

Student Assembly Finance Commission
Cornell University
109 Day Hall
Ithaca, NY 14853
607/255-3716

September 6, 2011

Please consider the following as the request for funding for the Undergraduate Student club insurance program. I have attached the insurance description. I have responded to each of your requests in the order that you presented them.

Requirement	Response
Mission Statement	Completed
Description of Group	Completed
Past Budget	Completed
Dollar per Student	Completed
Background on program	Completed

Justification

Club insurance program is an easy and appropriate way to insure clubs and their officers and members for the risk associated with their activities. Currently, the university does not cover student clubs under its blanket insurance program. The club insurance program is a cost effective way to get comprehensive coverage for the risks associated with club operations.

In the past, the program has been justified by the following:

- 1) there is a trend of suing officers of clubs.
- 2) Insurance is required of clubs who want to use other facilities. In the past we have provided insurance to clubs who wanted to hold events at:

Cayuga Nature Center
Boys and Girls Scout Camps
Cass Park
Pyramid Mall
The Rink/The Field
NYS Armory
Ithaca High School

Without the club insurance program groups would not be able to use these facilities.

- 3) More liberal use of Cornell name.
- 4) Clubs have better insurance than they would be able to purchase on their own. Groups have saved money by being able to cancel the other insurance that they were carrying.
- 5) Cost per student is manageable and covers the students for all clubs he/she would like to belong to. (Versus the alternative of buying a policy for each organization.)
- 6) Eliminates the paper chase for students.
- 7) Meets national league organization requirements for insurance coverage.
- 8) Allows students to assume leadership positions without worrying about their personal assets.
- 9) This insurance provides host liquor legal liability coverage for graduate students events that follow guidelines for responsible use of alcohol.

Financial details

The program is currently made of two insurance policies. The current program provides \$1,000,000 of general liability coverage, \$5,000,000 of catastrophic medical coverage and \$3,000,000 catastrophic injury cash.

The historical per year policy is presented below. Please note, it has been the practice to try to purchase the policies for as long a time period as possible to lock in the cost in the era of price increases.

	2005	2007	2009	2011
Liability Insurance	\$141,630	\$129,480	\$128,775	\$126,775
Catastrophic Accident	\$45,864	\$54,439	\$71,799	\$80,000
Total	\$187,494	\$183,919	\$195,574	\$206,775

While we have been able to negotiate the cost of the Liability Coverage to

keep premiums stable, the cost of the Catastrophic Coverage continues to rise due to a limited market and claims experience.

The program was implemented with the understanding that the students would absorb any cost increases. Cost increases have been shared by the University's central budget office and students up to this point. During the past two years, undergraduate students paid \$4.70 each for a total of approximately \$99,655(SAFC and GPSAFC). The University paid the balance of \$95,919. With the current increase request to \$5.10 in funding, the University will pay \$100,000 with students paying the balance. By maintaining the current cost structure, barring loss activity, the cost should remain stable for the next two years, and in the absence of losses, I will be looking for price reductions and will pass them along to students. If prices do increase, as has happened during the past funding cycle, I have asked the University to absorb any price increase we experience in the interim, until the next funding cycle. We hope to continue to purchase the policy for the benefit of the students and student clubs at Cornell.

I would be happy to answer any questions that you have regarding this program and to meet with you or your committee personally to discuss this important program.

Thank you for your consideration and review of this request.

Sincerely,

Craig McAllister
Director
Risk Management and Insurance

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