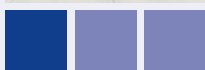
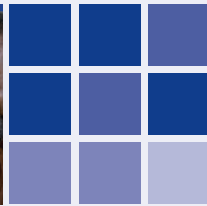
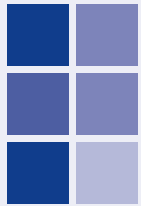
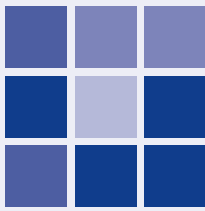


KEEPING THE PROMISE FOR 25 YEARS



2009 Annual Report



Our Mission:

To support and protect churches and church ministries by offering superior property and casualty risk and insurance management services.

Chair's Letter

This has been a remarkable year for the Insurance Board! We launched new loss prevention initiatives, added a new coverage called “Privacy Breach Protection,” and welcomed more than 1,100 additional churches into the program. As you will see from this report, our financial performance has been good, which gives us many reasons to count our blessings.

The theme of this annual report is "Keeping the Promise for 25 Years," and in it you will find a short history of the Insurance Board. While the program actually began serving churches of the Northern California/Nevada Conference of the United Church of Christ in 1981, the Insurance Board wasn't incorporated until 1985. So we are celebrating that anniversary!

A significant development in 2009 was the addition of a third denomination to the program – the Presbyterian Church (USA). This expansion of program eligibility builds on years of ecumenical partnership involving the United Church of Christ, the Christian Church (Disciples of Christ) and the

Presbyterian Church (USA). All three are members of the National Council of Churches (NCC) and Churches Uniting In Christ (CUIC). The United Church of Christ and Presbyterian Church (USA) are also in full communion through the mutual adoption of a "Formula of Agreement," a relationship that is similar to the "Ecumenical Partnership" between the United Church of Christ and the Christian Church (Disciples of Christ). The Insurance Board has been a link between the United Church of Christ and the Christian Church (Disciples of Christ) for years and we are delighted to expand this linkage by welcoming churches and related ministries of the Presbyterian Church (USA).

With this evolution of the Insurance Board, we decided it was time to take another look at our identity, and as a result have introduced a new logo that includes all three denominations that we now serve. Our new logo includes the phrase "Partners in Protection" because we find a spirit of partnership permeates all that we do at the Insurance Board. We work hard to be a good partner to our participants by delivering a high-quality insurance program, excellent service, assistance in managing risk, and stable pricing. Because the Insurance Board program is a risk-pooling venture, participating churches are also in partnership with each other and have a responsibility to take steps to minimize injury or damage.

This Annual Report wouldn't be complete without a word about our outstanding and dedicated IB staff, led by President and CEO, Cathy Green. Their stellar work throughout the year has brought us to new strength with greater resiliency!

In the spirit of partnership, we invite you to celebrate 25 years with us, and look forward to working with you in this shared ministry for the next 25! ■■■



Davida Foy Crabtree

Rev. Dr. Davida Foy Crabtree
Chairperson
Board of Directors, IB



A handwritten signature in cursive script, reading "Cathy Green".

Catherine M. Green
President & CEO

President's Letter

2009 was a difficult year for many of the churches and related ministries that we serve; a year marked by budget challenges, reduced offerings, and the economic realities that have taken a toll on many of our program participants. Fortunately for our participants, our loss trends have been favorable in recent years, resulting in good financial results that lead to tangible benefits for program participants.

The Insurance Board is a non-profit corporation, meaning any net gains are used in one of three ways. First, funds are set aside in the event of future unexpected losses. Second, we invest in additional programs designed to reduce injuries and property damage. Third, we reduce allocated program costs for churches, camps, and other participants.

Because of the strong financial performance in the fiscal year ended 9/30/09, we've been able to do all three for this current year. At the same time, our insurance program continues to have exceptional limits and coverages that are virtually impossible for individual churches to replicate elsewhere. We even added "Privacy Breach Protection" in recognition that many churches are now accepting contributions electronically and are in possession of more personal information than ever before.

