

Risk Management Guide

Provided by



For the benefit of Local and State PTAs

General Liability

Let's face it, everyone involved in a PTA is volunteering for the same reason...the kids. Even though you are placing your valuable time and numerous hours into making your PTA the best that it can be, there are still certain risks that you are exposed to as a volunteer. While attending your fall carnival, a child could fall down and get hurt. You may not see that as a risk that you should be concerned with, but what if the parents of that child don't have health insurance? The family will be looking for someone to help with those expenses. After all, it was at your event that their child was injured. In the event that this incident becomes a lawsuit against the PTA, as a volunteer named in a lawsuit, your personal assets could be at risk. The General Liability policy protects not only your PTA, but protects you as a member of the PTA as well. This guide will help you to better understand what your policy says and how it protects you and your PTA.

Bodily Injury and Property Damage

Your General Liability policy has two parts:

1. Liability - \$1 million per occurrence to cover as damages for bodily injury or damage of property to others.
2. Medical Payments – up to \$5,000 per person to cover medical expenses for minor injuries.

The *liability* portion will come into effect for any lawsuit in which the PTA is being sued for a bodily injury claim over \$5,000 or property damage of others claim. You have up to \$1 million per occurrence per policy period to compensate for any judgments made against you. The policy will also cover incurred legal expenses in addition to the \$1 million policy limit.

The *medical payments* portion will come into effect for any minor medical injury that is sustained by a volunteer of your PTA, a board member, or a third party at one of your PTA sponsored events. This is by no means a health insurance policy. The medical payments clause of your liability policy will pay secondary to any personal health insurance that the injured party may have. This is to protect the PTA and its members as a shield against a lawsuit while helping the injured party to cover any out of pocket expenses that they may occur in seeking treatment.

PTA Sponsored Events

To extend your General Liability policy to your PTA, you must be hosting a PTA sponsored event. The requirements of a PTA sponsored events are:

1. The event must be voted on by the PTA
2. The event must be approved by the PTA
3. The event must be scheduled by the PTA
4. The event must be planned by the PTA
5. The majority of the manpower must be provided by PTA members

Exclusions

There are certain exclusions that your General Liability policy has. The following is a list of specifically excluded items:

1. Expected or intended injury
2. Mechanical or motor driven rides
3. Athletic Events (with a regular practice and competition schedule)
4. Workers Compensation
5. Aircraft, auto, or watercraft
6. Boy Scouts
7. Pyrotechnics or fire displays

(This list is not all inclusive. If you have a question about a specific event and whether coverage is excluded please call AIM at 1-800-876-4044)

Claims

We take claims very seriously and ask that you let us know about the possibility of a claim as soon as possible. Claim forms are available from AIM's website (www.aim-companies.com), or you may call us at 1-800-876-4044 to obtain the proper claim form. In order for us to process the claim in the most efficient manner, we ask that the following be returned to us:

1. Properly completed claim form
2. A description of the incident from a member of the PTA in his/her own words
3. Any other information that may be outlined on the claim form.

Once we have all of the information that we need, your claim will be filed with our third party claim administrator. Claims will take approximately 4-6 weeks to be completed, depending on the severity and details of the claim.

Additional Insureds

If you are having an event, the event site may ask you to list them as an Additional Insured on your policy. We do not charge for these additions and will be happy to do this at your request. As a precaution, you must know that adding someone as an Additional Insured gives someone else coverage under your policy. For example, let's say you have a fun run at the city park and the park requires you to add them on as an additional insured. If the park gets sued because of something that happens at your event, your policy would provide a defense for the park. In order to process this request, we ask that you provide us with:

1. The date and location of the event
2. The start and end time of the event
3. The name and address of the Additional Insured.

Contractors/Vendors

There are times when you, as a PTA, agree to bring certain vendors or contractors in as entertainment. Prior to bringing in a vendor or contractor, you should ask for a copy of their Certificate of Insurance. Your policy **does not insure such vendors**, but it does cover claims for attendees who get hurt from a vendor's services.

