



Insurance Guide



ASSOCIATION
INSURANCE
MANAGEMENT INC

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Why Does My Organization Need Insurance?

The number one question that most Parent Teacher groups face today is “Why does my Organization need insurance?”

Did you know that you, as an individual member or officer of your Organization, could be held personally liable for an accident that occurs at one of your events?



That's a great question and one that every Parent Teacher group should ask itself. There are many misconceptions about insurance when it comes to Parent Teacher groups. Did you know that you, as an individual member or officer of your Organization, could be held personally liable for an accident that occurs at one of your events? Personal Liability means that your personal assets could be at risk if you were sued because of something that happened at one of your Organizations events. Are you willing to put your checking account, your savings account, possibly your 401k or other assets at risk for your Organization?

Insurance not only protects your Organization, but also protects you as an individual, especially when there is limited coverage through your homeowner's insurance. This Insurance Guide will walk you through the risks that you are exposed to as a Parent Teacher group, ways to reduce that liability, and how insurance policies can protect your Parent Teacher group and its members, should something happen at one of your events.

Common Misconceptions:

- Parent Teacher groups are immune from liability because of their non-profit status
- The school's insurance covers Parent Teacher groups for all of their events
- Liability protects the Parent Teacher groups from all risks

General Liability Covers Everything: **FALSE**

"We have insurance." That's a statement that we hear as a Customer Service Team every day. The problem with making that statement, however, is that it's extremely broad. The truth is that most Parent Teacher groups don't know what coverage they have, nor do they know what risks those policies are protecting them from. When thinking about your personal insurance policies, you wouldn't expect your Homeowners Insurance Policy to pay if you were in an automobile accident. Nor would you expect your Health Insurance Policy to pay if your home burned down. Each one of your personal insurance policies does something totally and distinctively different. The same thing is true concerning Parent Teacher group Insurance policies. Professional Liability insurance doesn't cover your Organization against embezzlement, nor does your General Liability policy provide coverage if your Organization's fundraising t-shirts are stolen.

Always think about Liability in these terms:

→ "It's YOUR fault that my child was injured at the PTA Carnival."



There are four different insurance policies offered to Parent Teacher groups that have totally different objectives which we will cover in this guide.

1. General Liability with Extended Medical Payments (Event Insurance)

- Optional Extended Accident Medical Payments Endorsements
- Optional Media Liability Endorsements

2. Professional Liability (Directors & Officers Liability)

3. Fidelity Bond (Embezzlement Insurance)

4. Inland Marine (Property Insurance)

- Optional Terrorism Coverage

General Liability

Event Insurance

Let's face it, everyone involved in a parent Teacher group is volunteering for the same reason...the kids. Even though you are putting your valuable time and numerous hours into making your Organization 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 an incident leads to a lawsuit against your Organization, as a volunteer named in a lawsuit, your personal assets could be at risk. The General Liability policy protects not only your Organization but protects you as a member as well.

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Bodily Injury and Property Damage

Bodily Injury & Property Damage are covered in 2 parts under your General Liability policy:

1. **Liability** - \$1 or \$2 million per occurrence and a \$2 million General Aggregate to cover damages for bodily injury or damage to property of others.
2. **Extended Medical Payments** - up to \$5,000 per person to cover medical expenses (outside a lawsuit.)

The **Liability** portion will come into effect for lawsuits in which your Organization is being sued for bodily injury or property damage of others. You have up to \$1 or \$2 million (depending on the policy you choose) per occurrence per policy period to compensate for any judgments made against you.

The **Extended Medical Payments** portion will come into effect for minor medical injuries that are sustained by a volunteer of your Organization, a board member, or a third party at one of your Organization's 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. Medical Payments coverage helps protect your Organization and its members by deterring a lawsuit, while helping the injured party cover out of pocket expenses they may incur in seeking treatment.

**Note: Property borrowed for use in the scope of your organization's operations, is not included under General Liability. This would be covered under property coverage, see property section.*

Sponsored Events

To extend your General Liability policy to your Organization, you must be hosting an event sponsored by your Parent Teacher group. The requirements of a sponsored event are:

1. The event must be approved by your Organization
2. The event must be scheduled by your Organization
3. The event must be planned by your Organization
4. The majority of the manpower must be provided by your Organization's members

AIM Playlist of Events

STOP: This activity is potentially excluded from your policy. Contact AIM for more details

PAUSE: Use Caution. Even though this event is potentially covered under your policy, this is a high risk event and you need to take extra precaution when hosting.