Over the past year, we introduced online education modules and discounted background checking to assist churches with preventing abuse. We continue to add resources to our website, including our updated Loss Control Manual. We are expanding inspection programs that are designed to give church leaders feedback on steps they can take to make injuries and property damage less likely. We also launched a new quarterly newsletter – "The Steward" – that is mailed to each church. Leaders can also choose to subscribe to the electronic version of the newsletter by visiting our website.

It's clear that churches recognize the value in our products and services. Our church retention rate was over 96% last year, a level unheard of in the commercial insurance world! There were 1,143 churches that joined the program last year, partly due to heightened interest from within the United Church of Christ

and the Christian Church (Disciples of Christ), but also a result of expanding program eligibility to include a third denomination, the Presbyterian Church (USA).

We're delighted at this growth, because it is evidence that the quality of our insurance program and innovative loss prevention services are meeting the needs of churches. Growth is also beneficial to program participants because it gives the Insurance Board more leverage with insurance markets and leads to improved cost efficiencies.

Our goal is to become the program of choice for all three of the denominations we serve. Thank you for giving us the opportunity to support your ministry! ■■■

What a year!

We introduced many new risk management initiatives aimed at reducing the likelihood of losses for our churches; we participated in both General Synod and General Assembly for the United Church of Christ and Disciples of Christ; we welcomed a third denomination, Presbyterian Church (USA), which resulted in the addition of 700+ new participants; we introduced a new logo that better reflects the inclusion of the three denominations we now serve; and we added several new staff members. All in all, it was a very busy and productive year for the Insurance Board, and the following year looks to be the same!

You see, 2010 is the year we celebrate 25 years of Keeping The Promise. Of all the outcomes important to the Insurance Board story, perhaps the most significant is the confidence brought about by peace of mind. The Insurance Board removes the everyday stress and worry of whether your church is truly protected, allowing you to focus on your ministry. And we do that with a promise.

The promise that is insurance; when you need the coverage, and you have a qualified claim, we are there to assist you. The Insurance Board has been faithfully serving the churches and related ministries of the United Church of Christ, our founding denomination, since 1985 when the current corporation was formed to carry on a financial ministry that had been launched by the Northern California Conference in 1981. The next 12 months is a time when we look back at our beginnings, but also look forward to new opportunities that will benefit our participants.

We would like to take a moment to recognize and appreciate the leaders, churches, and staff for their continued support of the Insurance Board program. We are honored to have served you for the past 25 years, and we look forward to Keeping The Promise as we move into the next era of our journey together.



On October 15, 2006, the 6.7 magnitude earthquake in Hawaii shook more than the earth, it unsettled a whole congregation as well when members of the historic Kalahikiola Congregational Church learned its sanctuary was devastated in the quake.

The church celebrated its rededication and blessing ceremony in February 2010. As a member of the reconstruction committee, Patrick Ku is very appreciative of the support and help they have received from the IB over the past three years. "We are extremely grateful to the Insurance Board. As we work towards the rededication blessing and ceremony, we recognize the significance of what you have done for us during this time. We are blessed, and we thank you," said Ku.

Photos by Boyd D. Bond

In the 2008 annual report, we notified you of the various partnerships we have formed over the years to help us achieve our mission. Through it all, the most important partnership of all remains the one we have with our participating churches. In 2009, to better serve our participants, we added enhancements to the IB program, including:

- **Privacy Breach Protection:** Forty-four states now require notification to individuals and/or the state of an event that may lead to a breach of data from a lost laptop/disk/CD, hacker, vendor errors, etc. A growing number of churches accept credit card transactions or online giving so we've added coverage that will respond in the event of a breach. More information can be found on our website.
- **New online abuse prevention training modules:** These modules will help educate your employees and volunteers who are involved with youth and children. To find out more, visit the "Safe Church Workbench" on our website.
- **Loss prevention newsletter and poster series:** A quarterly mailing to active IB participants that includes a newsletter filled with information relevant to churches and their mission as well as a poster identifying key areas of concern and tips on how to minimize the risk of loss.



