

CALIFORNIA TEACHERS ASSOCIATION

2016 Chapter Insurance Program



A RESOURCE FOR CHAPTER LEADERS

CTA CHAPTER INSURANCE PROGRAM PREPARED BY
CTA Risk Management/Businesses & Development Department



From the President



Dear Colleague:

As a chapter leader, you play a key role in supporting the needs of your local members. Awareness of important financial responsibilities and smart business practices will help to protect the fiscal health of your chapter. This includes purchasing insurance coverage for your chapter's assets and reporting claims that are covered under CTA's insurance policies.

I am very pleased to present you with the CTA Chapter Insurance Program booklet; developed by the CTA Risk Management Department. Its purpose is to serve as a one-stop resource that provides information on the types of insurance CTA automatically provides for its chapters, UniServ units and leaders, as well as recommendations on which coverages chapters will need to purchase on their own.

The booklet also includes information on the NEA Fidelity Bond and Crime Coverage which automatically covers chapter leaders and employees for incidents of theft or embezzlement of chapter funds. Furthermore, the booklet includes a Q&A section, a glossary of terms, and a contact list to file any claims, all of which are for your quick reference.

You will certainly want to keep this booklet with your other important CTA documents. If you have any questions regarding CTA's business insurance coverage, please contact the CTA Risk Management Department, John Block at (650) 552-5256 or email jblock@cta.org.

Sincerely,

A handwritten signature in black ink that reads "Eric C. Heins". The signature is written in a cursive, flowing style.

Eric C. Heins, President
California Teachers Association

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Chapter Insurance Checklist

Please use this checklist as a tool to assess what insurance coverage is automatically provided to your chapter or UniServ Unit through CTA and NEA, and what coverage you are responsible for on your own. You will also find a list of coverage available to CTA members.

COVERAGE AUTOMATICALLY PROVIDED TO YOUR CHAPTER	
PROVIDED THROUGH CTA	PROVIDED THROUGH NEA
<input checked="" type="checkbox"/> General Liability Insurance	<input checked="" type="checkbox"/> NEA Association and Professional Liability Insurance
<input checked="" type="checkbox"/> Business Automobile Liability (covers the chapter if named in a lawsuit)	<input checked="" type="checkbox"/> NEA Fidelity Bond Program (Employee Dishonesty and Crime Insurance)

COVERAGE YOUR CHAPTER SHOULD CONSIDER PURCHASING	
If you own your office building	<input type="checkbox"/> General Liability Insurance
	<input type="checkbox"/> Property, Office Contents, Loss of Rental Income and Extra Expense Insurance
	<input type="checkbox"/> Earthquake and Flood Insurance
If you lease office space or own office equipment	<input type="checkbox"/> Office Contents and Extra Expense Insurance
If you hire employees	<input type="checkbox"/> Employment Practices Liability Insurance
	<input type="checkbox"/> Workers' Compensation Insurance
If you serve as a trustee or board member on a non-CTA board	<input type="checkbox"/> Directors' and Officers' Liability Insurance
If you operate or sponsor a health or welfare plan	<input type="checkbox"/> Fiduciary Liability Insurance
If you maintain a database containing personal information	<input type="checkbox"/> Network Security and Privacy Liability Insurance with Breach Notification Expense Coverage

COVERAGE FOR CTA MEMBERS
<input checked="" type="checkbox"/> NEA Educators Employment Liability Insurance
<input checked="" type="checkbox"/> NEA Medical and Related Arts Endorsement

Automatic Coverage for Chapters



CTA purchases several business insurance policies for chapters and UniServ Units. These policies are designed to protect the chapters from losses incurred as a result of accidents or negligence while operating the local organization or rendering professional services on behalf of the organization.

The purchasing of these insurance policies with appropriate limits, deductibles, and coverage is part of CTA's risk management program. This section gives a brief overview of insurance policies automatically provided to chapters and UniServ Units.

These policies include the following:

- GENERAL LIABILITY INSURANCE
- BUSINESS AUTOMOBILE LIABILITY INSURANCE
- NEA FIDELITY BOND PROGRAM
- NEA ASSOCIATION PROFESSIONAL LIABILITY (APL) INSURANCE
- NEA EDUCATORS EMPLOYMENT LIABILITY (EEL) INSURANCE

The information provided in this booklet is intended only as a brief summary. In every case, the actual policy contract is subject to various definitions, limitations and exclusions that are not mentioned herein.

Please read the actual policies for full coverage detail.

Automatic Coverage for Chapters

GENERAL LIABILITY INSURANCE

(No premium for chapters)

CTA's Commercial General Liability policy provides defense and indemnification for the losses and expenses resulting from bodily injury and/or property damage from an accident incurred by third parties that allege negligence by CTA, a CTA chapter or UniServ Unit. It covers chapters or UniServ Units up to \$1 million per occurrence against liability claims for bodily injury, personal injury and property damage. The annual aggregate limit of coverage for the policy year is \$2 million. However, CTA has purchased an umbrella policy that provides excess coverage above the primary general liability coverage.

If your chapter leases office space, your chapter is covered under CTA's General Liability policy. If your landlord is requesting proof of insurance, you may obtain a certificate of insurance by contacting the CTA Risk Management Department at (650) 552- 5256. If you own your building, you must purchase a separate General Liability policy.

Some of the specific features of the policy include the following:

BODILY INJURY AND PROPERTY DAMAGE LIABILITY

This coverage provides defense and/or payment if a local chapter or UniServ Unit, or an employee of a chapter or UniServ Unit is alleged to be or proven to be liable for causing bodily injury to a third party or damage to a third party's property, including fire and water damage. This policy has a \$1 million per occurrence limit, which is also subject to the general annual aggregate limit of \$2 million. An example of a bodily injury claim would be a lawsuit in which a third party was injured at a chapter function and sued the chapter for negligently causing the injury. However, bodily injury liability does not apply to a work-related injury to an employee of the chapter or UniServ Unit. This would be considered a workers' compensation claim and would be covered under a workers' compensation policy; which, the chapter or UniServ Unit is responsible for purchasing. Also, property damage liability does not apply to property that is owned, rented or leased, or in the care, custody or control of a local chapter or UniServ Unit (see "For Chapter-Leased Buildings" below).