PLAY: Covered Event

- | | | |
|---|--|---|
| ▶ After School Programs | ▶ Cow Bingo | ▶ Open Houses |
| ▣ Aircraft | ▢ Crossing Guards | ▣ Parasailing |
| ▢ All Night Lock-Ins | ▣ Drones | ▶ Parent Education |
| ▢ Animal Rides | ▢ Dunk Tanks | ▶ Pee Wee Golf |
| ▶ Apple Bobbing | ▶ Enrichment Programs | ▶ Performing Arts |
| ▣ Archery | ▶ Face Painting | ▶ Petting Zoos |
| ▶ Arts & Crafts Activities | ▶ Family Portraits | ▶ Picnics |
| ▣ Asbestos Exposure | ▶ Fashion Shows | ▶ Pizza Night |
| ▣ Athletic Leagues, Clinic, Camps | ▣ Fireworks | ▶ Ring Toss |
| ▣ ATVS | ▶ Fishing (from land) | ▢ Rock Climbing Walls |
| ▶ Auctions | ▶ Food Sales | ▣ Rocketry |
| ▢ Babysitting at Meetings | ▶ Fun Runs | ▶ Science Fairs |
| ▶ Bake or Food Sales | ▶ Gift Wrapping | ▣ Scuba Diving |
| ▶ Balloon Artists | ▶ Golf Tournaments | ▢ Skating Rink (Roller & Ice) |
| ▶ Baseball Toss | ▢ Grad Nights | ▣ Snow Skiing/Snow Boarding |
| ▶ Beautification Projects | ▶ Haunted Houses | ▶ Sumo Wrestling |
| ▶ Bike Rodeos | ▢ Hayrides (Horse Drawn) | ▢ Swim Parties |
| ▶ Book Fairs | ▶ Hobby Shows | ▶ Talent Shows |
| ▢ Bounce Houses | ▣ Hot Air Balloons | ▣ Trailers (Detached or Non-Owned) |
| ▶ Bowling | ▶ Ice Cream Socials | ▣ Transportation |
| ▢ Broom Hockey | ▢ Inflatable Slides | ▣ Weapons - Sale or use including but not limited to guns, knives, swords, bows, axes and sling shots |
| ▣ Bungee Jumping | ▶ Line Dancing | ▣ Workers Compensation |
| ▶ Cake Walks | ▶ Litter Cleanup | ▶ Workshops |
| ▶ Candy/Wrapping Paper Sales | ▶ Magic Shows | ▣ Zip Lining |
| ▢ Carnivals | ▣ Mechanical/Motorized Rides | |
| ▣ Chartered Organizations (Scouting etc.) | ▶ Moon Walks | |
| ▶ Concession Stands | ▣ Motorized boats, jet skis, motorized aqua cycles, airboats | |
| ▶ Costume Parties | ▢ One Day Athletic Events | |

Note: If you do not see an event you are having on this list, please call AIM to verify coverage. This list is not all inclusive and all events are subject to the limits and exclusions in the policy. Please contact us with any questions regarding your event.

General Liability Exclusions

The following is a list of Specifically Excluded items under General Liability:

- Archery
- Automobiles & Vehicular Transportation of Any Type*
- Asbestos Exposure
- Bungee Equipment or Bungee Jumping
- Athletic Activities- organized sports including (but not limited to) sport clubs, sports camps, municipality teams, school teams (public or private), sports leagues, college teams or professional teams
- Hot Air Balloons
- Lead Exposure
- Mechanical/Motorized Rides
- Nuclear Exposure
- Parasailing
- Rocketry
- Scuba Diving
- Scouting
- Watercraft
- Water skiing, snow skiing (including any use of skis to slide on snow, or snowboarding
- Weapons, including but not limited to guns, knives, Swords, Bows, Axes and Slip Shots/Catapults
- Workers Compensation Claims
- Zip Lining

Walk-a-thons, fun runs, field days, donkey basketball and other one day events are covered, as they are not considered to have a regular practice and game schedule.

*Note: Limited Auto liability is offered as an upgrade, see page 23.

Liability Waivers

We receive many calls from Parent Teacher Groups asking about “waivers” of liability. It is very important to be aware that you can never sign your liability away regardless of the any document or waiver. A waiver will not hold up in court if your Organization is found at fault for an injury occurring at one of your events. However, a waiver is a tool used to help deter the lawsuit mindset. By having all participants sign a waiver, you are helping to plant the seed that the participant is responsible for their own actions. While a waiver isn't a requirement to extend coverage under the General Liability policy, it is a step in the right direction to help protect your Organization against bodily injury lawsuits. There are two different waivers included within this Risk Management Guide. The first is a Parent's Approval and Student Waiver. This would be used anytime you need a person under the age of 18 to sign for a specific event. The other is a Participant's Waiver. This would primarily be used anytime you want someone over the age of 18 to sign for a specific event. You will find both of these waivers listed on the pages to follow. Both of these documents are also available on our website at www.aim-companies.com.

