



CORNERSTONE

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March 2024

To: Beta Theta Pi House Corporation Officers

From: Cornerstone Housing Program

RE: Cornerstone Property Insurance Program Policy Renewal (April 1, 2024 – March 31, 2025)

Cornerstone Property Insurance Program Policy Renewal

The Beta Theta Pi Cornerstone Housing Program was founded in April 2011, and over the last 13 years has grown to include 67 properties worth over \$214 million in total insured value. Through a strategic partnership with Holmes Murphy, Cornerstone has placed the most competitive coverage available for its participating properties this year.

Cornerstone is working hard to improve the loss experience for all its properties, including assuming increased deductible expense to lessen the dollar amount of claims paid by the insurer. The commitment of all participating locations in reducing avoidable losses is needed daily. We are very happy to be able to continue the underwriting relationship with RSUI Indemnity (rated A+(XII) by AM Best & Co.) and to continue offering many great discounts. The RSUI relationship was established in 2002 and they will begin their 22nd underwriting year in 2024.

Together, Beta Theta Pi, Holmes Murphy and RSUI continue to provide you with:

- B. An insurance contract providing industry leading breadth of coverage
- C. Exceptional customer service
- D. Ongoing education through in-person and virtual workshops and webinars
- E. A fair premium charge

The continued hardening of the property insurance market has caused the Beta Theta Pi General Fraternity House Corporation to continue shopping the Cornerstone Housing Program with other brokers. Holmes Murphy continues to offer a breadth of coverage and premium that provides participating house corporations with the best value currently available in the fraternal market.

During the 2023 policy period, the unfortunate trend of higher-than-normal frequency and severity of catastrophic events impacting the United States, continued putting upward pressure on property carriers' loss ratios and their cost of reinsurance. 2023 was another costly year for property insurers as inflationary pressure on property values is causing increased building valuations and rebuild costs. This remains in the front of minds for commercial property underwriters as they reinsure in a hardening market. These factors continue to force many carriers to aggressively increase rates, reduce the breadth of coverage offered, and reevaluate their underwriting appetite. The Fraternal Property Management Association (FPMA) program, which Cornerstone is a part of, validates the overall market trends and has increased the program by a low double-digit rate increase. While Cornerstone is never happy with a rate increase, considering the current market conditions and FPMA's



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rate increase, we are pleased to provide a competitive renewal with a below market premium increase with no changes in the broad breadth of coverage. The Cornerstone program will see a rate increase of 7% for the 2024 policy year. Due to differences in chapter house size, age, value, discounts and recent renovations, the premium increase may vary slightly from location to location. If you have any questions upon the receipt of your March 1 property insurance billing statement, please do not hesitate to contact Chief Housing Officer [John Reineke](#) or Associate Director of Housing [Colin Close](#).

The easiest way to lower your premium is by maximizing the discounts offered through Holmes Murphy and the Cornerstone Housing Program. A complete list of available discounts can be found [here](#), and inquiries should be directed to [Kari Barnes](#) at Holmes Murphy. In addition to discounts provided by Holmes Murphy, the Cornerstone Housing Program will offer an extra 5% discount for the 2024 policy year for any new group that installs PipeBurst Pro or Leak Defense by June 1, 2024. For more information on PipeBurst Pro or Leak Defense, please contact [John Reineke](#) or [Colin Close](#).

While Cornerstone's loss experience remains reasonable, the commitment of all property owners can continue to help bring costs down as avoidable incidents such as frozen pipes, water damage resulting from deferred maintenance or daily oversight, and human error fires continue to occur. A material improvement in easily avoidable claims will help us provide rate reductions in the future.



