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New York State PTA

# Insurance and Loss Prevention Summary

August 2006

New York State Congress of Parents and Teachers, Inc.  
One Wembley Court  
Albany, NY 12205-3830  
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**The PTA is an educational not-for-profit organization whose many programs and projects are “to promote the welfare of children and youth... “ In order to protect PTAs in case of litigation the New York State PTA secures liability insurance and fidelity coverage.**

## INTRODUCTION

This summary presents a discussion about a General Liability, Fidelity and Crime insurance program specifically created for PTA. It is to help you understand how you can better protect yourself, your PTA unit, and your State PTA from the threat of financial loss and/or lawsuits.

This summary has been developed to assist PTA leaders in selecting appropriate fundraising activities, sponsored programs and events. Using this summary will help prepare for the risks associated with these activities. Although this summary is only a guideline, PTA leaders should be careful when choosing fundraising activities to lessen the chances of injury and future lawsuits.

PTA Insurance Broker: Robert E. Welch, Vice President  
Rose & Kiernan Inc.  
99 Troy Road  
East Greenbush, NY 12061  
1-800-242-4433  
Fax: 1-518-244-4261  
Website: [www.rkinsurance.com](http://www.rkinsurance.com)  
Email: [Rwelch@rkinsurance.com](mailto:Rwelch@rkinsurance.com)

In order to avoid litigation and to follow the Purposes of PTA for New York State PTA, activities of the Green Light section should be the ones pursued. While we recognize the activities in this Insurance and Loss Prevention Summary are not insurance policy exclusions, they do give guidance as to what should be avoided. When planning activities for your organization now and in the future, a direction might well be to “gravitate towards the GREEN.” Risk management and loss control procedures are in place to provide guidance to NYS PTA members.”

PTA Insurance Carriers: Selective Insurance Companies and Philadelphia Insurance Companies

## LIABILITY INSURANCE

The purpose of the policy is to protect the PTAs, including all volunteers and employees, from third party claims or lawsuits alleging negligence. It provides protection for the usual events and operations of PTAs. This is not accident insurance. The injured party **MUST PROVE NEGLIGENCE** in order to receive any payment for the injuries.

*While PTA-sponsored activities are covered under the policy (subject to its terms and conditions) currently in force, there are some activities that present a risk or do not support the PTA Purposes. (See **YELLOW LIGHT** page.) In addition, there are some activities that present an extremely high risk and **should not** be held (See **RED LIGHT** page.)*

If any questions exist as to the relevancy of coverage, please contact Rose & Kiernan, Inc. and then your Region Director prior to the scheduled activity. Additional coverage, if needed, may be secured by contacting Rose & Kiernan, Inc.

Independent Contractors and Insurance – A concessionaire or commercial vendor is a person (or organization) who has a for-profit attraction (such as a Magic Show) that they will operate or conduct on behalf of the PTA for a percentage of the receipts, or for a specific sum of money. Such a person (or organization) is an independent contractor. The PTA is protected against claims or suits arising out of the operations of these independent contractors. However, the independent contractor is afforded **NO** protection under the PTA policy.

When using an independent contractor, the PTA should:

- a) obtain a Certificate of insurance showing that the independent contractor/vendor has **in-force** liability insurance with at least \$1,000,000 (written with AM Best Rated A Company), naming the PTA unit/council and the New York State Congress of Parents and Teachers, Inc. as Additional Insured;
- b) be provided with an Indemnification and Hold Harmless Agreement from the contractor. This would hold PTA harmless from any and all liability that arises out of the operations of the independent contractor, or vendor;
- c) refrain from using any independent contractor/vendor unwilling or unable to provide (a) and (b).

When PTAs enter into a contract with individuals who perform various services for monetary rewards, they institute a relationship that may require Workers' Compensation and other far-reaching consequences including IRS tax and penalty problems, that are outside of the scope of PTA liability coverage. New York State PTA has obtained guidelines from its attorney regarding such independent contractor status (see Section 5 - Finance). Any units involved in activities requiring Workers' Compensation coverage must purchase a separate policy.

