Our Mission

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

2  Letter from our Chair
4  Letter from our President
6  The Year in Review
10 Letter from our CFO
11 Financials for 2011
12 Our Board of Directors
13 Insurance Board Staff
In Maryland, historic Christ Reformed United Church of Christ, in Middletown, less than ten miles from my home, experienced a small fire in their sanctuary in 2010. One of our ministers called while the dozen or so fire departments were still on the scene. Hurriedly I drove to the church. Immediately it was clear that although the fire was small the damage was significant and recovery would be complex.

I am delighted to report that after almost a year the congregation has returned to their beautifully restored (and improved) sanctuary. UCIA CEO/President Cathy Green and I were at the re-dedication of the sanctuary last April. Cathy presented a plaque to commemorate the occasion which prompted enthusiastic applause as the congregation expressed their appreciation for the assistance we had provided since the fire. It was a great moment!

Christ Reformed UCC’s recovery is a great testimony to the strength of our program and its team. At the reception which followed the re-dedication one of the church members said: “When I heard that we were insured through the church (UCC) program my worries were relieved. I knew we would be well served…and we were.”

Today we provide insurance for nearly 4000 United Church of Christ, Christian Church (Disciples of Christ) and Presbyterian Church (USA) ministries. To the caller from a local congregation seeking a quote or insurance documentation this may seem like a simple task, but underneath the surface is a complex process which includes many components. For example, as we know all too well from daily media reports, today’s financial markets are global.

Close to home events like Hurricane Irene can devastate a part of our country, but more distant catastrophes like the earthquake and tsunami which ravaged northeastern Japan and its nuclear aftermath can impact us here as well. Our CEO, Cathy Green, will say more about this in her report. We are blessed with a team of insurance agents, actuaries, financial professionals, adjusters and other insurance professionals who work very well together keeping abreast of the global markets and minimizing their impact on our program as best they can.

Under Cathy’s leadership in 2011 many of the insurance functions previously performed by an outside vendor were brought “in house” and are now being undertaken by UCIA staff in Cleveland. Happily, to the “outside” world the transition was seamless.
Our Board of Directors meets three or four times each year. They are a great group. Earlier this year we gathered in southern Indiana for a retreat where we invited the leaders of the United Church of Christ, Christian Church (Disciples of Christ) and Presbyterian Church (USA) to reflect on the future of the church. All three “looked over the horizon” and imagined the continuation of many of the congregations we know today, but also the development of a variety of new communities of faith in a wide variety of shapes and sizes. To the IB this means that we need to be prepared for diverse needs, and that an insurance program designed for one type of church cannot be our only model.

Almost three decades ago I was among those who dreamt of a strong church-based insurance program. Now it is a reality and I am proud to be associated with it.

Thanks to Cathy Green and our staff and partners for their great work! We have a solid standing to build upon.

Blessings!

John R. Deckenback
Chair, UCIA Board
The Insurance Board was also affected by the widespread damage. For the fiscal year ended September 30, 2011, weather-related losses were 56% higher than in the previous year, and nearly triple those in the 2008-9 year. Claims included a collapse due to weight of ice and snow; tornados, including the one that hit Joplin, MO; numerous winter and spring storms; Hurricane Irene; and Tropical Storm Leo. Our insurance carriers paid more than $20 million to Insurance Board participants during the twelve months that ended September 30, 2011, and another $10 million has been set aside for losses – known and unknown – as of that date. Fortunately, the Insurance Board was financially ready for a year like this and, in spite of the claims, continues to be in a very strong position as is discussed in the CFO letter later in this report.

Liability losses and non-weather related property losses have tracked slightly better than expected which has helped soften the impact of the severe weather. The Insurance Board has continued to introduce risk management resources and I encourage you to use resources from our website at www.InsuranceBoard.org, read our quarterly newsletter “The Steward,” attend our webinars, and put up our posters. Working together to prevent losses is a part of our mutual responsibility as good stewards, reducing injuries and damage. These efforts also help to contain insurance premiums.