Proceed With Caution

The following activities are those which **ARE** covered under your General Liability insurance policy, but we ask that you follow the outlined precautions to limit the risk of a claim.

1. *Baby Sitting* – Baby sitting is something that you would provide during PTA meetings or PTA sponsored events. We ask that you have two adults (18 years or older) in the room at all times. This dual rule is in force to protect against any molestation claim, and to provide a second witness to rule out false claims.
2. *Athletic Events* – Your General Liability policy covers athletic events such as fun runs, field day, and donkey basketball. Your General Liability policy does not cover athletic organizations which maintain a regular practice and competition schedule such as a football team or cheerleading squad.
3. *After School programs* – Your General Liability policy covers after school programs such as chess clubs, running clubs, etc. During these programs, since it is a PTA sponsored event, we ask that at least one adult from the PTA be present to witness any potential accidents that may occur. One thing you must be careful of with any athletic after school club is the exclusion of organized athletics. If your after school program has a dedicated practice and competition schedule, any claims arising from these events will be excluded.

Additional Questions or To Purchase Liability Coverage

Call AIM at (800) 876-4044 or send an email to aim@aim-companies.com or visit our website at www.aim-companies.com.

Accident Medical

If you have General Liability, why do you need Accident Medical? How is it different? If you read the General Liability section, you will remember that there is only a \$5,000 provision for medical payment coverage. If you have a claim above \$5,000, the injured party could sue the PTA for any amounts incurred. There are also specific exclusions under the General Liability policy including mechanical rides, motor driven vehicles, and more. The Accident Medical policy provides additional coverage for out of pocket medical expenses to help deter lawsuits and to provide coverage where the General Liability policy does not. **This is by no means a replacement to your liability policy but a complement, as the Accident Medical policy does not provide protection in the event of a lawsuit.**

Coverage Highlights

The Accident Medical policy provides medical payments to anyone who is injured at one of your PTA events. The policy provides coverage for things that are excluded under the General Liability policy such as:

1. Mechanical Rides (such as mechanical bulls, ferris wheels, and motor driven trains)
2. Watercraft
3. Automobiles (including school buses and personal autos)
4. Hayrides (if pulled by an automobile or a tractor)
5. Parade Floats (if motor driven or pulled by an automobile)
6. Fireworks
7. Pyrotechnics
8. Hot Air Balloons

(This list is not all inclusive. If you have a question about a specific event and are inquiring if coverage is provided please call AIM at 1-800-876-4044).

Policy Limits

The Accident Medical policy is available in three different coverage amounts. They are:

1. \$10,000
2. \$25,000
3. \$50,000

Exclusions

The only exclusion on the Accident Medical policy is Aircraft.

Deductible

There is no deductible for a claim filed under this policy.

Claims

We take claims very seriously and ask that you let us know about the possibility of a claim as soon as possible. Claim forms are available from AIM's website (www.aim-companies.com), or you may call us at 1-800-876-4044 to obtain the proper claim form. In order for us to process the claim in the most efficient manner, we ask that the following be returned to us:

1. Properly completed claim form
2. A description of the incident from a member of the PTA in his/her own words
3. Any other information that may be outlined on the claim form.

Once we have all of the information that we need, your claim will be filed with our third party claim administrator. Claims will take approximately 4-6 weeks to be completed, depending on the severity and details of the claim.

Additional Questions or To Purchase Accident Medical Coverage

Call AIM at (800) 876-4044 or send an email to aim@aim-companies.com or visit our website at www.aim-companies.com.

Bond

A PTA is run like a business. You have a budget to work within, deadlines to meet, and events to plan. The main concern in any business is finances. You may have many different officers with check signing capabilities or you may trust one of your volunteers to run to the bank to deposit fundraising money. Although there may be various safeguards set up to protect your funds, there is still a large risk of someone embezzling your money. The Bond (or Commercial Crime) policy is set up to protect your money, scrip, and securities in the event that they are embezzled, stolen, or fraudulently altered.