PERSONAL INJURY LIABILITY COVERAGE

This coverage provides a defense and/or an indemnity payment if a local chapter or UniServ Unit, or an employee of a local chapter or UniServ Unit is alleged to be liable for one or more of the following acts: libel, slander, false arrest, false imprisonment, violation of a person's right of privacy, wrongful entry or eviction. This coverage does not apply to employment discrimination claims, nor does it apply to any intentional wrongful acts and it has a \$1 million per occurrence/aggregate limit.

FOR CHAPTER-LEASED BUILDINGS - LEGAL LIABILITY COVERAGE FOR DAMAGE TO LEASED PREMISES

This coverage provides payment for damage to chapter-leased premises due to chapter negligence. This coverage has a \$1 million per occurrence limit. For example, if fire or water damage occurs in a chapter-leased office, this coverage would respond for the damage to the leased portion of the premises in the chapter's care, custody and control if the chapter negligently caused the damage and if the lease does not include a waiver of subrogation.

KEY LEARNING POINTS

- General Liability provides coverage for claims alleging Bodily Injury, Property Damage, and Personal Injury coverages
 - \$1 million per occurrence/\$2 million annual aggregate - subject to an overall \$5 million policy aggregate - including products, completed operations, and personal and advertising injury.
- Damage to Leased Premises coverage
 - \$1 million per occurrence/included in \$2 million annual aggregate and \$5 million policy aggregate.

Automatic Coverage for Chapters

CERTIFICATES OF GENERAL LIABILITY INSURANCE FOR CHAPTER EVENTS

If your chapter or UniServ Unit has an off-site function, you may be asked to provide proof of general liability insurance. If you are asked to add a third party as an additional insured or provide proof of insurance, please contact the CTA Risk Management Department at (650) 552-5256. A fee may be incurred when adding a third party as an additional insured for a specific event. To obtain a copy of the CTA general liability certificate of insurance, visit the Chapter Leader Corner at www.CTAMemberBenefits.org.

Note: Some third parties may require an additional insurance provision referred to as "primary and non-contributory". This type of clause transfers all risks of the event to CTA's general liability policy even if CTA is not negligent. If this clause is included in the contract, please ask the vendor to remove it. If the clause cannot be removed, please contact the CTA Risk Management Department to discuss this further.

BUSINESS AUTOMOBILE LIABILITY

(No premium for chapters)

BUSINESS AUTOMOBILE LIABILITY

The Business Automobile Liability policy protects **CTA, the local chapter and UniServ Unit** against bodily injury and property damage liability claims resulting from auto accidents involving local chapter employees, leaders, and CTA members while driving their own vehicle for CTA, local chapter and UniServ Unit business. **This is a business auto liability policy and therefore there is no coverage for the driver as liability coverage is provided by the driver's personal auto policy; however, there may be liability coverage on an excess basis. There is no coverage for physical damage to anyone's personally owned automobile.** Coverage does not apply to automobiles that are owned by the chapter or UniServ Unit. Vehicles owned by a local chapter or UniServ Unit should have a separate business auto policy.

CTA recommends that all drivers, whether they are driving on CTA business or for pleasure use, carefully evaluate the liability limits/coverage in their personal auto policy. The California Minimum Liability Insurance required limits are \$5,000 for property damage coverage (property damage to others) and 15/30 (\$15,000 per person and \$30,000 total coverage per claim) for bodily injury coverage (injury to others). CTA strongly recommends a higher limit of at least \$100,000 for property damage coverage and 250/500 (\$250,000 per person and \$500,000 total coverage per claim) for bodily injury coverage.

RENTING A VEHICLE WHILE ON CTA BUSINESS

The CTA Business Automobile Liability policy protects CTA, the local chapter and UniServ Unit when a vehicle is rented for CTA business. **Again there is no coverage for the individual driver who is renting a vehicle on CTA business.** Therefore, CTA chapter leaders and members who rent a vehicle for CTA business should check with their own personal auto insurance carrier regarding coverage when renting a vehicle. When a CTA chapter leader or member rents an automobile for CTA business, he or she should state on the rental agreement that he or she is on CTA business, in order to protect CTA and the local chapter or UniServ Unit.

Renting a vehicle for CTA business use requires prior approval from the CTA Secretary-Treasurer.

Automatic Coverage for Chapters

CONTRACTING WITH A TRANSPORTATION/BUS COMPANY

Contracting with a transportation/bus company can create serious liability issues for CTA, your chapter, and officers. The CTA Risk Management Department is available to assist you in vetting and contract requirements. Please call the CTA Risk Management Department at (650) 552-5256 or riskmanagement@cta.org for assistance.

NEA FIDELITY BOND PROGRAM

(No premium for chapters – deductibles apply)

The NEA Fidelity Bond Program consists of three policies: Labor Organization Bond, Employee Dishonesty, and Crime Insurance. The Labor Organization Bond and Employee Dishonesty Policy covers fidelity losses due to a chapter officers' or employees' impropriety. The Crime Insurance Policy covers the theft of money or securities by a non-employee. The NEA Fidelity Bond Program provides coverage to state and local affiliate political action committees. It does not cover insurance trusts or pension plans, or other funds created by state or local affiliates. All potential claims must be reported at the earliest practicable moment after discovery of any potential loss, regardless of the dollar amount involved in the potential loss.

Coverage under the NEA Fidelity Bond Program is subject to the entire wording of the Program policies.

LABOR ORGANIZATION BOND AND EMPLOYEE DISHONESTY POLICY

The Labor Organization Bond and Employee Dishonesty Policy are tiered policies that protect the chapter against loss of money or securities due to fraud or dishonesty of an officer or employee. In some cases, losses due to a consultant's fraud or dishonesty are covered as well. The Labor Bond, which serves as the primary insurance layer, provides coverage up to \$500,000 per loss/per employee and carries a \$1,000 deductible per loss. If the primary layer is not sufficient to cover the officer or employee dishonesty loss, the Employee Dishonesty Policy is triggered as a secondary layer to provide additional coverage of up to the limit of liability not to exceed \$1 million per claim. The Labor Organization Bond includes coverage up to \$25,000 for reasonable expenses incurred and paid to an independent service provider for investigative costs, which includes costs for bank records and bank-issued copies of canceled checks, bank-issued photocopies of signature cards, and costs and fees for forensic audits. This expense coverage is applicable to substantiated losses greater than \$100,000; coverage for losses greater than \$100,000 when the accused makes restitution resulting in a net loss less than \$100,000.