Sample Participant's Waiver

In the consideration of the acceptance of my entry in the _____
Event Title
on _____ sponsored by _____ I, the undersigned
(Date)(Parent Group)
participant, intending to be legally bound, do hereby for myself and heirs, executors, administrators and assigns,
forever waive, release and discharge any and all right, claims and actions for damages that I may have, or that may
hereafter accrue to me against the _____, including all unit, council and district
(State Organization, if any)
organizations and all of their officers, directors, members and volunteers.

I attest and verify that I am physically fit and able to participate in this event and acknowledge that I am aware of the inherent risks in participating in an athletic event of this type.

SignatureDate

Print Name

AddressCityPhone

All waivers, letters and agreements provided here are samples, meant to serve as a guideline, and may not reflect language specific to your use, or your state. We recommend consulting an attorney should you need to implement any contractual agreement, waiver or gifting letter.

Sample Parent's Approval And Student Waiver

_____ has my (our) permission to participate in _____ on
Name of minor *Event or Activity*

_____ At _____
Date *Location*

I (we), as parent(s) or guardian(s) of the minor, do hereby, for my (our) _____ Myself, my (our)
Son / Daughter

heirs, executors and administrators, remise, release and forever discharge

_____ And the _____, and all
Parent Group *State Parent Group - if any*

_____ officers, employees and agents of each of the foregoing, acting officially otherwise,
Parent Group
from any and all claims, demands, actions or causes of action on account of referred. I hereby certify the minor is

my (our) _____ and that his/her date of birth is _____ .
Son / Daughter *Date*

And I (we) do hereby certify that to the best of my (our) knowledge and belief said minor is in good health. In case of illness or accident, permission is granted for emergency treatment to be administered. It is further understood that the undersigned will assume full responsibility for any such action, including payment of costs. I (we) hereby advise that the above named minor has had the following allergies, medicine reactions or unusual physical condition which should be made known to a treating physician. (If none, please write the word "none".)

1. _____
Signature *Print Name*

Address *City* *Phone*

2. _____
Signature *Print Name*

Address *City* *Phone*

3. Alternate Adult Contact:

Signature *Print Name*

Address *City* *Phone*

All waivers, letters and agreements provided here are samples, meant to serve as a guideline, and may not reflect language specific to your use, or your state. We recommend consulting an attorney should you need to implement any contractual agreement, waiver or gifting letter.

Additional Insureds

If you are having an event, the event site may ask you to list them as an Additional Insured on your General Liability 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 means you share your limits with someone else 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 defense for both your Organization and the park, and you would SHARE total limits under your General Liability policy.

In order to process this request, we ask that you provide us with the form on the following pages. It is required that you provide the following information within the form:

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.
4. Any specific wording required by the entity wishing to be added as an additional insured onto your policy.
(Subject to approval)

Additional Insured forms can be found at www.aim-companies.com. You can fill out this form online and email to us at aim@aim-companies.com or fax it to us at 214-360-0802.

Contractors/Vendors

There are times when your Association will agree to bring certain vendors or contractors in as entertainment. Your policy **does not insure such vendors**, but it does cover claims for attendees who get hurt from a vendor's services. Prior to bringing in a vendor or contractor, you should always ask for a copy of their Certificate of Insurance, and consider the following additional levels of protection for your organization.

1. Certificate of Insurance

- Confirm effective dates of coverage are current.
- Confirm the certificate names the vendor in question.
- Confirm General Liability coverage, and Auto Liability if they are providing transportation.

2. Additional Insured Endorsement- Vendor's policy adds your organization.

This extends coverage to your organization in the event you are held liable for losses caused by the vendor.

- The Endorsement to the vendors policy should name "(your organization), including all officers, directors, members and volunteers."

3. Hold Harmless Agreement

This agreement essentially states the vendor agrees to defend, reimburse, and hold your organization harmless for losses incurred in connection with the vendor's operations. (Sample agreement pg. 14)

General Liability Additional Insured Request Form

Organization Information:

Organization Name: _____

Insured Number: _____ Phone Number: _____

Address: _____

City, State & Zip: _____

Requesting Board Members Name: _____

Contact Email: _____

Additional Insured Information:

Name of Additional Insured: _____

Mailing Address: _____

City, State & Zip: _____

Where to send Certificate (Email/Fax): _____ ☐ Same as above

Name/Description of Event: _____

Dates/Times of Event: _____

Additional Insured Wording (if applicable): _____

Insurable Interest of Additional Insured: (Check or List) School/District ☐ Use of Premises ☐

Grantor of Permit ☐ Teacher/Instructor ☐ Other _____

Acknowledgments:

Please note, adding an Additional Insured means you agree to share the total limits of the policy.

Requesting Board Members Signature: _____ Date: _____

Typed or Electronic Signatures are not accepted.