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***** IMPORTANT CHANGES AND CONTINUED OPTIONAL COVERAGES AS OF APRIL 1, 2024*****

- 1. Equipment Breakdown:** The Charter Oak Fire Insurance will be the renewal insurance carrier for the Equipment Breakdown coverage under the Fraternal Property Management Association Program for the 2024 - 25 policy term once again. Rates will remain flat this renewal year. The Charter Oak Fire Insurance Company is affiliated with Travelers Companies and has an A.M. Best rating of A++ (XV). This line of coverage and premium is included in your renewal invoice **unless** you previously declined the coverage. Please review your invoice and Evidence of Property Insurance to determine if you have this important coverage. If you currently are not carrying Equipment Breakdown, we strongly recommend you contact your Holmes Murphy Service Team to add this essential coverage.
- 2. Business Personal Property (BPP):** RSUI Indemnity Company has agreed to provide Guaranteed Replacement Cost (GRC) protection for Business Personal Property (BPP) as they have done for years with Real Property / Building Coverage. For a facility to receive GRC protection for BPP they need to carry a **BPP limit equal to \$12.00 per square foot** of the facility. For example, a 10,000 square foot facility can secure GRC protection for the BPP by declaring a limit of \$120,000. This provides the Insured an easy way to meet their fiduciary responsibility for insuring to value. In a number of large property losses, we found that many owners are significantly underinsured and do not have the limit necessary to replace all the damaged contents in the facility. If you do not insure to a limit equal to or greater than \$12.00 per square foot, Agreed Amount coverage will apply. Should you wish to change your insurance protection as outlined above, please contact your Holmes Murphy Service Team.
- 3. Business Income/Extra Expense (BI/EE):** RSUI Indemnity Company has agreed to provide Actual Loss Sustained (ALS) protection for the Loss of Rents/Extra Expense exposure without a cap on the limit of coverage available. For a facility to receive ALS protection they need to carry a **Loss of Rents/Extra Expense limit equal to \$17 per square foot**. For example, a 10,000 square foot facility can secure ALS protection for the BI/EE by declaring a limit of \$170,000. This provides an Insured an easy way to meet his or her fiduciary responsibility for insuring to value. In a number of large property losses, we found that many owners are significantly underinsured and do not have the limit necessary to maintain the required cash flow to meet ongoing expenses while repairs are being completed. If you do not insure to a limit equal to or greater than \$17.00 per square foot, Agreed Amount coverage will apply. Should you wish to change your insurance protection as outlined above, please contact your Holmes Murphy Service Team.
- 4. Property Inspection:** Each participating location with an insured physical building is required to be inspected once every three years. The cost is \$600. To assist budgeting for this expense, we charge one-third (\$200) of the inspection fee at each renewal. The fee is non-refundable.

***** IMPORTANT ISSUES AFFECTING INSURANCE COVERAGE AND PREMIUM COST *****

- 1. Building:** To participate in the program, your building must be insured to a minimum of the most current Core Logic Building Valuation System (BVS) replacement cost value on file with Holmes Murphy at renewal. The minimum valuation requirement of RSUI eliminates the usual and customary coinsurance or



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penalty clause and provides Guaranteed Replacement Cost (GRC). With GRC, the carrier agrees to pay the actual cost of like, kind and quality repairs regardless of the stated building limit. If your building was previously valued below 100% of the most current Core Logic Building Valuation System (BVS) replacement cost value on file, we have adjusted your building value accordingly.