## FIDELITY BOND

New York State PTA carries Fidelity and Crime insurance which protects the Congress and affiliated units/councils against loss of money or property caused by fraudulent or dishonest acts of volunteers and employees. Each incident is covered up to \$200,000 with a \$2,500 deductible. PTAs filing a claim must be prepared to file criminal charges against the person accused of taking the money.

To protect the unit:

1. Dual signatures are required on all checks.

2. There should be no pre-signing of checks.
3. There should be a monthly bank reconciliation (balancing of the checkbook) performed by an organization officer usually the treasurer normally responsible for banking functions. A second individual that does not have signature power appointed by the executive committee reviews the monthly reconciliation.
4. No debit cards.

## **ACCIDENT INSURANCE**

PTA's coverage does not cover accidents unless liability is proven.

## **TRANSPORTATION**

You are also advised never to transport individuals to or from any event in private passenger autos but, instead, to use *school buses* or chartered bus services in compliance with the conditions on the yellow sheet.

## **DIRECTORS AND OFFICERS INSURANCE (D&O)**

New York State PTA carries a D&O policy which insures the Congress and affiliated units and councils against claims for a wrongful act for directors and officers. D&O insurance is a specialized policy coverage for harm resulting from making policy and managing the affairs of the association. For example, an accident occurring at a PTA event will ordinarily be covered under general liability because it involves bodily injury. If a lawsuit is filed to stop the PTA from holding the event, that would be covered by the D&O policy.

## **INCIDENT REPORT AND CLAIM HANDLING**

Should an incident occur, a report form should be completed by an officer of the organization and mailed to the region director, the New York State PTA Office, and the insuring agency. The incident report is not a claim. It is a notification of an occurrence and a confidential business communication.

**Do not solicit a claim. Do not promise coverage. The insurance company will investigate reported claims and decide their validity.**

## PAYMENT PROCEDURES

Each unit is billed annually for its share of the premium. Payment in full is due in the New York State PTA office by June 1. Upon receipt of the payment the New York State PTA office will send the unit a certificate of insurance.

**GREEN LIGHT** Approved activities and events are listed on the **GREEN LIGHT** page of this summary

**YELLOW LIGHT** Occasionally, PTAs want to sponsor activities which may require additional insurance coverage, waivers of liability and certificate of insurance. PTAs must strictly adhere to PTA guidelines and/or other special arrangements. The following forms are available from your region director: (1) Independent Contract (2) Student Health Inventory and/or Parental Consent Form (3) Indemnification and Hold Harmless Agreement. All conditions must be met before undertaking any activities listed on the **YELLOW LIGHT** pages. The insurance broker must be consulted.

**RED LIGHT** Certain activities and events should be avoided. Individual PTA officers may be held personally liable for conducting any event listed. The **RED LIGHT** page in this summary lists the activities which are not recommended.

Remember - Some activities can be dangerous and jeopardize the safety of our children and youth in spite of precautions taken. Think ahead, weigh the consequences, and plan carefully. Such activities can jeopardize the insurance coverage for all PTAs in New York State.

## GREEN LIGHT

Approved activities and events are listed below. Plan carefully and take all necessary precautions to have a safe activity.

**Under no circumstances should any PTA unit, council or region sign a Hold Harmless Agreement for a vendor or provider or agree in any way that the PTA will be held responsible for liability. Review all contractual arrangements very carefully to make sure that they do not contain such provisions.**

Arts & Craft Activities	Ice Cream Socials
Arts in Education Programs	ID Bracelets
Auction/Silent Auction	Karaoke
Bake Sales	Magic Shows
Balloon Artist (blows balloons by mouth, no gases)	Math Fair
Band Concerts	Movie Night
Baseball Toss (through target)	Parent Education Workshops Performing Arts
Bean Bag Toss	Pizza Night
Bike Displays	Plant Boutique
Book Fair	Reading Night
Carnivals (without power rides and/or amusement vendors)	Reflections Program
Christmas Tree Sales (no cutting)	Ring Toss
Colored Sand Painting	Roll Reversal Plays
Community Forums	Rummage sales
Costume Carnival (costume rentals)	Flea Market
Craft Fair *	White Elephant Sale
Craft Workshops	Safety Programs
DJs	Sales (such as)
Dances	-Gift Wrap
Dinners (pasta, international, barbecue)	-Greeting Cards
Enrichment (academic)	-Fruit
Face Painting	Sale of Logo Items
Family Portraits	Scarecrow Competition
Fashion Shows	School Play
Football Throw (through target)	Science Fair
Founders Day Dinner	Silhouettes
Gift Wrapping	Spelling Bee
Golf Tournaments	Sponge Toss Using Goggles
Hobby Shows	Storytellers/ Performers
Holiday Boutique	Swap Meets*
	Talent Shows
	Walk-A - Thon- adults only