Please send to aim@aim-companies.com. Please allow 1-2 business days for processing

Association Insurance Management, Inc. PO Box 742946 | Dallas, TX 75374-2946 | Phone: 800-876-4044 - Fax: 214-360-0802

General Liability Additional Insured Request Form Primary & Noncontributory

Organization Information:

Organization Name: _____
Insured Number: _____ Phone Number: _____
Address: _____
City, State & Zip: _____
Requesting Board Members Name: _____
Contact Email: _____

Additional Insured Information:

Name of Additional Insured: _____
Mailing Address: _____
City, State & Zip: _____
Where to send Certificate (Email/Fax): _____ ☐ Same as above
Name/Description of Event: _____
Dates/Times of Event: _____
Additional Insured Wording (if applicable): _____

Insurable Interest of Additional Insured: (Check or List) School/District ☐ Use of Premises ☐
Grantor of Permit ☐ Teacher/Instructor ☐ Other _____

By submitting this form you are requesting that an Additional Insured be added to your policy on a primary and noncontributory basis. We want to make sure you are fully aware of how adding this language can change your coverage.

The word "primary" in "primary and noncontributory" means that the insurance policy to which this applies will be the primary or first policy to pay out in the event of a claim if there were to be more than one insurer for the same incident or claim. The word "noncontributory" means the insurance policy to which this applies will be the only policy available to pay the claim. This policy will not require any other policy available, to contribute to payment of the claim.

We want you to fully understand that when you add an additional insured on a primary and noncontributory basis, this could reduce policy limits available to your organization (under your policy) and limit your ability to collect for damages from the Additional Insured. This could include damages involving negligence on the part of the Additional Insured.

Your signature below confirms you acknowledge and understand how adding this language could affect coverage under your policy.

Acknowledgments:

Please note, adding an Additional Insured means you agree to share the total limits of the policy.

Requesting Board Members Signature: _____ Date: _____
Typed or Electronic Signatures are not accepted.

Please send to aim@aim-companies.com. Please allow 1-2 business days for processing

Association Insurance Management, Inc. PO Box 742946 | Dallas, TX 75374-2946 | Phone: 800-876-4044 - Fax: 214-360-0802

Sample Hold Harmless Agreement

(Name of the Organization)

(Organization Address)

(Name of the ORGANIZATION)'s insurance does not cover vendors, concessionaires, or service providers. Consequently, all vendors, concessionaires or service providers are required to provide Evidence of Insurance to (Name of the ORGANIZATION) unless annual Evidence of Insurance has been filed with the (Name of the Parent Teacher Group)'s Insurance Broker.

HOLD HARMLESS AGREEMENT

For (Name of the ORGANIZATION) Fund Raising Vendors, Concessionaires, or Service Providers.

Insurance Requirements:

- a. Workers' Compensation Insurance. Required if you have employees engaged in the performance of work under the agreement.
- b. Comprehensive General Liability, Required \$1,000,000. Combined Single Limit.
- c. This policy shall cover, among other risks, the contractual liability assumed by vendor/concessionaire/service provider under the indemnification provision set for in the agreement, and include Bodily Injury, Property Damage, Personal Injury.
- d. Automobile Liability Insurance. Required only if you are providing transportation (e.g., limousine or bus service) at (Name of the ORGANIZATION)'s event. \$5,000,000 limit required.

If you (vendor/concessionaire/service provider) fall under (b) or (c), a Certificate of Insurance showing policy limits and an endorsement to the policy **MUST** be submitted with your contract.

The above policies (b) and (c) **MUST** include (Name of ORGANIZATION) as an Additional Insured with the following language:

The (Name of the ORGANIZATION), including all of their officers, directors, members and volunteers. The Insurance afforded by this policy shall be primary insurance to any other valid and collectible insurance available to (Name of the ORGANIZATION).

I/WE _____ (vendor/concessionaire/service provider) agree(s) to defend and to indemnify and hold harmless, at my own cost, the (Name of the ORGANIZATION) and all of their officers, directors, members and volunteers.

Date

Signed

Name of Entity

Title

**Note: Failure of Vendor/Concessionaire/Service Provider to keep the required insurance policies in full force and effect during the work covered by this agreement shall constitute a breach of this agreement. In the event of a breach, (Name of the ORGANIZATION) shall have the right but not the duty to procure insurance covering the vendor for the period of this agreement. The cost of this insurance will be deducted by the (Name of the ORGANIZATION) from proceeds due to the Vendor/Concessionaire/Service Provider.*

All waivers, letters and agreements provided here are samples, meant to serve as a guideline, and may not reflect language specific to your use, or your state. We recommend consulting an attorney should you need to implement any contractual agreement, waiver or gifting letter.

