

Alpha Phi Omega Frequently Asked Insurance Questions

What does our insurance cover?

The insurance that our members pay for is called Commercial General Liability insurance. This coverage provides insurance protection against bodily injury and property damage claims brought against the insureds (members of the Fraternity) by third parties or members of the public. The basis for such claims is an allegation of negligence against one or more of the insureds which has resulted in damages to the third party. If a claim or lawsuit is filed against the insureds, the insurance company has both the right to settle and a duty to defend the insureds against the claim or suit.

What is a certificate of insurance?

A certificate of insurance is evidence of insurance coverage and is the basic information communications tool of the insurance industry. A certificate of insurance is information only that shows proof of insurance to a third party. Proof of insurance is often times necessary when signing a contract with a third party. For example when signing a contract to rent space for an event the owner of the space often times asks for proof of insurance. In this case providing a certificate of insurance would meet this request. Certificates of Insurance are not intended to provide insurance for the party to whom they are furnished. Certificates are not intended to amend, extend or alter the coverage afforded by the insurance policy.

What is additional insured?

Additional insured is when a third party requests to be added to your insurance coverage. This is one way to manage risk as it transfers the risk of the third party to the Fraternity's insurance. Contracts often times have hold harmless and indemnification clauses. These clauses are often of little value unless they are supported by the insurance or significant assets. When asked to name someone as an additional insured they are requesting that you provide them insurance coverage. This may be reasonable depending on the language in the contract or the agreement. However often times these agreements are asking that the third party be insured by the Fraternity's insurance even for their own negligence. Additional insured are never added to the Fraternity's insurance coverage without the contract or agreement being reviewed by the insurer prior to any extension of coverage.

Why does it cost \$250 to add someone as additional insured?

This is the direct cost of extending the Fraternity's insurance to cover an additional third party.

Why do contracts need to be reviewed before someone can be added as an additional insured?

There are often times language in agreements, contracts, and requests to name someone as an additional insured that are not in the best interest of the Fraternity and any of our chapters. The language usually relates to a third party asking the Fraternity to provide insurance for the third party's and or its employees and agents for their own negligence.

Reviewing the contracts helps our chapters to ensure they are not giving up their rights and or providing insurance to a third party for something the chapter is not involved with.

Where does the \$250 go for an additional insured?

The cost for the additional insurance goes directly to the insurance company.

How much time does it take to get proof of insurance?

A copy of the Fraternity's Certificate of insurance is available on the Fraternity's website under chapter resources/insurance. This certificate is often all that is needed to provide a third party with proof of insurance. If a third party wants to be named as holder of the certificate (which is not adding them as additional insured) a request needs to be made to the James R Favor & Company. While this additional proof can often be provided less than one week, it is beneficial to make your request directly with the company as soon as possible and at least one week before it is needed.

How do I get a certificate of insurance or proof of insurance?

Contact the James R Favor & Company at 14466 East Evans Avenue, Aurora, Colorado 80014-1409, fax, 303-745-8669 or call 303-750-1122.

Certificates of Insurance is legal evidence of a contract and should never be altered by anyone other than the insurance company. Alteration of a certificate of insurance can be a criminal act that may be prosecuted.