Embezzlement or Fraudulent Alteration

With the Bond coverage, your funds are covered from embezzlement by anyone that you entrust with the PTA's money. Some of the people who might fall under this category are:

1. PTA Officer
2. PTA Volunteers
3. Couriers

This policy is a blanket bond, so it is not necessary to name everyone covered by this bond and the position that they hold with the PTA. Your funds are also covered from anyone that has check signing capabilities who fraudulently forges a second signature on outgoing checks.

Robbery and Theft

The Bond policy does cover funds which are taken by means of robbery or theft.

Conditions

To extend your Bond policy to your PTA, you must agree to the following requirements:

1. Your PTA must conduct an annual audit of the books by an audit committee or qualified accountant.
2. The monthly bank reconciliation must be reviewed by someone who does not have authorization to sign checks. Financial software does not qualify under this requirement.

Violations or non compliance of these conditions negates Bond coverage.

Exclusions

The Bond policy does not cover funds which disappear by loss. If any of your officers lose the money, there is no coverage. At the same time, if the conditions of the bond policy are not followed, then your claim will be denied.

Policy Limits

The Bond policy is available in three different coverage amounts. They are:

1. \$10,000
2. \$25,000
3. \$50,000

(Higher limits are available. Please call AIM for pricing.)

Claims

We take claims very seriously and ask that you let us know about the possibility of a claim as soon as possible. The PTA is responsible for filing a Proof of Loss form within 120 days after the discovery of a loss, or of an occurrence that may give rise to a claim for a loss. Proof of Loss forms are available from AIM's website (www.aim-companies.com), or you may call us at 1-800-876-4044 to obtain the Proof of Loss form. In order for us to process the claim in the most efficient manner, we ask that the following be returned to us:

1. Properly completed Proof of Loss
2. A description of the incident from a member of the PTA in his/her own words
3. Any other information that may be outlined on the claim form.

Once we have all of the information that we need, your claim will be filed with our third party claim administrator. Claims will take approximately 4-6 weeks to be completed, depending on the severity and details of the claim.

Deductible

There is a \$250 deductible for a claim filed under this policy.

Proceed With Caution

The following advice is for your safety and the safety of PTA Board members and volunteers who may be handling your PTA's money. Please make these safeguards known to all such people.

1. Take your PTA funds to the bank for deposit as soon as possible.
2. Have either another person or a law enforcement officer escort you to the bank to make the deposit.
3. Do not store PTA funds at your home. If someone knows that they are there, it could invite thieves and place you and your family in danger.
4. Make sure as a PTA Board that you follow up with the bank to verify that the deposit was made for the correct amount.

Additional Questions or To Purchase Bond Coverage

Call AIM at (800) 876-4044 or send an email to aim@aim-companies.com or visit our website at www.aim-companies.com.

Property Coverage

Every PTA is worried about theft. Whether it is someone breaking into the storage facility for the PTA's property or someone stealing merchandise from a PTA event, the issue of theft raises concerns. Your Property policy is there to protect the personal property of the PTA from such perils as theft or fire. One thing that most PTA members don't realize is that your Property policy can also **protect your fundraising merchandise, auction items, and raffle prizes.**

For example: Your PTA conducts wrapping paper sales as a fundraiser and takes delivery of that merchandise on Friday. Until the children pick the merchandise up on Saturday, you agree to keep the wrapping paper in a portable storage building. What you don't realize is that the storage building has a leaky roof and a rainstorm is coming. Overnight, all of your wrapping paper is ruined, the children have come to pick up their wrapping paper for delivery, and your Treasurer says that the PTA still owes the fundraising company for the wrapping paper. This policy is made to help you out.

Property Covered

Your Property policy covers any personal property of the PTA from such perils as fire, lightning, windstorm, theft, and vandalism. Personal property of the PTA are items including popcorn machines, school store supplies, cash registers, posters, coffee makers, and any other property that the PTA uses on a daily basis. As mentioned above, fundraising merchandise is also covered for the same perils.

Coverage Limits

The standard Property policy is available with a \$10,000 limit. (Higher coverage amounts are available. Call AIM for quotes.)