"I want to thank you very much for your presentation. Your mission at the Insurance Board is very critical to the well-being of our churches. You did an exceptional job of training leaders to go back to their churches with good questions, thoughtful information, and resources to move the churches toward managing the risks they take in ministering in their community. Churches do take risks when they do ministry. Many times insurance concerns are raised as a reason to stop effective outreach ministry. The Insurance Board does not do that! Thanks again!"

Rev. Geneva M. Butz

Associate Conference Minister
Pennsylvania Southeast Conference, UCC



When wind-driven rain entered the Second Church of Newton in Massachusetts through a steeple vent, they weren't quite sure if the water damage to their organ would be covered. They soon discovered that like most insurance policies, there was a limitation in the IB policy that required there be damage to the roof or walls (through which the rain entered) in order to cover interior water damage. In other words, the policy did not provide coverage for this loss. But they also soon learned that due to the uniqueness of the IB program, they were able to make a mid-policy change that added \$25,000 of coverage for this type of damage to organs. "We did this because we know how important organs are to our participants both financially and emotionally," says Joe Boyd, IB Manager, Claims Administration. As a result, the IB paid for this, and can pay future similar claims (up to \$25,000). The church needless to say, is quite happy with the end result.

Insurance Board History

1979

The idea of churches buying insurance as a group was conceived when Peter E. Keck, a UCC layperson and church trustee was frustrated to find how unfairly churches were treated in the insurance marketplace. Keck did some research. He introduced John Deckenback, then the Acting Conference Minister for the Northern California Conference, to the people who would help develop the program for UCC churches. Deckenback saw the value, became an advocate, and began educating the churches to the benefits of the Program.

1981

Once the proposal for an insurance program was approved at the Conference Annual Meeting, the promotion to conference churches began. Community Congregational UCC in Campbell, California was the first church to join and others quickly followed. In 1981, due to the determination and labor of Conference Minister Mineo Katagiri, Keck, Deckenback and others, 106 of the 115 United Church of Christ congregations in Northern California had joined the program and were enjoying the benefits of group buying power.

Coverage was tremendous within what was then simply known as the "Conference Program", offering churches a value none had previously known. Just ten months after the program began, that value was tested when First Congregational UCC in Oroville burned to the ground. Their former policy would have paid them a maximum of \$435,000. Their new UCC policy paid \$1.3M for the sanctuary's rebuild.

1982

Six conferences were now participating in the program: Central Pacific, Northern California/Nevada, Rocky Mountain, Southern California/Nevada, Southwest, and Washington-Idaho — representing 261 participating churches and \$115M in property values. Because of the rapid expansion of the program into other conferences, the Northern California/Nevada conference steering committee recognized the need for a new program structure.

At its core, the program was a "UCC program belonging to UCC conferences and congregations." As the steering committee looked to the future, this core became an important aspect of what eventually became known as today's Insurance Board.

1984

Twenty-four UCC conferences and more than 1,000 churches were participants in the Program.

The new First Congregational UCC in Oroville was dedicated, fully paid for by the program representing the first church to be rebuilt through the UCC Insurance Program.

1985

Acting on behalf of the Conference Ministers of the United Church of Christ, articles of incorporation were filed in California on March 15, 1985, and the following month, the Board adopted bylaws.

This was a turbulent time for the insurance industry. Premiums went up substantially, sometimes by more than 50%, and many churches found it difficult to obtain coverage at any price. Over 40 UCC churches found themselves cancelled mid-contract by other carriers who were withdrawing from the church insurance market completely, but all were welcomed into the UCC Insurance program.

1986

The government granted a non-profit 501(C)3 status in February of 1986 to what was then being called the UCC*INS, concluding the long process of becoming legally incorporated throughout the country.

1987

The UCC Insurance program celebrated 2,000 participants. The Program sought denominational recognition and was added to the UCC Yearbook.

1989

UCC General Synod and Disciples General Assembly voted the establishment of an "Ecumenical Partnership" between the two communions.