CRIME INSURANCE POLICY

The crime insurance policy protects the chapter against theft of money or securities by a non-employee in or away from the chapter or UniServ Unit. The crime insurance policy consists of premises coverage, transit coverage, depositor's forgery coverage, money order and counterfeit currency coverage, and computer theft or funds transfer fraud coverage. There is a \$1,000 deductible per loss. Premises coverage protects against the theft of money or securities on the premises, usually by robbery or burglary. Transit coverage protects against money or securities theft outside the association's premises and during transit from one location to another. Depositor's forgery coverage specifically insures against forgery or alteration of bank drafts. Money order and counterfeit currency coverage protects the chapter or UniServ Unit when a fraudulent money order is accepted by the chapter or UniServ Unit in good faith. Computer fraud or funds transfer fraud coverage covers direct losses by computer fraud or funds transfer fraud of money or securities. New coverage for "Impersonation Fraud" provides coverage up to \$100,000, for a loss resulting from fraudulent instruction. These instructions direct a financial institution to transfer, pay or deliver funds from the chapter's account without the chapter's authorization or knowledge. (Note: a \$25,000 deductible applies when invoking this endorsement).

Automatic Coverage for Chapters

NEA FIDELITY BOND PROGRAM

IMPORTANT NOTIFICATION REQUIREMENTS

The discovery of any potential fidelity loss due to officers' or employees' dishonest acts, or due to theft by a non-employee, must be reported to CTA at the earliest practicable moment after discovery of any potential loss, even if the potential loss is at or below \$1,000. If warranted, CTA thereafter reports the potential loss to NEA. Proof-of-loss documentation must be submitted within four months after the initial discovery of any potential loss. Documentation must include a tally itemizing and totaling the loss, copies of bank records and checks, and other such items documenting the circumstances of the loss.

KEY LEARNING POINTS

- The Labor Organization Bond and Employee Dishonesty Policy are tiered policies that provide coverage for a chapter or UniServ Unit if its funds or securities are stolen in a variety of ways by an officer or employee.
- The Crime Insurance Policy provides coverage for a chapter or UniServ Unit for stolen funds or securities by a non-employee that occurs either in or away from the chapter office or UniServ Unit.
- A \$1,000 deductible per loss applies under the Labor Organization Bond and Crime Insurance Policy
- Notify CTA, and thereafter NEA is to be notified, as soon as practicable after discovery of any potential loss, regardless of the dollar amount involved in the potential loss.
- Proof-of-Loss documentation is required to be submitted within four (4) months after discovery of a covered loss.

NEA ASSOCIATION PROFESSIONAL LIABILITY (APL) INSURANCE

(No premium for chapters)

This policy protects local chapters, UniServ Units and their officers, chapter leaders and employees for payment of monetary damages as a result of a claim or a lawsuit arising out of their authorized association activities. Some examples include breach of duty, neglect, error, misstatement, misleading statement and act or omission in the course of authorized association activities. Coverage under this policy is \$1.5 million per occurrence with a \$10 million maximum annual aggregate. Attorney fees and other defense expenses are paid in part by NEA and CTA. This policy excludes employment practices claims. It also excludes criminal acts and claims not seeking monetary damages. An example of a covered claim would include a CTA member who files a duty of fair representation claim seeking monetary damages against the chapter alleging that his or her grievance was mishandled.

Coverage under the NEA APL Program is subject to the entire wording of the Program insurance policy.

Please see page 16 for important claim reporting contacts.

Chapter Insurance Options



IMPORTANT COVERAGE FOR CHAPTERS

Chapters should consider purchasing several insurance coverages. Some coverages are required by state regulation and other coverages may be required by lenders. Here is a list to assist you:

COVERAGE YOUR CHAPTER SHOULD CONSIDER PURCHASING	
If you own your office building	<input type="checkbox"/> General Liability Insurance
	<input type="checkbox"/> Property, Office Contents, Loss of Rental Income and Extra Expense
	<input type="checkbox"/> Earthquake and Flood Insurance
If you lease office space or own office equipment	<input type="checkbox"/> Office Contents and Extra Expense Insurance
If you hire employees	<input type="checkbox"/> Employment Practices Liability Insurance
	<input type="checkbox"/> Workers' Compensation Insurance
If you serve as a trustee or board member on a non-CTA board	<input type="checkbox"/> Directors' and Officers' Liability Insurance
If you operate or sponsor health or welfare plans	<input type="checkbox"/> Fiduciary Liability Insurance
If you maintain a database containing personal information	<input type="checkbox"/> Network Security and Privacy Liability Insurance with Breach Notification Expense Coverage

PROPERTY AND GENERAL LIABILITY INSURANCE - FOR CHAPTER-OWNED BUILDINGS

Chapters or UniServ Units that own their own buildings must purchase both general liability and property coverage. The coverage you purchase should be comprehensive. Ideally, the property policy will cover your buildings and office contents, and extra expenses which you may incur as a result of leasing or renting temporary space while your building or office is repaired or replaced. You may also want to consider an earthquake insurance policy.

EMPLOYMENT PRACTICES LIABILITY INSURANCE - FOR CHAPTERS THAT HIRE EMPLOYEES

Chapters should be aware of the potential for costly employment-related litigation. Employment litigation is one of the fastest growing areas of law; therefore, we encourage all chapters that hire employees to purchase Employment Practices Liability Insurance coverage. These policies provide coverage for defense costs and settlements for lawsuits and Equal Employment Opportunity Commission (EEOC) actions alleging discrimination, sexual harassment and wrongful termination as well as other alleged common-law violations that may occur as a result of the employer/employee relationship.