2. **Evidence of Property Insurance (EPI) Certificate.** Please review all limits of insurance shown on your enclosed Evidence of Property Insurance (EPI) for accuracy. The enclosed EPI lists the lines of coverage you currently purchase, including the limits for each line of coverage and the applicable deductible. You are only protected for the building locations and lines of insurance coverage shown on the EPI. Please review this document carefully. If you would like to make any changes, add a line of coverage, and/or a building is not listed that should be, please contact your Holmes Murphy Service Team immediately.
3. **Vacancy:** If your facility is vacant or becomes vacant during the policy year, and you have not previously notified our office, please contact your Holmes Murphy Service Team. Please note a facility that is only idle over the summer or holiday breaks WILL NOT be considered vacant. **You only have 30 days to report a vacancy. In order to maintain coverage, you are required to secure the facility and pay the associated vacancy premium. Failing to do so will result in a loss of coverage for certain perils and a significant reduction in coverage for any covered loss incurred during the period of vacancy.**
4. **Discounts:** To reward House Corporations that differentiate themselves from their peers by taking additional steps to reduce their exposure to risk, RSUI offers a number of premium discount opportunities including a number of new discounts:
 - a. Installing a **fire suppression system** meeting NFPA 13R installation standards provides that greatest opportunity for premium savings in the FPMA program. Rates for a property protected by a fire suppression system can be as much as **40% less than a similar property not protected by a fire sprinkler system.** Contact us to learn more!
 - b. **Safe, Modern and Recent Technology (SMART) Facility (20%).** 2010 or newer construction or have undergone a complete electrical, plumbing, mechanical and roof structure updates since 2010.
 - c. **Modern and Safe Facility (10%).** Qualifying locations need to be 2000 or newer construction or have undergone a complete electrical, plumbing, mechanical and roof structure updates since 2000. In addition, to qualify for either discount, you will need to have in place two or more of the following:
 - i. Central station fire alarm.
 - ii. Monitored Security System with controlled access.
 - iii. No smoking and candle burning policy.
 - iv. Resident director or house mother living on site. **The Modern and Safe Facility discount is not available to those who are eligible for the SMART discount.**
 - d. **Professional Property Management Company (10%).** Employed property manager that provides the following services:
5. Complete and update an annual Facility Audit;
6. Authority to authorize and pay expenses incurred to rectify immediate maintenance needs;
7. Manage, organize, and pay general operating expenses relating to the facility management;



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8. Provide and secure housing contracts, collects security deposits and rent from the undergraduate tenants;
 9. Secure and monitor the facility during extended school breaks. A daily walk-through must be completed by one of the following:
 - i. Property manager or employee,
 - ii. An employee of the House Corporation, or
 - iii. A designated person (may be a student) appointed by the house corporation
 - b. Complete an initial walk through and check out process with each tenant.
 - c. **Multiple Building Discount (5%).** Provides clients with multiple facilities with common ownership insured in the FPMA program with an additional savings.
 - d. **Pennington & Company Strategic Assessment, Feasibility Study or Capital Campaign (5% for two years).** Pennington & Company, a leader in fraternity and sorority fundraising, has developed a Strategic Assessment to evaluate housing corporations and their operations in order to prioritize risks, needs, and opportunities and deliver a blueprint for overall organizational success. The process includes:
 - i. Extensive organizational research;
 - ii. A written survey of the housing; corporation board members;
 - iii. Discussions with local volunteers and campus officials; and
 - iv. Review of the most current insurance; and Inspections on file. The resulting report outlines a comprehensive plan to address current and future housing issues, enhance your organization's alumni communications and fundraising environment, and strengthen the overall operations of the housing corporation. Whether you engage Pennington & Company through the stand-alone Assessment, or it is included as part of the pre-campaign feasibility study, the housing corporation will be provided this discount for the first two policy terms. The discount cannot exceed the actual cost of the Strategic Assessment.
 - e. **Increased All Other Peril Deductible (10% - \$10,000; 20% - \$25,000).** The standard All Other Peril deductible under the FPMA program is \$2,500. We offer generous premium savings for those organizations wishing to assume additional risk.
 - f. **PipeBurst Pro Cornerstone Discount (5%):** Any new location that installs PipeBurst Pro installed by June 1, 2024, will receive the additional discount for the 2024 policy year.
10. **Premium surcharges may apply.**
- a. **Claim Surcharge:** To hold premiums to a minimum for locations with no claims, a surcharge has been included for those locations with a claim, or multiple claims, with total payments of \$100,000.
 - b. **Named Storm Deductible Buy Down:** Tier one wind counties, defined as counties bordering the coast from the states of Virginia to Texas and the entire state of Florida and Louisiana, are subject to a Named Storm deductible equal to 4% of the declared value for each line of coverage a claim is filed against subject to a \$25,000 minimum. If you wish, you may buy down the Named Storm deductible to 2% of the declared value for each line of coverage by paying the Named Storm premium surcharge.
 - c. **California Earthquake:** All California locations are subject to a surcharge for Earthquake coverage. **If the surcharge is not paid, there is no coverage for the peril of earth movement. If you have declined in the past, there is no surcharge and you do not have coverage. Please**



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review your invoice as the surcharge is clearly noted as a separate line item if currently purchased.