1991

The Christian Church (Disciples of Christ) officially joined the program with support from Executive Committee of the College of Regional Ministers.

2001

The Insurance Board formed United Church Insurance Company, a captive insurance company that is a wholly owned subsidiary. All insurance risk retained by the program is done within this regulated entity.

2007

The Insurance Board relocated from Gaithersburg, Maryland, to its current location within the national Church House of the United Church of Christ.

2008

The Insurance Board resolved to be more proactive in assisting churches in understanding and managing risk. A number of services were introduced including an innovative electrical inspection program where the Insurance Board financially assisted churches in making repairs when critical conditions were identified. An experienced risk manager was added to the staff to oversee and expand these services.

2009

The Insurance Board welcomed more than 400 new participants from the United Church of Christ and Christian Church (Disciples of Christ). Churches and other ministries from the Presbyterian Church (USA) became eligible for the Insurance Board program and more than 700 new PCUSA entities joined the program. By the end of the fiscal year there were more than 3,400 participants in the program!



Dale A. Cable

Dale A. Cable, CPA
VP-CFO/Treasurer

Chief Financial Officer's Letter

Your Insurance Board completed another successful and productive fiscal year for the 12 months ended September 30, 2009. In spite of absorbing a significant number of new participants, all financial indicators were favorable for the year, with more than 400 new UCC and Disciples of Christ participants and more than 700 Presbyterian participants by way of the addition of the Presbyterian Church (USA) denomination to the program.

The consolidated balance sheet was strengthened by solid favorable cash flow, good working capital management, and elimination of debt. This resulted from our ability to: hold down operating costs, achieve favorable participant loss development from prior years as well as favorable current year's loss experience and manage significant new growth with existing internal resources. A strong financial posture helps give comfort to the insurance markets where we purchase coverage. As a result, our increasing scale allows us to enjoy competitive rates which we pass along to our program participants.

We are also pleased to report our consolidated audited financial statements were completed on schedule and included clean, unqualified opinions for both the Insurance Board, as well as its wholly owned captive, United Church Insurance Company. The audits identified no material weaknesses or deficiencies.

More specifically, on a consolidated financial basis, unrestricted net assets ended the year at \$20.6 million, a healthy 25% increase and improvement of \$4.1 million from 2008. This healthy financial position will allow us to add churches from all three denominations and meet unforeseen temporary setbacks without significant impact to allocated costs.

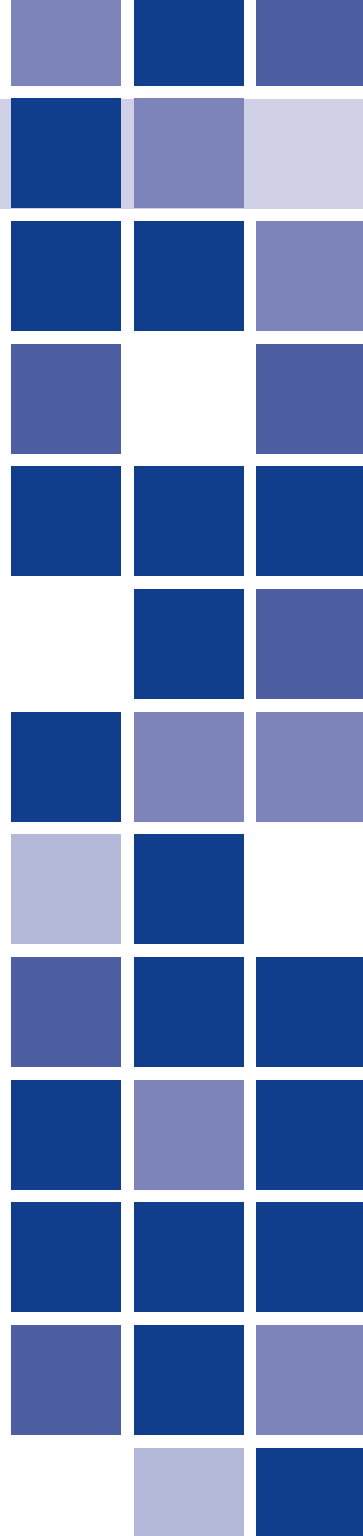
Liquidity was improved with Consolidated Cash and Investments of \$36.9 million compared to \$32.4 million last year. Our assets are conservatively invested in high quality, investment grade fixed income instruments. While interest rates and resulting income are down overall, we did not suffer any material losses or asset impairments from the turbulent financial markets of last year. Positive cash flow allowed us to pay off \$4 million in debt which was outstanding at the end of last year. Our available lines of credit are expected to be sufficient to assist in funding continued anticipated growth.