Chapter Insurance Options

IMPORTANT COVERAGE FOR CHAPTERS

WORKERS' COMPENSATION - FOR CHAPTERS THAT HIRE EMPLOYEES

State law requires that all employers provide this coverage for full and part-time employees. Local chapters and UniServ Units that hire employees are required to obtain a workers' compensation policy. Failure to do so may result in fines or other penalties. UniServ Associate Staff and/or an Executive Director employed directly by the chapter should be covered by a workers' compensation policy purchased by the UniServ Unit or the chapter. To receive more information, please contact the CTA Risk Management Department at (650) 552-5256 or contact the State Compensation Insurance Fund at (877) 405-4545 or visit their website at www.scif.com.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE - FOR CHAPTERS THAT SERVE AS A TRUSTEE OR BOARD MEMBER ON A NON-CTA BOARD

If the chapter or UniServ Unit has members serving on outside boards or organizations, it should verify that the outside entity has a Directors' and Officers' Liability policy. If you need additional information, please feel free to contact Carole Anne Luckenbach, Manager, CTA Risk Management/Business Initiatives and Development Department at (650) 552-5267 or CTA's business insurance broker, Hays Companies at (650) 393-2028.

FIDUCIARY LIABILITY INSURANCE - FOR CHAPTERS THAT OPERATE OR SPONSOR HEALTH OR WELFARE PLANS

Many chapters or UniServ Units operate, sponsor or participate in various employee benefit plans. Some chapters have members who serve as trustees or administrators of some type of employee benefit plan. It is important that the sponsoring organization, whether it is a trust or the chapter, purchase a fiduciary liability policy to protect the trustees, board members and employees who may be charged with violating their fiduciary responsibilities. Fiduciaries are held personally liable for their negligence in the performance of their duties as plan fiduciaries. To inquire about a policy, please contact Carole Anne Luckenbach, Manager, CTA Risk Management/Business Initiatives and Development Department at (650) 552-5267 or CTA's business insurance broker, Hays Companies at (650) 393-2028.

NETWORK SECURITY AND PRIVACY LIABILITY INSURANCE - FOR CHAPTERS THAT MAINTAIN A DATABASE CONTAINING PERSONAL INFORMATION

California has strict laws that protect the privacy of personal information that is maintained by the chapter or UniServ Unit. This includes the local member's name, address, email, social security number and other individually identifiable information. CTA chapters and UniServ Units should safeguard all membership information, whether this information is from the local level or from a CTA or NEA database. If the chapter or UniServ Unit shares member data with third parties, it may be required to disclose this to its members. If the chapter or UniServ Unit maintains a website and collects personal information on the website, it may be required to post an online privacy policy on its home page.

These regulations and information regarding state security breach laws can be found by internet search: 1) CA Civil Code Sections 1798.80 - 1798.84; and 2) CA Business & Professions Code Sections 22575 - 22579.

If you have any questions regarding safeguards and membership data, please contact the CTA Membership Department at (650) 552-5278. For any questions regarding network security and privacy liability coverage, please contact the CTA Risk Management Department at (650) 552-5256.

Coverage for CTA Members

This section outlines three insurance policies that protect CTA members. These include the NEA Educators Employment Liability policy and the Medical Arts Endorsement for nurses, occupational therapists, physical therapists, dental hygienists and athletic trainers. In addition, CTA's broker, Hays Companies, can assist CTA members in obtaining a Sabbatical Leave Bond. This section also includes information on the Disaster Relief Fund and the special benefits for CTA members with personal auto policies under California Casualty's Auto Insurance.

NEA EDUCATORS EMPLOYMENT LIABILITY (EEL) INSURANCE

(No premium for chapters)

CIVIL LAWSUITS

This policy provides payment of up to \$1 million in damages and up to \$3 million in legal defense costs per occurrence for civil lawsuits against CTA members for alleged acts arising out of their educational employment. There is a \$9 million annual aggregate for legal defense costs. For example, the policy will cover a teacher who is sued by parents for negligent supervision on the school playground where their child is injured. The policy also covers civil rights cases up to \$300,000, including the cost of defense, settlements, or judgments.

The policy offers defense expenses up to \$5,000 for each occurrence of bodily injury, other than to another insured under the policy, caused by fungus, mold, mildew or yeast for which an insured has potential civil liability under the policy. This \$5,000 sub-limit is not available for attorney fees reimbursement for defense in a criminal proceeding under the policy.

CRIMINAL CHARGES

This policy provides reimbursement for attorney fees and other legal costs if a CTA member is charged with a criminal offense arising out of his or her educational employment, provided that the CTA member is exonerated of all charges, all charges are withdrawn or dismissed, or the criminal investigation by a law enforcement agency is concluded without charges being filed. CTA members are covered up to \$35,000 against any criminal proceeding, with no limitation on the aggregate number of proceedings against any member.

One scenario might be the following: A student accuses a CTA member of sexual misconduct. The CTA member denies the allegation and maintains his or her innocence. The police investigate criminal charges. The CTA member is exonerated of all charges. The EEL policy would reimburse the CTA member for the attorney fees when incurred in the defense against the charges, according to the specific terms of the policy.

Charges arising from educational employment activities alleging corporal punishment are covered regardless of the outcome of the case. The EEL policy also pays up to \$1,000 for a bail bond and up to \$500 for personal property damaged as a result of an assault upon a CTA member on school property or during an authorized school activity, subject to the specific terms of the policy.

Coverage under the NEA EEL Program is subject to the entire wording of the Program policy.

Please see page 16 for important claim reporting contacts.

Coverage for CTA Members

NEA EEL MEDICAL AND RELATED ARTS ENDORSEMENT

(No premium for members)

The Medical and Related Arts Endorsement is supplemental coverage to the NEA Educators Employment Liability (EEL) policy. This endorsement is available to nurses, occupational therapists, physical therapists, dental hygienists and athletic trainers. The regular NEA EEL policy covers nurses, occupational therapists and physical therapists for the rendering of services in the capacity of their job duties for an educational unit. The NEA EEL policy, however, does not cover the teaching or supervising of medical arts and related services. And, the regular NEA EEL does not cover dental hygienists and athletic trainers for rendering, supervising or teaching activities.