Host Liquor Liability

Host Liquor Liability is NOT excluded under General Liability policies. Host Liquor Liability is defined as bodily injury or property damage arising out of the serving or distribution of alcoholic beverages by a party not engaged in this activity as a business enterprise. A liquor store or bar would be an example of a business enterprise serving or distributing liquor. The liability policies protect you when you host parties and events where alcohol is served. There is coverage whether you give the alcohol away or charge for it. No matter where the party is actually held, your liability insurance goes with you. The act of hiring a caterer to serve food and alcohol does not exclude your Host Liquor coverage. However, if you cater the event and the venue or caterer sells the alcohol, then they assume the liquor liability exposure. You should verify that they have liquor liability insurance by requesting proof of insurance.

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** – Babysitting is something that you would provide during Parent Teacher group meetings or sponsored events. We ask that you have at least two adult volunteers (18 years or older) in the room at all times. This dual rule is in force to protect against any molestation claims, to provide a second witness to rule out false claims, and to provide extra assistance in the case of an emergency. **Paid** baby sitters are not covered under this policy.
2. **Athletic Events** – Your General Liability policy covers athletic events such as fun runs, field day, and donkey basketball as long as they are being run by your Organization. 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. Your Parent Teacher group insurance policy is only meant to cover those 1 or 2 day events that your Organization runs...not the football team, the cheerleading squad, or the band.
3. **After School Programs** – Your General Liability policy covers your after school programs. For the after school program to be considered your program your Organization must both organize and manage the program. If your Organization participates in an after school program that is organized and managed by the school, that program is not covered.

General Liability Deductible

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

Supplements to your General Liability Policy

Extended Medical Payments - (Endorsement to General Liability)

If you have General Liability, why do you need Extended Medical Payments Limits? How is it different? If you read the General Liability section, you will remember that there is only a \$5,000 provision for the Medical Payments component of your General Liability policy. If you have a claim above \$5,000, the injured party could sue your Organization for any amounts incurred. Also, because the Medical Payments coverage is a separate component of the General Liability policy, outside of a lawsuit, fewer exclusions apply.

The Medical Payments component provides additional coverage for out of pocket medical expenses and helps deter lawsuits. *This is by no means a replacement to your liability policy but a supplement, as the Medical Payments coverage does not provide protection in the event of a lawsuit.*

Extended Medical Payment Limits

Extended Medical Payments coverage is available for purchase in the following Increased Limit Options:

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

Help deter lawsuits by providing additional coverage for out of pocket medical expenses.

Hired & Non-Owned Auto Liability (HNOA) - (Endorsement to General Liability)

Your policy is not intended to provide extensive auto coverage; however, it's not uncommon that risk for bodily injury or property damage to a third party is created by using an auto in connection with your event.

Hired and Non-Owned Auto Liability is an optional upgrade and covers the following auto liability exposure at a limit of \$1,000,000:

1. Hired Autos - Autos you lease, hire, rent or borrow, NOT including those leased, hired, rented or borrowed from your "employees." (The intent is to cover liability caused by autos you hire- Charter buses, rented vans for example)
2. Non-Owned Autos - Autos you do not own, lease, hire, rent, or borrow that are used in connection with your business. This INCLUDES autos owned by your employees, partners, members or volunteers. (The intent is to cover liability for damages caused by employee or volunteer personal autos driven by them in the scope of your business.)

*Please note HNOA is liability coverage and does not include property damage to those autos listed here.

Media Liability - (Endorsement to General Liability)

As a supplement to your General Liability policy we also offer Social Media Liability Coverage. This coverage is designed to protect you from liability in the event you accidentally misuse or disclose information on your website or other social media site. This includes misuse of logo, copyright, pictures, confidential information and other misrepresentations or misappropriations.

Coverage Highlights

Media Liability coverage provides coverage for innocent mistakes like these:

- 1. Pictures - do you have permission?**
 - a. Invasion of privacy by posting a photograph that has not been released for use.
- 2. Outside company logos - do you have occasion to include company logos for events?**
 - a. Infringement of copyright, trademark, or logo, when you accidentally post something.
- 3. Do you make public ANY information that could be considered confidential?**
 - a. You could be held liable for disclosing of confidential information.
- 4. Could someone feel you misrepresented details of your event and hold you responsible?**

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 800-876-4044.

Media Liability Limits

Media Liability is available for purchase in the following Limit Options:

1. \$25,000
2. \$50,000
3. \$75,000
4. \$100,000

Abusive Conduct Liability - (Endorsement to General Liability)

Abusive conduct is defined as physical, emotional, psychological, or sexual abuse. It does not include employment-related conduct which takes place between employees (or volunteers). Abusive conduct is an optional upgrade available at a limit of \$1,000,000.

Professional Liability

Directors & Officers Liability

Don't get sued for decisions you or the board have made.

