

PARENT TEACHER ORGANIZATIONS

Background

Parent Teacher Organizations (PTO's) have been around since at least the 19th century and, over the years, many PTO's have become an integral component of the school community.¹ PTO's routinely sponsor events and activities located on school property or at off-site locations. The question often arises as to who is responsible in the event of a loss due to injury or property loss when one of these organizations sponsors or conducts an event. Many districts are surprised to learn that these organizations are not covered under the municipality's insurance policy, as they are not board of education employees nor are the events board of education sponsored.

Scenario

Recently, CIRMA Risk Management received a question from a Connecticut school district: *Our PTO wants to organize a trip for the high school senior class; what should we have in place to mitigate the school district's liability?*

Generally, in instances where the CIRMA member is not organizing, running, or supervising an event, CIRMA Risk Management provides consultative services to the member on how to effectively transfer the risk of the event onto the event host through a series of documentation and agreements. However, the first step in transferring risk from one party (in this case, *the school district*) to another party (*the PTO*) is to ensure that the two parties are, in fact, two separate and distinct entities. Through further conversations between and investigation by CIRMA and the member, it was determined that the PTO was not originally setup as a separate organization.

CIRMA/Member Partnership

CIRMA Risk Management worked directly with the member to develop and implement the following key elements clearly defining that the PTO is a separate organization from the school district and that the event is not school-sponsored:

- **Employer Identification Number (EIN, or Tax Identification Number)** – Consider having the PTO's EIN on file to guarantee that the entity with which you are engaging is a recognized organization with the IRS.
- **Memo of Understanding (MOU)** – PTO's, while they should be a separate and distinct organization, often share something very recognizable with the school district: the school district's name (e.g. Example PTO would partner with Example School District, where "Example" is the name of the town). Because the organizations share a name, the school community (parents, students and even teachers) can become confused as to if an event is school-sponsored or sponsored by the PTO. Therefore, it is a best practice to enter into an agreement, called a Memo of Understanding or MOU, establishing that the PTO is a separate and distinct entity from the school district. Furthermore, because they are separate entities, the PTO should be required to carry its own insurance coverages. Consider also entering another signed MOU for each PTO-sponsored event that clearly establishes that the event is not school-sponsored. All contracts and MOU's should be reviewed by the district's legal counsel prior to finalizing the agreement.
- **Hold-Harmless and Indemnification Agreement** – PTO's, while they should be a separate and distinct organization, often share something very recognizable with the school district: the school district's name (e.g. Example PTO would partner with Example School District, where "Example" is the name of the town). Because the organizations share a name, the school community (parents, students and even teachers) can become confused as to if an event is school-sponsored or sponsored by the PTO. Therefore, it is a best practice to enter into an agreement, called a Memo of Understanding or MOU, establishing that the PTO is a separate and distinct entity from the school district. Furthermore, because they are separate entities, the PTO should be required to carry its own insurance coverages. Consider also entering another signed MOU for each PTO-sponsored event that clearly establishes that the event is not school-sponsored. All contracts and MOU's should be reviewed by the district's legal counsel prior to finalizing the agreement.

¹National PTA (<https://www.pta.org/>)

CIRMA/Member Partnership - *continued*

- **Certificate of Insurance** – The purpose of a certificate of insurance is to provide evidence of an insured’s financial ability to respond to a claim through an insurance policy should a loss arise out of the activity or activities being performed. It was recommended that the district follow Section V of the CIRMA *Risk Transfer Best Practices Guide* as it relates to certificates of insurance. For additional questions related to certificates of insurance and possible coverage limits, CIRMA members are encouraged to reach out to their CIRMA Underwriting or Risk Management representative.
- **Third-Party Use and Rental of School Facilities Agreement** – While it did not apply in this case because the event occurred off-site, it is not uncommon that PTO’s sponsor events or activities located on school property. When this happens, consider including in the MOU language indicating that the school district is not responsible for any damage occurring on school grounds as a result of the event.
- **Communication** – Consider developing a communication piece to staff and parents that the event in question is not a school-sponsored event, but rather one that is organized and facilitated by the PTO. This can simply be included in the permission slip that the PTO distributes and collects.

For additional documentation, please consider reviewing the CIRMA’s *Risk Transfer Best Practices Guide*. For more information on this topic, please contact your CIRMA Risk Management Consultant.