoholic beverages for minors and drinking to intoxication are factors which increase risk to the chapter and to individual members. Use of trained hotel or venue staff and a licensed facility for the service of alcoholic beverages should not be viewed as permission to ignore basic risk management practices.

6. Q: We already practice risk management at our parties. We take keys at the door and we have non-drinking members. We also have a breathalyzer and no one gets their keys back unless they pass the breathalyzer test. Since we do all of this, why do we need to adhere to the Delta Sigma Pi Risk Management Policy?

A: The actions already being taken by your chapter are admirable, but a few of them can actually increase liability for the chapter and especially for individual members. Having non-drinking members and designated drivers are excellent steps. Never let a member or any other person drive while intoxicated! Taking car keys and then determining who may and who may not get their keys back is an idea which many chapters have enacted, but legal counsel tells us that risk may be increased by this practice. Such a determination can be subjective and what training enables an individual to determine the fitness to drive of another?

Use of a breathalyzer also can place the chapter and the member operating the device at a greater level of risk. Training in the proper use and maintenance of the breathalyzer can be questionable. This answer probably generates more questions and again highlights that there is likely no "general right answer" in matters of risk management. The specific details of every scenario come into play.

7. Q: Why does the policy require "non drinking" members at every event even in a licensed establishment?

A: Effective risk management can be furthered by having sober, responsible people on hand to deal with any problems that may arise. This responsibility can be fulfilled in a positive and pleasant manner through interaction with the participants.

8. Q: I want to hold a party for fellow Deltasigs on my own at my own home. Would this be a "fraternity event"?

A: It depends on many things. Regardless, if you are the host, the party is your responsibility. If your party is actively promoted within the chapter or if invitations are sent via the chapter's email distribution list, it may be construed to be a fraternity event. The percentage of fraternity members versus non-members attending can be a factor. Regardless of whose party it is, it is always smart to practice good risk management.

9. Q: Why are "drinking games" prohibited?

A: Drinking games tend to encourage the consumption of alcohol in quantities that may be greater than would be consumed by, to use a legal term, "a reasonable man". While one might claim that drinking games promote fraternal interaction, their focus is on the

consumption of alcoholic beverages. Games like “Thumper”, “Quarters”, and “Indians” are just a few of the games that concentrate on drinking to excess.

10. Q: Does the presence of under age members or guests at an event increase liability?

A: The mere presence of under age persons does not present an exposure; however, the service or consumption of alcohol by these persons is illegal and does create liability problems. Breaking the law has a large impact on insurance coverage, as well.

11. Q: Can we not just have everyone who attends one of our parties simply sign a statement that they are of age and are responsible for their behavior?

A: Legal counsel advises that such an approach is not sufficient. There can be a level of protection when a release is signed but, release statements are frequently not sufficient in court—particularly where the released party engages in wrongdoing such as serving alcoholic beverages to a minor.

12. Q: Instead of using the chapter treasury to buy alcoholic beverages, we plan to all chip in to a "refreshment" fund or we will just pass the hat at a party and those who want alcohol can contribute. That eliminates the "use of chapter funds" problem, right?

A: This scheme is essentially the same as if a check were drawn on the chapter account. The only difference is it is an informal or indirect way of accomplishing what is prohibited by the risk management policy. The two available options are:

1. Have alcohol served by an establishment that is licensed to sell alcohol.
2. Follow the BYOB policy.

13. Q: What right does the leadership of the Fraternity have to tell us how we can or cannot use our chapter funds?

A: Every chapter and every member is a part of the Fraternity as a whole. The general Fraternity has an obligation to assist the members and the chapters from engaging in conduct that is of such high risk that it threatens the very survival of Delta Sigma Pi. If Delta Sigma Pi does not survive, then it is difficult for an individual members to be a Deltasig or a chapter to be a Delta Sigma Pi chapter.

Leadership of the Fraternity and of the individual chapters exercise a fiduciary responsibility to protect the future of the Fraternity. To remain a member of Delta Sigma Pi, every member must follow basic principles necessary for the survival of Delta Sigma Pi in a period of increasing liability for the misuse of alcohol.

While the chapter’s funds may have come from its members, those funds cease to belong to the individual members and become the responsibility of the chapter and of its officers, who have a duty to avoid the use of these funds for unlawful purposes.

14. Q: In hiring a bartender for our events, how can we make sure that we are getting the best deal and also getting a real professional?

A: You should talk with more than one bartender and obtain a quote on how much they would charge for the party. A bartender at a local bar may be able to refer you to bartenders who freelance or he or she might be able to provide this service themselves. There may also be qualified service personnel among the staff of your university or your

campus food service. If you are hiring an individual bartender, you will want to obtain a copy of his/her bartender license as well as a copy of his/her liability insurance policy.

15. Q: Doesn't the BYOB alternative carry greater risk than a cash bar?

A: Not necessarily. The level of risk is dependent upon the level of effective and reasonable risk management by the chapter, its officers and participants at the event. Our legal advisors tell us that the case law on BYOB events is not extensive, which leaves a lot of room for future developments in this area.

