

Coverage for all PTAs

The Utah Risk Manager of Administrative Services modified Rule R37.4 of the Utah Administrative Code adjusting the Utah Governmental Immunity Act Limitations (Tort Limits).

This adjustment **STRONGLY RECOMMENDS ALL** PTA groups have and maintain General Liability coverage with limits up to the governmental entity tort limits (i.e. - same coverage as for School Districts). **PTAs are NOT covered by their district or school insurance**, they **MUST** obtain and maintain their own policy. Districts **do not** cover your money in case of loss, theft, embezzlement, etc. This is a broader law for anyone who uses a school/civic center facility to purchase liability insurance for events that are outside of school responsibilities. The law is designed to be adjusted each year and therefore the limits may change each year.

As of January 18, 2019, the law stipulates a liability limit of \$2,552,000.

While we cannot mandate that you purchase your coverage through AIM Insurance, we can advise you that we have secured, through a partnership between Utah PTA and AIM Insurance, a discounted yearly rate. If you already have coverage in place with another carrier, we suggest you review the coverage to see if it meets the required regulations and, if necessary, increase your limits or move your coverage to AIM Insurance.

Utah PTA has selected September 1 of each year as the date of compliance for having proof of insurance coverage renewed. This date was chosen to correspond with the beginning of the traditional school year, so any unit that signs up for coverage, regardless of the date you sign up, will automatically have an expiration date of September 1. Confirmation is to be submitted through MemberHub or Council/Region treasurer by September 15 of each year.

Different types of policies:

- ♦ **General Liability.** This insurance provides coverage for a PTA's legal liability arising from injury or property damage resulting from the PTA's activities and operations. Such coverage may be purchased either on a continuous, year-round, comprehensive coverage basis, or on a one-time basis for special events (such as carnivals). PTA events are not covered by the school district's general liability policy. Consult with your insurance agent to decide which works best for your PTA.
- ♦ **Fidelity Bonding.** This type of policy covers losses through fraudulent or dishonest acts committed by officers or volunteers. If someone entrusted with the PTA's money embezzles that money, this policy will replace those missing funds.
- ♦ **Directors and Officers (D&O) Liability.** This insurance provides protection against claims arising out of the wrongful acts of directors and officers, such as discrimination and breach of contract. The Volunteer Protection Act of 1997 provides some reduction of risk to nonprofit organizations, including PTAs, but the laws have significant limitations. (For more information on the Volunteer Protection Act, see www.eriskcenter.org.)
- ♦ **Property.** This type of policy will replace PTA property damaged or lost due to theft or natural hazard. Most local PTAs do not own personal property, but those that do should consider this coverage. This type of policy would also protect fundraising merchandise while it is in your possession.

In making decisions about risk management, two variables should be considered: the frequency at which a loss can be expected to occur, and the severity of the loss that can be expected when one does occur. When the risk has a high frequency of occurrence, steps should be taken to reduce the risk. This risk reduction might take the form of cash counting policies that would prevent one person from having sole access to fundraising money. But when the risk has a low frequency of occurrence but a high severity of loss, such as the death of child on a carnival ride, transfer of the risk is likely the best approach. In other words, this is the type of situation in which the PTA might consider covering the risk through the purchase of an insurance policy.