We've covered your events with the General Liability Policy and Medical Payments Coverage, but what about the decisions that you make as a board? As with any business, you as an officer of your Parent Teacher group can be sued for decisions that you make individually or as an Organization. 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 your Organization and the decisions that are made by you and other board members.

Coverage Highlights

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

1. Inappropriate use of Organization funds
2. Wrongful acts, misleading statements, or negligent acts
3. Discrimination
4. Not following your by-laws
5. Misrepresentation

Professional Liability Exclusions

There are certain exclusions within your Professional Liability policy. The following are specifically excluded items:

1. Criminal acts
2. Any knowingly wrongful act
3. Willful or reckless behavior
4. Dishonesty

The above lists are not all inclusive. If you have a question about a specific situation and are inquiring if coverage is provided please call AIM at 800-876-4044.

Professional Liability Deductible

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

Fidelity Bond

Embezzlement Insurance

A Parent Teacher group should be 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, securities, and other cash equivalents against embezzlement, robbery, and theft.

The Two Biggest Obstacles Concerning Embezzlement:

- Understanding that trust can be broken under the right circumstances.
- Thinking it won't happen to your Organization.

Embezzlement, Robbery and Theft

With the Fidelity Bond coverage, your funds are covered from embezzlement by anyone that you entrust with your Organization's money.

Some of the people your Organization might trust with your funds include:

1. Officers
2. Volunteers
3. Members

Position Bond vs. Blanket Bond

There are two types of bonds out there...Position Bonds (single person) and Blanket Bonds (Organization). Position Bonds usually cover only one person or one position within your Organization. While this option may seem less expensive than a Blanket Bond, these Bonds only protect your Organization if that particular person embezzles the money. For example, if your Organization only bonds the Treasurer, you will find yourself in a difficult situation if the President embezzles the money. The policy that AIM offers is a Blanket Bond. Under a Blanket Bond, it is not necessary to name everyone covered by the bond, nor the position that they hold within your Organization. In the event of a claim, we would ask if the person suspected of embezzlement was trusted with the money or if they stole funds belonging to your Organization. Your funds are also covered for anyone that has check signing capabilities who fraudulently forges a second signature on outgoing checks.

Requirements and Conditions

In order for Fidelity Bond coverage to apply to your organization, you must comply with the following requirements:

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

Coverage may be voided if the above requirements are conditions are not followed.

Safeguarding Your Funds

While the Bond policy is available to protect your funds should they become embezzled or stolen, it is much easier to avoid the situation altogether. With the right safety practices, you can keep your hard earned funds safe and avoid a disaster altogether.

Fidelity Bond Limits

Fidelity Bond coverage is available for purchase in the following Limit Options:

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

These are the standard amounts offered, but we offer limits up to \$250,000. If interested Please call AIM for pricing.

Police Reports are Required

Whether you are talking about embezzlement, robbery or theft, these are all very serious illegal crimes. In order to process a claim, you must notify the authorities in your area and furnish us with a police report naming the individual you suspect embezzled the funds. This may be the hardest part of any embezzlement claim, as the individual whom you suspect of the crime is probably someone very close to you and other members of the board.

Fidelity Bond Exclusions

The Bond policy does not cover funds which disappear by mysterious or unexplained loss. Additionally, if the conditions of the bond policy are not followed, then your claim has the potential of being denied.

Fidelity Bond Deductible

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

Top 10 Ways To Protect Your Funds Against Embezzlement

1. Never take money belonging to the Organization home.
2. Deposit money into the bank daily, even if a project is on-going.
3. Two people should always count the money and sign the receipt verifying the amount.
4. Two signatures should be required on all checks.
5. Never sign a blank check or a check made out to "cash."
6. All bills should be paid by check, never cash.
7. AVOID Debit or Credit card use.
8. Conduct an annual audit/ financial review of the books.
9. Have a non-signer physically receive, review and sign the bank statements monthly
10. Purchase a Bond Policy and follow the requirements.

Inland Marine

Property Insurance

Every Parent Teacher group is worried about theft. Whether someone breaks into the Organization's storage facility, or someone steals merchandise from an event, the issue of theft raises concerns. Your Property policy is there to protect the personal property of your Organization from such perils as theft or fire. One thing that most Parent Teacher groups don't realize is that your Property policy can also **protect your fundraising merchandise, auction items, and raffle prizes.**

For example: Your Organization 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 your Organization still owes the fundraising company for the wrapping paper. This policy is designed to protect you in a situation like this.

"We don't have a lot of property as an Organization, but we do have fundraisers and raffles. Can the Property Policy protect raffle items in our possession for a short time?"

→ ABSOLUTELY!