The Medical and Related Arts Endorsement extends coverage to teaching and supervising activities of nurses, occupational therapists and physical therapists. And, the extended coverage may be purchased by dental hygienists and athletic trainers for their rendering, supervising or teaching services (not covered under the regular EEL policy).

For any questions pertaining to this policy, please contact the CTA Legal Department at (650) 552-5425.

SABBATICAL LEAVE BOND

(Premium paid by CTA member)

A sabbatical leave bond is a Surety bond that provides a financial guarantee to the school district that a CTA member who is on a sabbatical leave will return to the school district. Sabbatical leave is negotiated by the local chapter and is part of the local collective bargaining agreement. According to California Education Code Section 44966, sabbatical leave may not exceed a one-year period. Leave can be taken for one continuous year, two six-month periods or four separate quarters. CTA members must have rendered at least seven years of service with the district in order to be eligible for a sabbatical leave. CTA members who are interested in taking a sabbatical leave need to provide proof of a sabbatical leave bond. CTA members should contact their local school district to obtain the amount of the bond and the terms required. To obtain an application for a sabbatical leave bond, please contact Huong Tran, Marketing Service, Hays Companies at (650) 393-2028 or htran@hayscompanies.com. Generally, the fee for the bond is \$15 to \$20 per thousand dollars of coverage. For example, the fee for a \$40,000 bond would be \$600 per year.

Surety bonds differ from insurance in some important respects. In the case of the sabbatical leave bond, the CTA member and the Surety company each guarantee to the school district, to the full amount of the bond, that the CTA member will comply with all terms and conditions of the leave and the applicable sections of the California Education Code. The CTA member must also indemnify the Surety company for any losses, expenses, etc. associated with the issuance of the bond. When applying for the bond, the CTA member will go through a credit analysis process and be required to provide evidence that they qualify for the bond amount in a manner similar to qualifying for a loan of an equivalent amount. The application will also include an indemnity agreement section wherein the obligations the CTA member has to the Surety company are established.

Coverage for CTA Members

DISASTER RELIEF FUND

The Disaster Relief Fund is a separate special fund for members of California Teachers Association. The Fund is endowed to provide financial assistance to CTA members who have experienced significant losses due to disasters in California

Grants are available for CTA Active, Student, or CTA/NEA-Retired members who are either:

- Residents in any city or county declared by the State of California to have been subject to a natural disaster;
- Residents of a dwelling declared unsafe to occupy by city or county officials due to a disaster, with such declaration free of negligence on the part of the member; or
- Classroom members at a school site where the member, student(s) and/or the site have experienced losses due to natural disaster. This "School Site Grant" is to help allay the costs resulting from the loss of personal classroom materials.

The CTA Disaster Relief Fund provides four different grants summarized below:

- Standard: Up to \$1,500 for significant economic hardship related to damage to the member's primary residence, displacement, or disruption in required utilities;
- Catastrophic: Recipients of the Standard Grant may be eligible for up to another \$1,500 if damages exceed \$50,000;
- Temporary Displacement: Up to \$500 may be available for members who are displaced from their primary residence as the result of a disaster, but do not meet all the requirements for a Standard Grant; and
- School Site: Up to \$500 for personal losses due to damage to their classrooms.

Interested members are encouraged to contact either their chapter office, the FACT Foundation (administrator of the CTA Disaster Relief Fund), or visit the CTA Member Benefits website at www.CTAMemberBenefits.org/drf for information on eligibility, qualification criteria, and verification requirements as well as for an application. The CTA Member Benefits Smartphone App also includes information about this fund and an application. Once the application is completed, it must be submitted to the member's Chapter President for approval and submission.

SPECIAL BENEFITS THROUGH CALIFORNIA CASUALTY AUTO POLICY

There are special benefits for CTA members with personal auto policies under CTA-endorsed California Casualty's Auto Insurance. The Educators Coverage Enhancements under the personal policy are expanded to waive both the comprehensive deductible for all malicious mischief and vandalism claims and the collision deductible for collision damage to your vehicle, for losses that occur while your vehicle is parked at or within 500 feet of a school, a school administrative office, a CTA administrative office or a CTA chapter office. Please note that California Casualty's auto policy will also extend these same benefits for such losses occurring while parked away from school when participating in an authorized school activity or function.

As an added benefit, California Casualty will waive your collision and comprehensive deductibles for a covered loss to your rental car while on CTA business or personal use. However, this waiver does not apply if the vehicle is rented as a substitute vehicle while your covered vehicle is in the shop.

Financial Services for Chapters

PROVIDENT CREDIT UNION

In 1950, Provident Credit Union opened its doors to serve a community of educators. Provident Credit Union is CTA-endorsed and proudly serves CTA members with branches in the Bay Area and Northern California.

Provident provides a comprehensive line of free and low-cost services, including:

- Several choices of checking accounts, including free checking
- Savings, Money Market and Individual Retirement Accounts
- Deposits federally insured to \$250,000 by the National Credit Union Administration
- IRAs federally insured up to an additional \$250,000 by the NCUA
- Accumulator Summer Savings Plan

A complete portfolio of competitive loan products is also available, including:

- Vehicle Loans (.125% rate discount for CTA members)
- Fixed and adjustable rate mortgages, including a Movable Mortgage (.125% rate discount for CTA members)
- Summer Skip-a-Payment option on Auto loans
- Home equity loans and lines of credit
- Personal loans
- New teacher loan

Provident also makes access easy:

- 24/7 free online account access with Account Manager
- Free Mobile Banking and Mobile Bill Pay
- Free e-Deposit capabilities for mobile and online banking
- Free online bill payment with Bill Manager
- Surcharge-free access at over 28,000 ATMs
- 18 Provident Community Branches in Northern California
- Over 200 Credit Union Shared Branches in Northern California

To take advantage of Provident's products and services, or to find a nearby branch, call (800) 632-4600 or visit www.providentcu.org.