\* operated by PTA members with all receipts going to PTA (see **YELLOW LIGHT** page for non-PTA vendors)

\*\*Fund raising activities where students may go door-to-door should not be done under any circumstances.

## YELLOW LIGHT

Occasionally, PTAs want to sponsor activities which pose a risk and do not support the Purposes of PTA, and/or may require additional insurance coverage. PTAs must strictly adhere to the conditions as indicated. Please contact the insurance agent and the region director or assistant director before undertaking any of these activities listed on the YELLOW LIGHT pages.

**Under no circumstances should any PTA unit, council, or region sign a Hold Harmless Agreement for a vendor or provider or agree in any way that the PTA will be held responsible for liability. Review all contractual arrangements very carefully to make sure that they do not contain such provisions.**

The number [e.g., (1)] following each activity refer to the CONDITION(S) that must be met prior to PTA voting to sponsor an activity or event.

Any for-Hire Transportation	
Charter Services	(2)
Limousine Services	(2)
Babysitting at PTA Meeting	(3)
Bowling	(1)
Carnival with Power Rides & Amusement Vendors	(2)
Craft Fair	(2)
Enrichment Program	
Academic	(1), (4)
Ballet/Dance	(1), (4)
Athletic Sports (non-contact)	(1), (4)
Grad Night for Elementary or Middle School	(1), (2)
Haunted House	(6)
Holiday Boutique	(2) for non-PTA vendors
Student Walk-A- Thon	(1)
Swap Meets	(2) for non-PTA vendors

### CONDITIONS

- 1) Obtain a signed PTA student permission from each student's parents or guardian. Anyone eighteen or older may sign their own waiver. (See attached form.) **THIS ACTIVITY SHOULD BE DONE WITH EXTRA CAUTION AND SUPERVISION.**
- 2) Obtain a certificate of Insurance and an endorsement naming PTA as Additional Insured on the policy with an AM Best Rated A Company.
- 3) The only babysitting that is allowed is at PTA meetings where parents are continually on campus and the following conditions are met: The "babysitters" do not change diapers, there are at least two unrelated adults (18 years or older) in attendance at all times, and coffee or other hot fluids are kept outside of the babysitting room or area.
- 4) Have at least two unrelated adults (18 years or older) in attendance at all times.
- 5) Primary coverage is from parents' insurance.
- 6) On school grounds and with the inspection from the fire department.

## RED LIGHT

New York State PTA has adopted certain policies regarding permissible PTA activities in order to minimize the risk of exposure. New York State PTA strongly recommends that certain activities be avoided because they are **dangerous and jeopardize the safety of our children and youth**. Such activities and events also jeopardize the insurance coverage for all PTAs in the state. **PTA officers may be held personally liable for conducting any of the events listed below. These activities should not be contemplated, even if vendor has own insurance.**

**PTA funds can never be used to pay for alcohol.**

Aircraft Demonstration  
Animal Rides  
Astro Walk  
Bungee Jumping  
Castle Bounce  
Casino Night  
Childcare (see babysitting - **Yellow Light** page)  
Cosmo Walk  
Crossing Guards  
Darts/Dart Games  
Donkey Baseball/Basketball Dunk Tanks  
Enrichment Programs  
    Martial Arts                      Contact Sports  
    Swimming                        Gymnastics  
    Skateboarding                  Aerobics (e.g., jazzercise)  
    Roller Blading  
Fireworks Sales  
Flush Tank / Dunk Tank  
Flushem  
Hot Air Balloons/Balloon Ride (on ground or in the air)  
Ice Skating and Roller Skating Night  
Ice fishing derby  
Inflatables, including slides  
Moon Walk  
Paint Ball Guns  
Pyrotechnic Displays  
Rock Climbing Walls  
Ropes/Challenge Courses  
Slam Dancing (moshing, Stage Diving)  
Snowmobile Rides  
Surfing Contest  
Transportation+  
Velcro Walls  
Watercraft  
Whitewater Rafting

+Transportation should be in school buses or charter service rather than private passenger vehicles.