******* OTHER THINGS YOU NEED TO KNOW *******

11. **PREMIUM PAYMENTS ARE DUE BY March 31.** Your coverage is at risk if your payment is not received on time. If you have any difficulty in making your premium payment, contact John Reineke, Chief Housing Officer (john.reineke@beta.org; 800.800.BETA). We will do our best to help you keep your coverage in force.
12. **MORTGAGEE OR LOSS PAYEE EVIDENCE OF PROPERTY INSURANCE CERTIFICATES.** An Evidence of Property Insurance Certificate for any mortgagees and loss payees will be mailed to the appropriate party after your premium payment is received.
13. **HOW TO REPORT A CLAIM.** During normal business hours, claims should be reported immediately by telephone to Jenna Lutz, Claims Service Consultant, 402-898-503. *If you are reporting a claim after hours, please call 402-953-6393.* Claims can also be reported online at <http://www.holmesmurphy.com/fraternal/claims/property/>; however, if your claim is of an urgent nature, we recommend you contact Holmes Murphy at one of the numbers listed above. The policy requires reasonable efforts be made by an Insured to protect the property from further damage and mitigate the extent of the damage. Please take immediate appropriate action to fulfill this obligation under the policy. One company which provides emergency mitigation services is Service Master 800.776.6710
14. **RISK AND PROPERTY MANAGEMENT RESOURCES.** Holmes Murphy strives to provide risk management resources to complement the loss prevention and control efforts of our clients. We have an Education Consultant on staff to assist you in this area. Please visit our website at www.HolmesMurphyFraternal.com to review our downloadable risk prevention resources. Should you like assistance with your educational efforts in loss prevention and control, please contact Holmes Murphy at 402-898-4178 or by email at edconsultant@holmesmurphy.com.
15. The FPMA property program is a master policy that utilizes the combination of six or more insurance policies to provide the participating members with the needed limits and breadth of coverage. To complete the allocation of program costs and invoicing, blended rates are developed to pay the premium obligation of all FPMA property program insurance companies and billed as a property premium line item with the exception of any premium surcharges or credits outlined on the invoice. This procedure results in differences between monies collected in the aggregate across all program participants and owed to the insurance carriers to pay the different policy premium obligations. Any difference is treated as revenue to Holmes Murphy and accounted for under generally accepted accounting practices.



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16. Neither your property insurance nor your liability insurance provides Workers' Compensation Coverage for chapter or house corporation employees. It is the duty of each house corporation to make certain they are familiar with their state laws and requirements to carry Workers' Compensation Coverage for employees of the chapter. It is important to note that in addition to payrolls paid to a chapter cook and housemother, subsidized housing or meals provided to chapter members in exchange for service in a position (i.e. house manager, kitchen steward, chapter officer) is also considered payroll and if injured, the individual likely has the right to recover damages under the Workers' Compensation laws of your State. If you would like more information concerning Workers Compensation or a quote, please contact your Holmes Murphy Service Team.

17. **UTILIZATION OF A WHOLESALE BROKER:** CRC is utilized by Holmes Murphy in obtaining the necessary breadth of coverage and limit required to facilitate the FPMA property insurance program. CRC is a wholesale broker/intermediary. They do earn compensation for the placement of the necessary insurance coverage. This compensation is paid by the insurance carriers utilized and is included in your premium. Holmes Murphy does not have an ownership interest in CRC.