Chapter Financial Responsibilities and Considerations

CTA provides an affiliate support program aligned with the CTA Strategic Plan designed to offer assistance and leadership development from the CTA Controller's Office and Regional Services to work with local leadership in regard to fostering good business practices. Policies and procedures are discussed and recommendations are brought forth to enhance the financial management of local associations.

FOR EXECUTIVE OFFICERS:

Local leaders have the following financial responsibilities to their members and local association:

- **Fiduciary Responsibility** - Includes making decisions that are in the best interest of its members; exhibiting due care and diligence in identifying and evaluating issues that are relevant to the local association; and governing objectively, professionally, honestly and with integrity.
- **Internal Controls** - Work with the Treasurer to act as custodians for the safekeeping of association funds and to maintain an accurate accounting of records. Take an active role and responsibility in a checks and balance system to protect the local's assets, approve and implement Board procedures and distribute Representation Council policies.
- **Regulatory Agencies** - Comply with regulatory agency laws and filing requirements to keep in good standing and to insure the viability of the local association.

FOR TREASURERS:

For additional and detailed information on the Treasurer's financial responsibilities, please refer to the Accounting & Reporting Handbook for Treasurers. The Handbook is designed as a reference manual for the Treasurer who oversees the financial affairs of the local. The Treasurer's role includes providing guidance to implement good financial business practices and proper usage of association funds, complying with filing requirements from regulatory agencies and avoiding having to file fidelity bond claims. A brief introduction to each section in the Handbook is summarized below:

- **General Responsibilities as a Financial Representative** - This section outlines the general responsibilities of the Treasurer including supervising the receipt and disbursement of all funds, having official custody of all funds and property, presiding over the preparation of the annual budget, and preparing and distributing periodic financial reports accordingly.
- **Checklist of Deadlines** - A list of deadlines by calendar date to assist local Treasurers to file require reports on a timely basis in accordance with the requirements from regulatory agencies.
- **Business Practices and Internal Controls** - Designed for the Treasurer to work with the Executive Board in an inclusive and interactive environment to develop, document and maintain proper internal controls and good business practices. This section includes topics of concern such as credit cards and on-line banking, and a checklist for an affiliate to evaluate its own business practices and internal controls.

Chapter Financial Responsibilities and Considerations

FOR TREASURERS:

- **Fair Share (Agency Fee)** - Public employee unions in California are allowed to collect agency fees from non-members without having to bargain an agency fee provision into the local's contract. Agency fee is built on the premise that non-members who benefit from the representation provided by the bargaining unit through collectively bargained agreements should pay their fair share for the benefits they receive. Fair Share (Agency Fee) procedures are extensive and mandated by case law. CTA notifies its locals of changes in procedures necessitated by court decisions.
- **Budget** - A Budget is a financial plan of action for your local organization. The Executive Officers with the Treasurer as the chairperson should approve and implement an annual budget program. The program should be designed to encourage inclusive involvement and participation from a diverse representation of your membership. The annual process includes the selecting of budget committee members, developing a calendar, holding budget forums, preparing a budget and then culminating with the recommendation of a balanced budget to the Board of Directors followed by the subsequent adoption by Representation Council for implementation the following fiscal year. The budget should be monitored to actual expenses and be evaluated on the effectiveness based on the local's goals and objectives.
- **Information and Tax Returns** - Labor Organizations recognized by the Internal Revenue Service (IRS) under Section 501(c) (5) as tax-exempt organizations are required to file federal and state information returns. Members of the public rely on these information returns as the primary source of financial data on tax-exempt organizations. The IRS has recently implemented a new reporting regulation to include an electronic filing requirement for small tax-exempt organizations and has expanded the scope for more detailed disclosure information (including additional schedules and written policies and procedures) for larger tax-exempt organizations.
- **Political Action** - CTA affiliates actively involved in local candidate and school bond or parcel tax elections should be aware of the regulations imposed by the Fair Political Practices Commission (FPPC), the Internal Revenue Service (IRS), and the Franchise Tax Board (FTB) regarding the disclosing of receipts and disbursements for political action.
- **Service Center Councils** - This section is designed for Service Center Council Treasurers and includes the annual funding schedule and requirements, the Service Center Council forms and instructions, and information on tax filing responsibilities.
- **UniServ** - The CTA and NEA established the Unified Staff Service Program to provide members and locals with professional staff. There are three models Option I, Option II and RRC. This section also includes budgeting information and the calendar for forming a new Option I Unit.
- **Membership** - A brief summary of instructions for membership and agency fee processing.

To request affiliate support or obtain a copy of the Accounting & Reporting Handbook for Treasurers, please contact Scott Postel in the CTA Controller's Office at spostel@cta.org or (650) 552-5220.

Helpful Questions and Answers

1. What insurance coverage is automatically provided to CTA chapters?

- The General Liability Insurance policy (\$1 million Each Occurrence \$2 million Annual Aggregate) covers claims of negligence against you or your local chapter alleging bodily injury, personal injury or property damage arising out of a CTA activity.
- The NEA Fidelity Bond Program insures your local chapter against fraud or employee dishonesty resulting in money or securities loss.
- The NEA Association Professional Liability Insurance policy protects your local chapter against the financial loss for liability incurred while conducting authorized association activities.
- The NEA Educators Employment Liability Insurance policy provides liability and defense cost coverage for civil suits brought against a CTA member during the course of employment. It also covers the legal defense cost for criminal charges, provided the CTA member is exonerated or charges are dismissed.

2. What coverage do I need if my chapter owns its building?

If a local chapter owns its own building, the chapter should purchase a property insurance policy to cover the replacement cost value of the building and an office contents policy to cover office equipment the chapter owns. Additionally, we recommend that the chapter purchase Extra Expense coverage; which, will provide coverage for additional expenses you may incur in the event you will need to lease or rent temporary office space while your premises is being repaired or replaced. The chapter should also purchase a comprehensive commercial general liability policy.

3. What type of insurance is not provided by CTA and is the responsibility of my local chapter or UniServ Unit?

Each chapter or UniServ Unit should determine which insurance policies they need to purchase beyond those provided by CTA. For example, if a chapter hires employees, such as a secretary, it should purchase Workers' Compensation insurance and Employment Practices Liability insurance. If a chapter owns office equipment, such as furniture and computers, it should purchase Office Contents Insurance. Please see the section entitled Chapter Insurance Options on pages 6 and 7 of this booklet for more information.