Property Covered

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

**Note: Property must be in your "Care, custody and control." This means it is not covered if you loan it out or allow someone outside your organization to care for it.*

Gifting Money To The School

We all know that Parent Teacher groups raise money to purchase items to give to the school. To decrease your liability, AIM recommends that **the Parent Teacher group not purchase any merchandise to give to the school directly.** Instead, a better choice would be for the Parent Teacher group to "gift" the money to the school and allow the school to purchase the items that your Organization wishes to donate. We have included a sample gifting letter on the next page for you to use as a reference. While this is an acceptable form, we encourage you to put together your own gifting forms with your letterhead to use for your school.

Gift money directly to the school rather than purchasing the gift items yourself. See the following page for a sample gifting letter.

Sample Financial Gifting Letter

Agreement between _____ and _____.
(Parent Group) (School / School District)

The _____ is donating \$ _____ to the _____.
(Parent Group) (School / School District)

for the following purpose/purchase(s) of: _____. If this purchase is not made by

_____, this amount will be returned to the _____.
(Date) (Parent Group)

The _____ will be provided with a copy of the purchase order or requisition and a copy of the
(Parent Group)
paid invoice.

Signed

(Parent Group) President

Date

Principal / Administrator

Date

**** In the case of equipment purchase, also complete the following ****

The _____ is donating money for the purchase of the following:
(Parent Group)

The/these item(s) will become the property of the school. It is to be used for the following purpose(s):

The _____ may use the item(s) under the following conditions:
(Parent Group)

The school will be responsible for the maintenance of the item and for providing supplies. In case of loss or theft, the school will be responsible for replacement and agrees to replace the item with a like kind. The school will hold the _____ harmless for any claim arising out of ownership of the use of the item(s).
(Parent Group)

Signed

(Parent Group) President

Date

Principal / Administrator

Date

**The general _____ membership must provide for any expenditure
(Parent Group)

through a budget adoption/amendment and a specific vote at a general meeting. This agreement is void if not ratified by the general membership.

All waivers, letters and agreements provided here are samples, meant to serve as a guideline, and may not reflect language specific to your use, or your state. We recommend consulting an attorney should you need to implement any contractual agreement, waiver or gifting letter.

Sample Property Gifting Letter

Agreement between _____ and _____.
(ORGANIZATION Name) (School/District)

The _____ is donating the following property to _____.
(ORGANIZATION Name) (School/District)

Description of Property:

The property is to be used for the following purpose:

The/these item(s) will become the property of the school or district. The school will be responsible for any required maintenance and costs associated, and agrees to hold the _____ harmless for any claim arising from ownership or use.
(ORGANIZATION)

We _____ agree to defend and
(School/District)
to indemnify and hold harmless, _____, including all officers, directors,
(Name of ORGANIZATION)
members and volunteers for any claim arising out of the ownership, or use of the item(s) listed above.

Signed

ORGANIZATION President

Date

Principal / Administrator

Date

All waivers, letters and agreements provided here are samples, meant to serve as a guideline, and may not reflect language specific to your use, or your state. We recommend consulting an attorney should you need to implement any contractual agreement, waiver or gifting letter.

Gifts Property Directly to The School

Although we recommend that Parent Teacher Groups donate money directly to the school instead of gifting property, we do recognize that many PTAs will donate property directly to the school. If this is the route your organization chooses, we recommend getting the school to sign a gifting letter that includes a “Hold Harmless” clause for the property that is donated. The Hold Harmless clause states that the school will hold your organization “harmless” for any maintenance of, or accidents in connection with, the donated property. We have included a sample Property Gifting Letter in this Risk Management Guide.

Always use a Hold Harmless Agreement when donating property directly to any school.

Inland Marine Exclusions

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

1. Scrip/Gift Certificates – The theft of scrip is not covered. Scrip is covered under the Bond policy for embezzlement or theft.
2. Marquees – Many Parent Teacher groups will conduct 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 Parent Teacher group. A computer specifically dedicated for your Organization’s use however, is covered.
4. Playground Equipment – This policy does not cover any playground equipment on school grounds. This property should be 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 Parent Teacher group, or damaged property prior to your policy start date.

The above list is not all inclusive. If you have a specific question about coverage and if coverage is provided please call AIM at 800-876-4044.

Inland Marine Deductible

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

Sample Hold Harmless Agreement

(Name of the Parent Teacher Group)

Parent Teacher Group Address

(Name of the Parent Teacher Group)'s insurance does not cover vendors, concessionaires or service providers. Consequently, all vendors, concessionaires or service providers are required to provide Evidence of Insurance to (Name of the Parent Teacher Group) unless annual Evidence of Insurance has been filed with the (Name of the Parent Teacher Group)'s Insurance Broker.

HOLD HARMLESS AGREEMENT

For (Name of the Parent Teacher Group) Fund Raising Vendors, Concessionaires, or Service Providers.

