

Increased Liabilities Arise From College Campus Drinking

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Rider University recently reached a confidential court settlement to resolve claims brought against the school by a family of a student who died in 2007 after consuming a large amount of alcohol during a fraternity ritual.

The case is just one of many related to college drinking that have garnered headlines. Schools face growing claims activity for negligence, misconduct and wrongful death, says Constance Neary, vice president of risk management for United Educators, a reciprocal risk retention group that insures more than 1,200 colleges, universities and schools.

"There is an expectation that colleges and universities are monitoring and enforcing policies. If there is a perception of a lapse in that promise, a claim could arise," said Neary. "The family takes a role of a consumer, especially when it appears that what was promised was not provided. The family sees a strong connection to the institution. It becomes a matter of, 'You didn't hold up your end of the bargain.'"

According to court records, United Educators insured Rider University. The school and two of its former employees were sued. In a statement, the school said the confidential settlement compensates the family of Gary DeVercelly Jr., who died of alcohol poisoning after drinking a bottle of vodka while pledging a fraternity.

Angelo Stio, an attorney with Pepper Hamilton in Princeton, N.J. who represented the university in the case, said a "majority of these cases involve fraternities and sororities," which could open up the university or college to liability if these organizations are a recognized student organization or sanctioned by the school.

The National Institute on Alcohol Abuse and Alcoholism estimates that 1,400 to 1,800 students die annually from drinking-related problems and alcohol is linked to thousands more cases of assaults and sexual assaults among those between the ages of 18 and 24. Insurers are "very concerned" about the use of alcohol on campus, Neary said, because it is the "driver of some high-dollar claims." In claims involving alcohol on campus, United Educators has seen losses 25% higher.

Stio said he has seen claims against universities using landlord-tenant liability -- in essence that the school should have known of a hazardous condition -- or that it

"knew what they were up to." Claims also arise from perceptions of improper medical care, that university policies were not enforced and over certain expectations of supervision, said Stio and Neary.

Insurance coverage obligations do not stop at the school. In the Rider case, several fraternity members were also part of the lawsuit and many were defended by attorneys appointed by the students' homeowners policies. Raleigh Floyd, a spokesman for Allstate Insurance, said students could obtain an attorney paid for by a homeowners policy if the student is declared a dependent on his or her family's taxes and if the home remains listed as the student's primary residence.

"Under certain conditions, there may be some liability," Floyd said. "Coverage would depend on a thorough investigation into what happened. If it was accidental, we might cover it."

Developments in the law are also driving lawsuits against educational institutions. Stio and Neary said courts are increasingly recognizing a "special relationship" between universities and students; however, an absolute determination of liability and gross negligence is often difficult to draw. Still, "these are senseless deaths and the grieving family is looking for responsibility," Neary said.

Neary said United Educators has formed an alliance with a company called Outside the Classroom, which provides alcohol-prevention programs and tools for colleges and high schools.

Stio said many schools are developing policies to combat campus drinking, such as a "good Samaritan" policy, which means a student will not face repercussions if he or she reports another student in distress. Schools have also stepped up efforts to notify parents of drinking violations and have developed educational programs on risk prevention and noticing the signs of alcohol poisoning.

As part of the settlement at Rider, the school banned alcohol at all Greek social events and promised to strengthen sanctions for hazing violations.

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