4. If I need to provide proof of CTA's General Liability Insurance, how can I obtain verification?

Contact the CTA Risk Management Department by e-mailing John Block at jblock@cta.org. To obtain a copy of the CTA General Liability certificate of insurance, visit the Chapter Leader Corner at www.CTAMemberBenefits.org.

5. My local chapter is planning a special event and we were asked to add a third party as an additional insured to the CTA General Liability Policy. How is this done?

To add another party as an additional insured, please contact the CTA Risk Management Department by e-mailing John Block at jblock@cta.org. There may be a fee for this service.

6. If I hired my own employees, why do I need to purchase Employment Practices Liability insurance?

As an employer, you may be held financially liable in the event of a lawsuit alleging discrimination, sexual harassment, wrongful termination as well as other common violations. Even if your chapter hires only one employee, the risk exists and it is important to consider the purchase of Employment Practices Liability coverage.

Helpful Questions and Answers

7. Whom do I contact if I need a sabbatical leave bond?

Please contact Huong Tran, Marketing Services, Hays Companies at (650) 393-2028 or htran@hayscompanies.com.

8. If I drive my own vehicle for CTA business and I am involved in an accident that results in an injury to another person, am I covered under CTA's Business Automobile Liability Insurance policy?

No. CTA's policy would not provide coverage for you personally in this case. CTA encourages you to verify coverage under your personal automobile policy for "business use". The CTA Business Automobile Liability policy is a commercial business policy, it provides coverage to the local chapter and CTA.



9. Would a business use exclusion on a personal automobile policy apply to an accident in which the driver is acting as a volunteer?

A typical personal automobile policy's business use exclusion would not apply in this case.

10. What if one of my chapter members is in an auto accident using their personal vehicle while on CTA business, resulting in bodily injury to another person, and the local chapter and/or CTA is named in a lawsuit?

The CTA Business Automobile Liability policy provides coverage to the local chapter and CTA.

11. If someone is injured while in a chapter office, whom do I contact?

If the individual requires medical attention, contact 911 immediately and the CTA Risk Management Department at (650) 552-5256 or riskmanagement@cta.org.

12. Is there a deductible under the NEA Fidelity Bond?

The 2015-2016 policy, underwritten by National Union Fire Insurance Company, has a \$1,000 per loss deductible in place for the Employee Dishonesty Policy and a \$1,000 per loss deductible for the Crime Policy.

13. Is there an exclusion in the General Liability Policy for liquor?

Generally claims arising out of the serving of liquor at a function are covered under the CTA General Liability policy. However, there is a liquor liability exclusion if you are in the business of manufacturing, selling or distributing liquor.

Serving liquor at a chapter function should be carefully reviewed due to increased liability exposure. If liquor is served at a chapter function which is a catered event, it is strongly recommended that the caterer furnishing the liquor be properly licensed and provide the chapter and CTA with evidence of liquor liability naming the chapter and CTA as additional insureds, and that such coverage be issued in an amount no less than \$1,000,000 per occurrence.

We recommend that chapters take all reasonable precautions and provide transportation to those unfit to drive. Contact Carole Anne Luckenbach, Manager, Risk Management/Business Initiatives and Development Department, for strategies to minimize liquor liability claims.

Resources and Claims Reporting Contacts for Your Chapter

WHOM SHOULD I CONTACT IF...

<p>...I have questions about or need to purchase business insurance* for my chapter?</p> <p>*for Workers' Compensation insurance, please contact the State Compensation Insurance Fund at (877) 405-4545, or visit www.scif.com. Or, you may contact your local broker.</p>	<p>Huong Tran, Marketing Service Hays Companies (650) 393-2028 htran@hayscompanies.com</p> <p>If Huong Tran is not available, contact: Jeff Fong, Account Manager Hays Companies (650) 393-2006 jfong@hayscompanies.com</p>
<p>...my chapter is holding a function and is asked to provide proof of insurance by the third party?</p>	<p>John Block, Member Benefits Analyst CTA Risk Management Department (650) 552-5256 jblock@cta.org</p>
<p>...my chapter's landlord is requesting to be added as additional insured to the CTA General Liability policy?</p>	
<p>...I need to file a claim under the NEA Fidelity Bond Program or the CTA General Liability policy?</p>	<p>Carole Anne Luckenbach, CEBS, ARM, AIF Manager, CTA Risk Management/Business Initiatives and Development Department (650) 552-5267 cluckenbach@cta.org</p>
<p>...I need to file a claim under the NEA Association Professional Liability policy?</p>	<p>Shirley Horn, Supervisor CTA Legal Department (650) 552-5424 shorn@cta.org</p>
<p>...I need to file a claim under the NEA Educators Employment Liability Insurance?</p>	<p>Your Regional UniServ Staff</p>

Glossary

Additional Insured: A person, other than the named insured, who is protected by the policy, most often in regard to a specific interest (e.g. a landlord that asks to be added to a liability policy).

Aggregate: The maximum insurance coverage under a liability policy during a policy period regardless of the number of losses that may occur.

All-Risk Insurance: Insurance that covers all risks of loss except those that are specifically excluded. Sometimes referred to as “special perils”. Common exclusions are earthquake, flood, nuclear and war.

Bodily Injury: Physical harm or impairment to a person.

Breach of Duty: The failure or omission to do that which a person is bound by law to do.

Business Automobile Liability: Liability coverage for the named insured when members or chapter leaders use their own vehicles for business purposes on behalf of the insured.

Certificate of Insurance: Written evidence that an individual or group is covered by a liability policy and setting forth its basic terms. This is not a legal document nor does it actually change the insurance policy on which it is issued.

Civil Suit: A lawsuit against an individual for monetary damages or injunctive relief.

Contractual Liability Insurance: Coverage for losses arising out of liability assumed under an insured contract.

Criminal Charge: An accusation of criminal law violation that can lead to punishment.

Deductible: The amount deducted from a loss that the insured is required to pay.

