

New PTA Bonding Frequently Asked Questions

- ***Must all PTA financial procedures be followed in order to use the bonding insurance?***

The bond does not have an exclusion that prohibits coverage if a PTA fails to follow all the rules. However, we get the bond for an excellent price because the PTA's financial procedures are exceptionally sound. It is a requirement of the California State PTA that these guidelines and procedures must be followed to prevent losses. If we start to have a lot of losses because the procedures aren't followed, it will jeopardize our future premiums and availability of coverage. If a unit is not willing to correct its procedures after a loss, the unit may be deleted from the bonding insurance coverage.

- ***Does the \$500 deductible apply to all bonding insurance?***

Yes, it applies to each and every loss.

- ***Are all local PTA board members automatically bonded when the unit pays the insurance premium?***

All PTA board members, all PTA employees, all PTA volunteers are covered by the bond.

- ***If our PTA routinely maintains a scrip inventory of \$10,000 to \$25,000, should we apply to increase our bond in the event of theft?***

Yes, you are automatically covered for \$15,000 if an employee, volunteer or board member takes the scrip and for \$15,000 if an outside person steals it. You can increase both of these coverages to \$50,000 for \$88 more a year. You can print an application for the increase off the insurance website. If you click on "Certificates & Forms" it will take you to the Excess Crime Bond Application.

- ***What proof is required to make a claim for loss of funds?***

There must be documented proof of the amount of any funds that have been lost. A good method of documentation is the Cash Verification Form signed by two different people who count the money.

- ***How will we know we need a higher limit on our bond?***

The bond covers \$15,000 for Employee (volunteer/member) Theft, \$15,000 Forgery and \$15,000 Theft, Disappearance and Destruction. These limits are effective January 5, 2003. This limit is per loss, not per year. If one person steals funds several times over a four-year period this is considered one loss. If the PTA does large fundraisers (scrip or carnivals) where a lot of money is collected at one time, the PTA should consider increasing the Theft limit.

- ***In the past, we had been told that only elected board members could handle funds because they were bonded. Can any PTA member collect funds during a PTA event?***

Yes, our bond coverage is very broad. We cover all members, volunteers and employees. It is recommended by the California State PTA that at least one person counting the money be an officer or event chairman to ensure compliance with guidelines.

- ***How do we file a claim against our bonding insurance?***

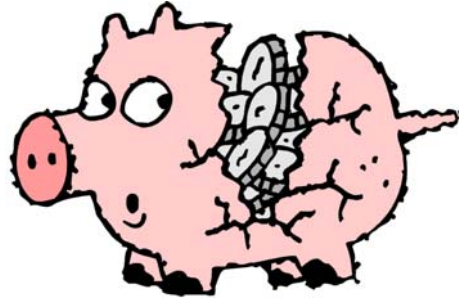
If your loss involves a violation of law you need to notify the policy. Call the PTA Broker (800) 733-3036 and ask for the claims department. Consult your PTA council or district president for further direction on handling potential claims.

- ***If we accept counterfeit currency by mistake in exchange for merchandise are we covered?***

Yes, we are covered for a \$50,000 limit for counterfeit U.S. or Canadian Paper currency or money orders.

- ***If we suspect and we then catch someone embezzling PTA funds, but we have no idea what amount was taken, can we still file a claim?***

A claim should be filed immediately upon discovery of a loss. Upon placing Hartford on notice of a possible claim, we can then help you make a determination of the amount of loss. Consult your PTA council or district president for further direction on handling issues of mismanagement of funds.



- ***What is the maximum number of PTA members covered by the bond?***

We do not have a maximum. We cover all PTA members, employees and volunteers.

- ***Do you consider a Cash Verification Form signed by the two money counters as good documentation in case of a loss, robbery, etc.?***

Yes.

- ***If you cannot get to the bank after a fundraiser and take the money home and are robbed, will the bonding insurance cover you? Will my homeowner's cover me?***

The California State PTA strongly discourages you taking money or scrip home. You are putting your whole family in danger of an armed robbery by carrying around cash. It is recommended that large amounts of scrip be kept in a safety deposit box at the bank. If you have scrip and cannot get to the bank before it closes, the next best choice would be the school safe, if they have one and you have made arrangements with the school to use it. You must have documentation of the amount of scrip or money placed in the safe. This documentation should reflect the actual amount of scrip or cash and should be signed and witnessed. You might want to purchase a mini-safe that can be placed inside the school safe or anchored so that it cannot be picked-up and taken.

Your homeowner policy probably has very limited coverage for money. Most policies only cover between \$200 and \$500 for cash.

- ***When we have fundraisers the parents sign a permission slip taking liability for the funds. If the funds are not turned in do we have any recourse against the parents? Are we covered for this?***

The parent may be considered a “volunteer” for bonding purposes and coverage can be afforded under Employee Theft depending upon the circumstances. If this or any other possible loss situation occurs, always place Hartford on notice of a possible claim.

- ***If we know a PTA member had stolen something from a prior school, are we covered if that person then steals from our PTA?***

No, there is no coverage for that person under the bond. A PTA member (volunteer, etc.) is cancelled immediately upon discovery by the PTA of any prior or current dishonest act(s). Consult your PTA council or district president for further direction on handling issues of mismanagement of funds.

- ***Is there "bounced check" insurance?***

No, you are not covered if a check has insufficient funds. You need to contact the person who gave you the check. See the PTA *Toolkit* for guidelines on how to handle this situation.