BYOB does provide a less expensive way to conduct an event at which alcoholic beverages are consumed. BYOB is a mandatory policy on many campuses. The BYOB choice does not, however, mean that alcohol can be provided to or consumed by minors or that other risk management practices can be ignored. When planning a BYOB event, chapters should refer to the "Items to Consider for a BYOB Event" section of this document for some suggestions.

16. Q: We just reviewed the "Items to Consider for a BYOB Event" and these suggestions will be difficult and costly to implement.

A: The difficulty and cost of implementing BYOB measures are minor by comparison to the difficulty and cost of individual members going to jail for violation of liquor laws or defending a massive personal injury lawsuit because of injuries resulting from the violation of liquor laws. This risk management policy not only protects the general fraternity, but the individual members who are primarily liable for violation of the laws. Everyone ought to realize that it is better to spend an extra couple hundred dollars on safety precautions than it is to defend a multimillion dollar lawsuit or to go to jail.

17. Q: When we hold a BYOB party how do we enforce the published cutoff time and deal with those who abuse the cutoff time?

A: Quite simply, the event ends by the published time and everyone is shown to the door. The host (i.e., the chapter) has the responsibility to tactfully end the party. Overindulging, especially as the close of the event approaches, should be discouraged.

18. Q: After the fraternity event ends and the party "travels" to another location like the apartment of a Brother, does the chapter still have liability exposure?

A: Even though the fraternity event ends, exposure to liability may not end when the party moves to another location, if a plaintiff's attorney can establish that the party continued to have a Fraternity nature. Undoubtedly, if an injury is caused by an intoxicated guest leaving the second party, the sponsors of both parties may be sued leaving it to the fraternity to prove that its party did not cause the intoxication.

19. Q: How should we handle the situation where under age guests obtain alcoholic beverages in their cars outside the party?

A: It is perhaps best to not allow anyone who has left the event to return. Many fraternities have this as a specific policy.

20. Q: If we follow the Risk Management Policy, why are we not allowed to conduct pub crawls and progressive drinking events?

A: Remember that risk management is about managing our risk of acting in a negligent manner which could cause increased exposure for the entire Fraternity. Our main reason for banding together as a Fraternity is for the common interest within the field of business and we must try to always project a professional image which includes a professional agenda of programming. While conducting drinking events which provide contracted transportation may sound like a way to insure safe transportation, it does not take into consideration the transportation at the conclusion of an evening in which drinking is promoted to excess due to the contracted transportation during the event.

21. Q: What are the guidelines for Alumni Chapter events?

A: Alumni Chapters are required to follow the Risk Management, Insurance & Conduct Policy. At designated events hosted by Alumni Chapters, exceptions may be made to the prohibition on the purchase of alcohol with Fraternity funds.

Alumni Chapter events where alcohol is provided must conform with the following guidelines:

- a. These events must be scheduled in advance and clearly promoted in writing to the Chapter's membership. Only Alumni Chapter members and invited guests are permitted to attend.
- b. Single venue events at locations including but not limited to bars, restaurants, wineries or breweries are acceptable.
- c. Alcohol must be served by a professional bartender fully covered by liability insurance.
- d. These events must be consistent with Section A. Risk Management, Insurance, and Conduct Policy 2 of the Policies and Procedures.
- e. These events may be held in conjunction with National and Provincial events, but only with the prior approval of the Executive Director. For events in conjunction with Provincial events, the prior approval of the Provincial Vice President is also required.

For details on the policy related to Alumni Chapter events where alcohol is provided, please refer to the Risk Management, Insurance & Conduct policy specifically Policy 3, Section A.9.

22. Q: What are the guidelines for events hosted by the National Fraternity or the Leadership Foundation?

A: Events hosted by the National Fraternity are required to follow the Risk Management, Insurance & Conduct Policy. At designated events hosted by the National Fraternity or the Leadership Foundation, exceptions may be made to the prohibition on the purchase of alcohol with Fraternity funds.

Events hosted by the National Fraternity or the Leadership Foundation where alcohol is provided must conform with the following guidelines:

- a. The event must be scheduled in advance and is by invitation only.
- b. Single venue events at locations including but not limited to bars, restaurants, wineries, or breweries are acceptable.
- c. Alcohol must be served by a professional bartender fully covered by liability insurance.

- d. These events must be consistent with Section A, Policy 2 of the Policies and Procedures.
- e. These events require the prior approval of the Executive Director.

For details on the policy related to events hosted by the National Fraternity or the Leadership Foundation where alcohol is provided, please refer to the Risk Management & Conduct Policy specifically Policy 3, Section A.10.

23. Q: In regard to hazing, what states have specific hazing laws?

A: At the writing of this document, the 44 states listed below have specific hazing statues. Do note that hazing can be prosecuted under other criminal statutes generally under assault or reckless endangerment provisions.