Directors’ and Officers’ Liability: Affords protection to Board Members, Directors and Officers for liabilities arising from activities connected with serving the organization.

Excess Liability Coverage: Liability coverage that is written in excess of the primary liability insurance policy. It is designed to increase the limits of liability.

Fidelity Bond: A bond covering an employer or association for a loss resulting from employee theft of employer’s money and securities.

Hired Automobile Liability: Liability arising out of the business use of short-term rental automobiles by the insured.

Indemnify: To reimburse an insured for a loss.

Insured: A person or organization who has purchased an insurance policy and is protected by it.

Intentional Act: A deliberate act or omission.

Liability: An actual or potential legal obligation or responsibility to another person.

Libel: An untrue, defamatory written statement; a published writing that harms another person’s reputation, business or livelihood.

Liquor Liability: Liability arising out of manufacturing, distributing, selling or serving alcoholic beverages. Liability can arise by contributing to the intoxication of an individual.

Medical Payment: Payment to the insured or others who are injured without regard to liability.

Named Insured: An individual, business or organization that is specified on the insurance policy.

Neglect: To disregard, leave undone, or fail to give proper attention or to be careless.

Negligence: The failure to exercise the care of a reasonably prudent or ordinarily careful person.

Per Occurrence: A limit in the insurance policy that caps the payment of all claims that arise from one single event.

Personal Injury: Wrongful conduct causing false arrest, wrongful eviction, violation of a person’s right of privacy, libel or slander of a person.

Primary Liability Insurance: The first policy applicable to a liability claim.

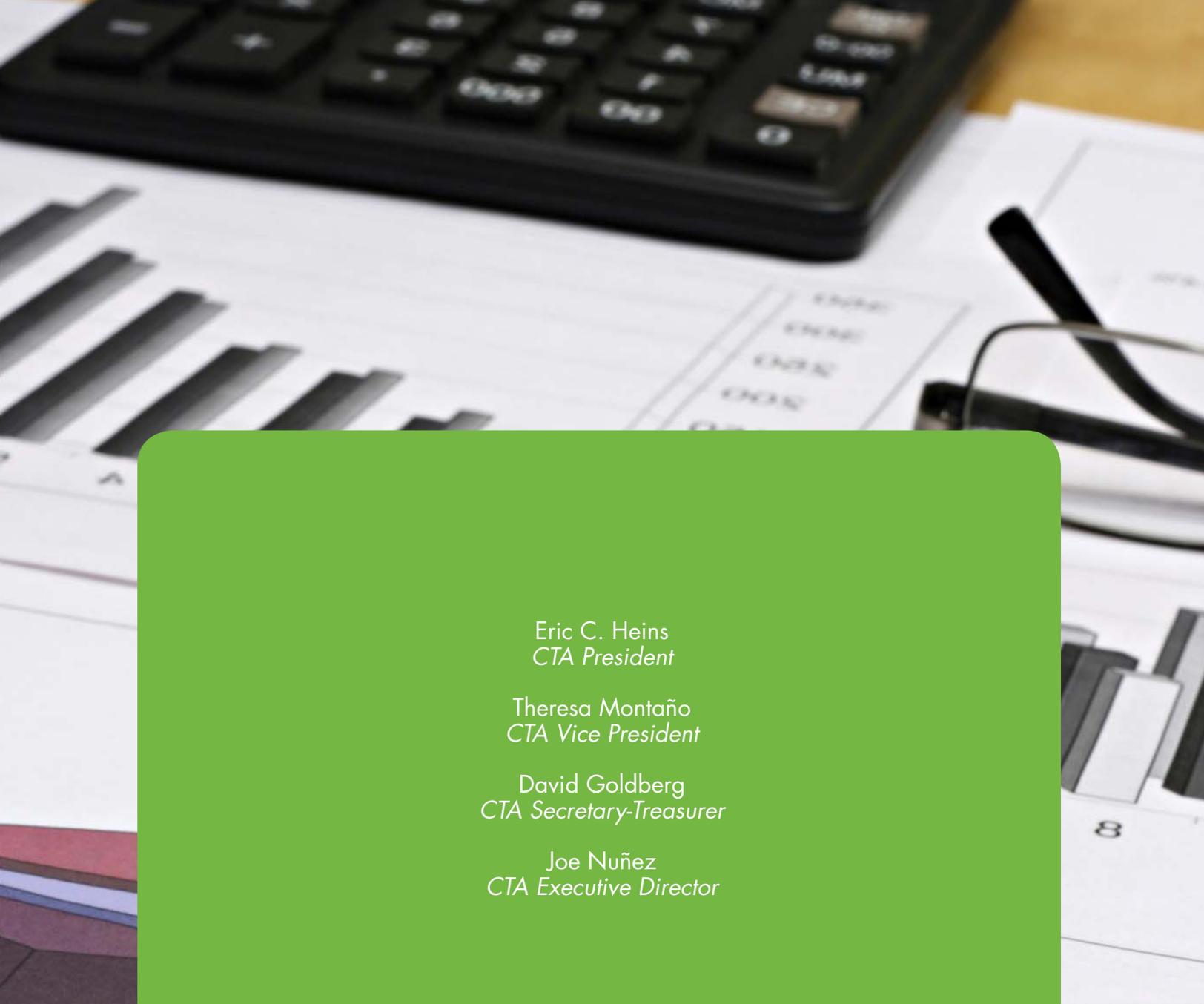
Property Damage: Destruction or damage to property.

Property Damage Liability: Insurance coverage that defends and indemnifies the insured and pays claims of an individual or company (third party) for damage to their property caused by negligence of an insured.

Sabbatical Leave: A teacher’s paid leave of absence used for travel or research.

Slander: Oral defamation; a spoken statement or gesture that harms someone’s reputation.

Workers’ Compensation: An insurance policy that covers work-related employee injuries or disease while the employee is on the job. State law requires that all full and part-time employees be covered under a workers’ compensation policy.



Eric C. Heins
CTA President

Theresa Montaña
CTA Vice President

David Goldberg
CTA Secretary-Treasurer

Joe Nuñez
CTA Executive Director