Insurance Requirements:

(a) Workers' Compensation Insurance. Required if you have employees engaged in the performance of work under the agreement.

(b) Comprehensive General Liability, Required \$1,000,000. Combined Single Limit.

- This policy shall cover, among other risks, the contractual liability assumed by vendor/concessionaire/service provider under the indemnification provision set for in the agreement, and include Bodily Injury, Property Damage, Personal Injury.

(c) Automobile Liability Insurance. Required only if you are providing transportation (e.g., limousine or bus service) at (Name of the Parent Teacher Group)'s event. \$5,000,000 limit required.

If you (vendor/concessionaire/service provider) fall under (b) or (c), a Certificate of Insurance showing policy limits and an endorsement to the policy **MUST** be submitted with your contract.

Contract containing the following language **MUST** be added to the above policies (b) and (c) as an Additional Insured:

The (Name of the Parent Teacher Group), including all of their officers, directors, members and volunteers. The Insurance afforded by this policy shall be primary insurance to any other valid and collectible insurance available to (Name of the Parent Teacher Group) and _____

(Name of vendor/concessionaire/service provider)

I/WE _____ (vendor/concessionaire/service provider) agree(s) to defend and to indemnify and hold harmless, at my own cost, the (Name of the Parent Teacher Group) and all of their officers, directors, members and volunteers.

NOTE: The terms and conditions of this agreement shall apply with respect to Vendor's/Concessionaire's/Service Provider's operations on the premises located at:

Date: _____ Signed: _____

(vendor/concessionaire/service provider)

Name of Entity: _____ Title: _____

Note: Failure of Vendor/Concessionaire/Service Provider to keep the required insurance policies in full force and effect during the work covered by this agreement shall constitute a breach of this agreement. In the event of a breach, (Name of the Parent Teacher Group) shall have the right but not the duty to procure insurance covering the vendor for the period of this agreement. The cost of this insurance will be deducted by the (Name of the Parent Teacher Group) from proceeds due to the Vendor/Concessionaire/Service Provider.

All waivers, letters and agreements provided here are samples, meant to serve as a guideline, and may not reflect language specific to your use, or your state. We recommend consulting an attorney should you need to implement any contractual agreement, waiver or gifting letter.

Claims

We take claims very seriously and ask that you let us know about a potential claim as soon as possible. We have included the following Notice of Occurrence claim form in this publication, but you may also print one off from AIM's website www.aim-companies.com or call us at 800-876-4044.



ASSOCIATION
INSURANCE
MANAGEMENT INC

Claim Form

Organization Information:

Name of Organization: _____

Insured ID: _____ Policy Number: _____

Address: _____ Council: _____

City: _____ State: _____ Zip: _____

Person Reporting Claim:

Name : _____ Position: _____

Phone Number: _____ Email Address: _____

Type of Loss:

☐ Theft of money - Was a police report filed? ☐ Yes (If so, please include.) ☐ No

☐ Theft or Damage of property - Was a police report filed? ☐ Yes (If so, please include.) ☐ No

☐ Injury

☐ Other: _____

Witness Contact Information:

Witness Name: _____

Phone: _____ Email: _____

Witness Name: _____

Phone: _____ Email: _____

Witness Name: _____

Phone: _____ Email: _____

Witness Name: _____

Phone: _____ Email: _____

Claim Occurrence:

Date: _____ Location: _____

Description of Occurrence: _____

Injured Party Information:

Name: _____ Date of Birth: _____

Address: _____ City, State and Zip Code: _____

Phone Number: _____ Email Address: _____

Description of Injury: _____

Cause of Accident: _____

Additional Information: _____

If you have any photos or videos of the event, please provide them.

Please send completed Claim Form and any supporting documentation to:

AIM Association Insurance Management, Inc.

PO Box 742946

Dallas, TX 75374

Phone: 1-800-876-4044

FAX: 214-360-0802

PTAClaims@aim-companies.com

Additional Questions

Should you have additional questions that we haven't answered in this Insurance Guide, please feel free to contact us through one of the ways listed:

PO Box 742946
Dallas, TX 75374-2946
800-876-4044 or 214-360-0801
Fax: 214-360-0802
Email: aim@aim-companies.com
Website: www.aim-companies.com

Association Insurance Management, Inc.



This Insurance Guide is only a summary of policy coverage and in no way takes precedent over actual policy language. Your insurance policy, and not the information contained in this document, forms the contract between you and your insurance company. If there is a discrepancy or conflict between the information contained herein and your policy, your policy takes precedence. Certain coverages are not available in all states due to state insurance regulations. Certain coverage(s) may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds.

ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR ANOTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME AND SUBJECTS THE PERSON TO CRIMINAL AND CIVIL PENALTIES.