Reserves for losses are calculated by independent actuaries and increased to \$7.1 million from \$5.0 million in 2008. The increase was expected, as we added more than 1,100 new participants to the program. Also, starting with policy year beginning October 1, 2008,

our captive insurance company is now reinsuring general liability losses in addition to property. It is not possible to accurately predict whether we will continue to see the favorable loss development and claims experience as we have seen over the past three years. However, our 25 years of experience in serving the church insurance market provides a reliable history to build customized loss prevention programs to help control both severity and frequency of losses.

A word on our financial strength and how we differ from some other programs. We designed our program structure so that there are multiple safeguards for our participants to be sure that all covered losses are paid. To be selected for our program, carriers must have AM Best ratings of at least A (Class XV) which means each has billions of dollars in state-regulated reserves to pay claims. Program policies provide that the carrier is responsible for all claims payments above any applicable participant deductible.

[Continues on next page.](#)



We do retain a portion of the risk in our captive insurance company, United Church Insurance (UCIC), partly to benefit financially in the event of favorable loss experience, but also to give us influence over matters like policy language and underwriting decisions. UCIC acts as a reinsurer of the insurance carriers who write participant insurance coverages, which means it is the carriers that are ultimately responsible for any claims. Nevertheless, we manage UCIC in a prudent manner, using actuarial estimates to determine estimated losses and segregating those amounts in trust accounts to ensure that UCIC is always able to meet its obligations. In addition to the security of having those funds sitting in trust to secure payment, the Insurance Board itself has over \$20 million in surplus, which is net of all estimated loss reserves and funds in trusts.

We feel this structure is very conservative and helps position us to be serving our church participants for another 25 years.

As we look ahead to 2010, we expect a solid year of growth in participants. Plans are to continue to retain more than 90% of our participant base, while targeting 500 new church participants. Again, we expect that growth to be fully funded through internal capital while still preserving a conservative financial base for your insurance and risk management program. ■■■

Financials for years ended September 30, 2009, 2008, 2007*

Balance Sheet	2009	2008	2007
Cash & Short Term Cash Investments	24,415,257	16,194,735	8,709,193
Investments & Deposits for Future Losses	12,517,747	16,216,645	23,006,652
Accounts Receivables & Other Assets	1,822,388	475,964	1,671,109
Furniture & Equipment	128,227	512,691	978,069
TOTAL ASSETS	38,883,619	33,400,035	34,365,023
Lines of Credit Borrowings	0	4,000,000	5,000,000
Accrued Payables & Program Costs	7,558,097	4,005,821	4,377,558
Deferred Revenues	3,584,998	3,853,397	3,279,170
Reserve for Losses	7,141,671	5,032,843	9,959,321
Unrestricted Surplus	20,598,853	16,507,974	11,748,974
TOTAL LIABILITIES & UNRESTRICTED SURPLUS	38,883,619	33,400,035	34,365,023

Statement of Activities			
Total Program Revenues	40,481,101	29,844,659	32,424,777
Less: Total Premium, Claims Paid & Administrative Costs	36,390,222	25,085,659	31,703,941
CHANGE IN NET ASSETS	4,090,879	4,759,000	720,836

*The information on these pages is derived from our audited financial statements as of and for the three years ended September 30, 2009, 2008, 2007. Copies of those financial statements are available upon request.

Insurance Board Board of Directors

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Manager, Claims Administration

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Elizabeth Vance
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