

*Phi Kappa Sigma International Fraternity  
Insurance Allocation Methodology  
Category Information*

**Category: Chapter Financial Status**

**Definition**

Chapter financial status represents the amount of Past Due Debt (accounts receivable), on a per man basis, the chapter has outstanding as of July 31<sup>st</sup> of each year. This date corresponds with the fiscal year end for the Fraternity. This metric is computed on a per man basis to accommodate different size chapters within the surcharge levels.

**Element of Risk**

Chapters that maintain a strong focus on sound financial management have been shown to be less of a risk than chapters that don't.

**Surcharge Trigger(s)**

- Chapters that have Past Due Debt greater than or equal to \$1.00 per man but less than \$50 per man will be surcharged 5% on the following policy year's Chapter Insurance Base Rate.
- Chapters that have Past Due Debt greater than or equal to \$50.00 per man but less than \$100 per man will be surcharged 10% on the following policy year's Chapter Insurance Base Rate.
- Chapters that have Past Due Debt greater than or equal to \$100.00 per man will be surcharged 15% on the following policy year's Chapter Insurance Base Rate.

**Actions to Reduce/Eliminate the Surcharge**

Reduce or eliminate all Past Due Debt by July 31<sup>st</sup> of the year in question.