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**STUDENT PERMISSION SLIP**

\_\_\_\_\_ has my (our) permission to participate in  
 Name of Minor

\_\_\_\_\_ on \_\_\_\_\_  
 Event or Activity Date

at \_\_\_\_\_ from \_\_\_\_\_ to \_\_\_\_\_  
 Location Beginning Time Ending Time

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

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

\_\_\_\_\_ PTA UNIT \_\_\_\_\_ PTA COUNCIL \_\_\_\_\_ PTA REGION

and the New York State Congress of Parents and Teachers Inc., and all PTA officers, employees and agents of each of the foregoing, acting officially or otherwise, from any and all claims, demands, actions or causes of action on account of referred. I hereby certify that the minor is my \_\_\_\_\_  
 Son/Daughter

and that his/her date of birth is \_\_\_\_\_ and I do hereby certify that to the best of my 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 hereby advise that the above named minor has had all 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

Alternate Adult:

\_\_\_\_\_ Signature Print Name Address City Phone

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**Aprobacion de los Padres y Rununcia del Estudiante**

\_\_\_\_\_ tiene mi (nuestro) permiso para participar en  
(nombre del menor)

\_\_\_\_\_ el \_\_\_\_\_  
(actividad o evento) (fecha)

en \_\_\_\_\_ entre \_\_\_\_\_ y \_\_\_\_\_  
(lugar) (hora)

Yo (nosotros), come padre(s) o guardian(es) del menor, por la presente, por mi \_\_\_\_\_  
(higo/hija)

A mi mismo, mis herederos, ejecutores y administradores, liberta y descarga para siempre a

\_\_\_\_\_ (nombre de unidad de PTA) \_\_\_\_\_ (nombre del consequ de PTA) \_\_\_\_\_ (numero de distrito de PTA)

y a New York State Congress of Parents and Teachers, Inc., y a todos los oficiales de la PTA, empleados y agentes de todos estos grupos funcionando o no funcionando en su capacidad oficial, de todos los danos y causas de accion en cuenta del referente. Por esto certifico que el menor es mi \_\_\_\_\_ y que su fecha de nacimiento es y por las presente certifico que el  
(hijo/hija)

menor esta bien de salud. En case de accidente o enfermedad, tiene permiso para obtener tratamiento de emergencia. Yo acepto toda responsabilidad por estas acciones incluyendo los gastos. Les aviso que el mencionado menor tiene las siguientes alergias, reacciones a medicacion o condicion fisica que se le debe hacer saber al medico que atienda a mi hijo/hija. (en Case de que no haya nada, favor de escribir “nada.”) \_\_\_\_\_

1. \_\_\_\_\_  
Firma (en letra de molde escribaru nombre, direccion. Ciudad y telefono)

2. \_\_\_\_\_  
Firma (en letra de molde escribaru nombre, direccion. Ciudad y telefono)

Adulto alterno:

\_\_\_\_\_ Firma (en letra de molde escribaru nombre, direccion. Ciudad y telefono)

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**ADULT AGREEMENT AND WAIVER**

\_\_\_\_\_ agrees to participate in  
Name  
\_\_\_\_\_ on \_\_\_\_\_  
Event or Activity Date  
at \_\_\_\_\_ from \_\_\_\_\_ to \_\_\_\_\_  
Location Beginning Time Ending Time

I do, hereby, for myself, my heirs, executors and administrators, remise, release and forever discharge

\_\_\_\_\_ PTA Unit \_\_\_\_\_ PTA Council \_\_\_\_\_ PTA Region

and the New York State Congress of Parents, and Teachers Inc., and all PTA officers, employees and agents of each of the foregoing, acting officially or otherwise, from any and all claims, demands, actions or causes or action on account of referred. I do hereby certify that to the best of my knowledge and belief said adult named 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 hereby advise that the above named adult has had all 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. \_\_\_\_\_
2. \_\_\_\_\_