18. **UTILIZATION OF NON-ADMITTED CARRIERS:** RSUI is providing coverage on an admitted basis in Illinois. They are subject to the regulation of the Illinois Department of Insurance and their insolvency is protected by the State Guarantee Fund. The other carriers utilized to build the necessary per-occurrence limit and breadth of coverage are underwriting the policies on a non-admitted basis. A non-admitted carrier is licensed to do business in the State of Illinois but is not subject to policy form regulation from the Illinois Insurance Department. In lieu of including premium taxes within the premium as admitted carriers do, the State of Illinois assesses a premium tax referred to as a surplus lines tax and the State Guarantee Fund does not protect their insolvency in the event of carrier insolvency. We mitigate this by only utilizing carriers with an AM Best Rating of A (XIII) or better and have never had a participating carrier become insolvent.

19. **HOLMES MURPHY SERVICE TEAM.** The Cornerstone program has a dedicated service team to assist you. Feel free to contact Kari Barnes at 800-736-4327 Ext. 4170 or via email at KBarnes@holmesmurphy.com

******* AGENCY DISCLOSURE STATEMENT *******

As a Holmes Murphy agency Customer, you have the right to know:

- That Holmes Murphy, like other insurance agents, represents insurance companies and is paid by insurance companies for selling insurance to clients like you.
- That Holmes Murphy earns a commission based on a percentage of the premium you pay to the insurance company. Like other insurance agents, may also be paid additional amounts by insurance companies based on other factors, such as the number of policies placed or renewed with an insurer, the amount of premiums paid, or the loss histories of clients placed or renewed with an insurer.
- Holmes Murphy commissions are built into the cost of your insurance.
- Swett/CRC is utilized by Holmes Murphy in obtaining the necessary breadth of coverage and limit required to facilitate the FPMA property insurance program. Holmes Murphy does not have an ownership interest in



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Swett/CRC. Swett/CRC does earn compensation for the placement of the necessary insurance coverage. This compensation is paid by the insurance carriers utilized and is included in your premium.

- That Holmes Murphy, like other insurance agents, may receive compensation for placing your insurance from other intermediaries, such as wholesalers and premium finance companies, which may or may not be affiliated with Holmes Murphy. That compensation may be in the form of commissions, administrative fees, placement fees, interest, or other compensation.
- Holmes Murphy Associates are prohibited from accepting any gifts, entertainment or trips from insurers that could create the appearance of a conflict of interest.
- That Holmes Murphy may earn interest on your premiums before paying your premium to the applicable insurance companies.
- Holmes Murphy will disclose all quotes and indications sought and all quotes and indications received, including declinations of each insurer competing for your business. For the 2024 renewal, Holmes Murphy did seek alternative quotes and elected to remain with the incumbent carrier RSUI.
- Holmes Murphy will disclose all compensation to be received for each quote in dollars or as a percentage of premium if requested by you.
- That Holmes Murphy may receive additional compensation from the underwriter of the Fraternal Property Management Association based on the overall profitability of that business to the underwriter.
- There is a portion of the property insurance premium that supports the educational and consulting services provided by the Cornerstone Housing Program. That portion varies from year to year and throughout the program based on several factors, including deductible exposure held by the Cornerstone Housing Program. As a standard practice, we don't publish or disseminate individual chapter charges beyond the billing that is provided to each House Corporation.

For questions about your property insurance premiums, Cornerstone resources, program details, or best practices, please contact John Reineke (john.reineke@beta.org; 800.800.BETA). As always, THANK YOU for your dedication and service to Beta Theta Pi. It's an honor to serve you.

Yours in ___kai___,

Adam Collins, *Wabash '02*
President, Beta Theta Pi General Fraternity House
Corporation

Jeff Rundle, *Kansas State '03*
Chief Executive Officer, Beta Theta Pi

David E. Schawe, Jr. *Louisville '06*
Insurance Commissioner, Beta Theta Pi

John Reineke, *Central Michigan '09*
Chief Housing Officer, Beta Theta Pi

Colin Close, *Minnesota '13*
Assoc. Director of Housing, Beta Theta Pi