Alabama	Arizona	Arkansas
California	Colorado	Connecticut
Delaware	Florida	Georgia
Idaho	Illinois	Indiana
Iowa	Kansas	Kentucky
Louisiana	Maine	Maryland
Massachusetts	Michigan	Minnesota
Mississippi	Missouri	Nebraska
Nevada	New Hampshire	New Jersey
New York	North Carolina	North Dakota
Ohio	Oklahoma	Oregon
Pennsylvania	Rhode Island	South Carolina
Tennessee	Texas	Utah
Vermont	Virginia	Washington
West Virginia	Wisconsin	

For more specific information on the laws in your state, and on hazing in general, you can go to <http://www.stophazing.org/laws.html>

24. Q: Should our chapter provide education to our members on risk management topics and what are some of the information sources?

A: Absolutely! A few of the resources available to both collegiate and alumni members include:

- Campus/community crisis centers
- Local law enforcement agencies
- Local attorneys and prosecutors
- Campus Greek advisors or other Student Activities officials
- National Council on Alcoholism — 202-986-4433
- National Clearinghouse for Alcohol & Drug Information
P.O. Box 2345
Rockville, MD 20852
301-468-2600 or 800-729-6686
- BACCHUS
1325 S. Colorado Boulevard, Suite 504
Denver, CO 80222
- “Fraternities & Alcohol” Video Tape
Manley, Burke & Lipton
513-721-5525

- Delta Sigma Pi Central Office Staff
513-523-1907
Consultant Visits / Idea File/ General Questions
- Willis North America
Mandy Craig
mcraig@willis.com
Phone 402-898-4187 or 800-736-4327 (ext. 207)
Chapter Insurance

25. Q: How strongly will this Risk Management Policy be enforced?

A: Violations of the Delta Sigma Pi Risk Management, Insurance & Conduct Policy will be handled no differently from violations of other policies or laws of the Fraternity. It is especially important that chapters and their leaders correct problems in all risk areas as failure to do so could cause substantial harm to the fraternity, our chapters and our members.

26. Q: What if we are hosting an event and the facility/venue wants our chapter to provide insurance coverage?

A: Chapters and colonies are required to purchase liability insurance and list the National Fraternity as additional insured for any event that has anticipated or historical attendance or participation of approximately 300 or over and that meets the following criteria:

- a. Any social, professional, philanthropic or Fraternity event or activity they originate, plan, develop, encourage, sponsor and/or co-sponsor that is not coordinated/managed by the Central Office staff.
- b. Pledge class events are not exempt from this policy.
- c. Joint Initiations
 - i. On-campus facilities for the actual initiation ceremony are specifically exempt from this policy.
 - ii. Social events including, but not limited to, banquets or receptions related to joint initiations are not exempt from this policy.

For any event covered by this policy, the hosting chapter or colony is required to submit any necessary contracts to the Executive Director at least 90 days in advance of the event for advice and suggestions before signing them. All contracts must be clearly signed on behalf of the specific chapter or colony (e.g. the Alpha Alpha Chapter of Delta Sigma Pi) and not on behalf of the International Fraternity of Delta Sigma Pi (or just "Delta Sigma Pi"). Once the event has been approved and the insurance purchased, a copy of the certificate of insurance must be sent to the Executive Director for the files. Chapters or colonies failing to comply with this policy are subject to disciplinary action as provided in the Bylaws.

The Fraternity will not add additional named insureds to its insurance coverage unless the request is:

- From staff for Grand Chapter Congress or LEAD event purposes;
- From school administration for chapter recognition or campus facility use; or
- In conjunction with a philanthropic activity, at which alcohol is not involved in any way.

For more details about Insurance, review Policies and Procedures Section A. Policy 2.

Items to Consider When Conducting a BYOB Event

A BYOB event requires effective risk management policies and practices. Before the event, the fraternity leadership should review all potential risks and develop a plan to avoid them. The plan to avoid risks should be discussed at a chapter meeting. All members, regardless of age, should know the plan for risk avoidance.

Some suggestions for a BYOB event include:

1. Open parties are prohibited, which means that only members, pledges and invited guests should be there. Of these, only those of drinking age may lawfully consume alcoholic beverages.
2. Whenever possible, beverages should be dispensed by a professional licensed bartender who is experienced in checking picture identifications for individuals who are being served and trained in how to recognize people who may be consuming excessive alcohol. The bartender should have read and signed a copy of the Delta Sigma Pi Risk Management, Insurance & Conduct Policy. Signed copies should be retained in the chapter files.
3. It is generally not a good idea to hire a bartender who is also a member of the Fraternity.
4. The activities chairman and the chapter president should prepare a list of all members and invited guests indicating those who are of legal drinking age.
5. It is always wise to have a security officer at the door who will verify that those arriving are actually on the guest list. The security officer can also be responsible to check in alcoholic beverages that are brought by people of lawful drinking age.