Exclusions

There are certain exclusions that your Property policy has. The following is a list of specifically excluded items:

1. Scrip – The theft of scrip is not covered. Scrip is covered under the Bond policy for embezzlement only.
2. Marquees – Many PTA's will do a fundraiser for a new sign or marquee which will go in front of the school. Once these signs are permanently grounded, they become real property and are usually covered under the school's property and casualty policy.
3. Computer Labs – As with the marquees, once these computers are given to the school for use by the students, they become property of the school. These labs are not for everyday use by the PTA. A computer specifically dedicated for PTA use, however, is covered.
4. Playground Equipment – This policy does not cover any playground equipment on school grounds. This property is covered under the school's property policy.

*****(Note: under many school insurance policies, items such as Marquees, Computers, and Playground Equipment must be gifted to the school in order to provide coverage)**

5. Other perils – This policy does not provide coverage for wear and tear, dishonest or criminal acts by a member of the PTA, or damaged property prior to your policy start date.

(This list is not all inclusive. If you have a question about a specific event and whether coverage is excluded please call AIM at 1-800-876-4044)

Claims

We take claims very seriously and ask that you let us know about the possibility of a claim as soon as possible. Claim forms are available from AIM's website (www.aim-companies.com), or you may call us at 1-800-876-4044 to obtain the proper claim form. In order for us to process the claim in the most efficient manner, we ask that the following be returned to us:

1. Properly completed claim form
2. A description of the incident from a member of the PTA in his/her own words
3. Any other information that may be outlined on the claim form.
4. A vendor bid to replace the damage property.

Once we have all of the information that we need, your claim will be filed with our third party claim administrator. Claims will take approximately 4-6 weeks to be completed, depending on the severity and details of the claim.

Deductible

There is a \$250 deductible for a claim filed under this policy.

Additional Questions or To Purchase Property Coverage

Call AIM at (800) 876-4044 or send an email to aim@aim-companies.com or visit our website at www.aim-companies.com.

Officer's Liability

We've covered your events with the General Liability Policy and the Accident Medical Policy, your funds with the Bond Policy, your property with the Property Policy, but what about the decisions that you make as a board? As with any business, you as an officer of the PTA, can be sued for any decisions that you make individually or as a PTA. These decisions can include what type of fundraiser to have, where to hold an event, or any other managerial decisions. This policy is to protect the way you manage the PTA and the decisions that are made by you and other board members of the PTA.

Coverage Highlights

The Officer's Liability policy provides \$1,000,000 to cover any decision that you as an officer may make. Other things that might fall under this coverage are items such as:

1. Mismanaging the funds of the PTA
2. Any wrongful act including errors and omissions, misleading statements, or negligent acts
3. Discrimination
4. Incorrectly running your elections
5. Not following your by-laws
6. Misrepresentation

(This list is not all inclusive. If you have a question about a specific situation and are inquiring if coverage is provided please call AIM at 1-800-876-4044)

Exclusions

There are certain exclusions that your Officer's Liability policy has. The following are specifically excluded items:

1. Any criminal acts
 2. Any knowingly wrongful act
 3. A claim arising from the operations of any political action committee
- (This list is not all inclusive. If you have a question about a specific situation and are inquiring if coverage is provided please call AIM at 1-800-876-4044)

Claims

We take claims very seriously and ask that you let us know about the possibility of a claim as soon as possible. Claim forms are available from AIM's website (www.aim-companies.com), or you may call us at 1-800-876-4044 to obtain the proper claim form. In order for us to process the claim in the most efficient manner, we ask that the following be returned to us:

1. Properly completed claim form
2. A description of the incident from a member of the PTA in his/her own words
3. Any other information that may be outlined on the claim form.

Once we have all of the information that we need, your claim will be filed with our third party claim administrator. Claims will take approximately 4-6 weeks to be completed, depending on the severity and details of the claim.

Deductible

There is a \$1500 deductible for a claim filed under this policy.

Additional Questions or To Purchase Officer's Liability

Call AIM at (800) 876-4044 or send an email to aim@aim-companies.com or visit our website at www.aim-companies.com.