Along this same line, I also ask you to prayerfully consider what you – churches and church members alike – might do to help combat global warming. While there are still skeptics, I am personally persuaded that the severe weather we’ve experienced is partially a result of human activity. This past year’s weather extremes are consistent with what climate experts are projecting for the long-term. Warming temperatures provide more energy and water in the atmosphere and consequently trigger more intense droughts, heavier rainfall and stronger storms. If the climate is really changing, and evidence accumulates that it is, then losses like those in 2011 may become the “new normal,” with significant impact to loss costs and future premiums.

One outcome of the increased claims volume is the opportunity to respond at the time of need. There were 1026 claims reported during the policy period ended September 30, 2011, and I’m pleased to report that satisfaction levels have continued to be very high. We receive survey responses from almost half of those with claims, and of those, 89% are Satisfied, and only 3% are lower than Neutral.

As you may know, the Insurance Board doesn’t adjust the claims ourselves, but
we do oversee the process to make sure all participants receive a timely and fair settlement. We work with our carriers to make the claims process as smooth as possible, and are ready to get involved as your advocate in those rare instances where it is necessary.

Our participant base has continued to grow within all three denominations – for the year ended September 30, 2011, we grew by 6.2%. We strive for healthy relationships with the middle judicatories within the three denominations, and evidence of that may be found in the high participation rates: 100% of the UCC Conferences, 88% of the Disciples Regions, and 25% of the PCUSA Presbyteries.

Thank you for selecting the Insurance Board as your risk management partner!

Faithfully,

Cathy Green
President/CEO

* Best's Briefing, A.M. Best Company, Inc, December 2, 2011
Hurricane Irene and Tropical Storm Lee devastated the United States in the fall of 2011, contributing to the costliest and deadliest year ever for natural catastrophic losses on record. Hurricane Irene alone caused more than $7 billion in damage with torrential rains leading to catastrophic flooding in the Mid-Atlantic and Northeast. Tropical Storm Lee dumped heavy rain in the Northeast, leading to another billion dollars in flood damage.

But four months earlier, on Sunday, May 22, a massive tornado – one of more than 1,600 confirmed in 2011 – hit the city of Joplin, Mo., and is now known as the deadliest single tornado since modern record-keeping began in 1950. The property damage sustained from 2011 tornadoes stands at almost $5 billion and is still climbing. The results of the catastrophic seasonal events are evident everywhere. Millions of acres along the Mississippi River are still recovering from the severe flooding the area endured this summer.

When all is said and done, the total private insurance catastrophe losses in 2011 will total more than $38 Billion. As expected, the Insurance Board likewise experienced a high claim volume this year. Our 3600+ churches experienced 714 property claims, which is up 23 percent from the 579 experienced in the 2009/2010 policy year. And so, 2011 also became a year of mission and testimony. Time and

In light of the tremendous devastation experienced in 2010, the Insurance Board experienced a high claim volume. Our 3600+ churches recorded 714 property claims, which is up from the 579 realized in the 2009/10 policy year. Following are the testimonials of three of our churches recounting their personal experiences of responding, recovering and rejoicing.

**Responding, Recovering, Rejoicing in South Joplin, MO**

Our church building, sustained heavy damage due to the winds, lost one-third of the roof and all windows on the North side as well as many other windows which allowed heavy rains to flow through all three levels of our church including the sanctuary and the library in the basement. We re-opened just 182 days after this devastation.

At the re-dedication ceremony, I told the story of how on the morning after the tornado, just after the sun had come up, a small group of us were standing outside the church when my cell phone rang. On the other end of the line was Joseph Boyd asking how he could help and what did we need. His words were genuine and he was concerned about the members of the congregation. His first concerns were not about the building his company insured, it was about the people who filled it. It was only later that I learned that
again, throughout the year, we responded to the needs of our churches, participated in their recovery and rejoiced with them as families, churches and communities pulled together and overcame the devastation.

South Joplin Christian Church (South Joplin, MO), is just one of our participants affected by the destructive tornado that struck in May 2011. The church sustained significant and disruptive damage from winds and flooding. It is said that the true testament of an insurance company comes at the time of a loss (claim). Our response was as immediate as it could be, partly because of our relationship with Belfor – the worldwide leader in disaster recovery and property restoration – and because of our Missouri Agent, Jon Prange. Jon learned that the church sustained damage and submitted a claim that day on behalf of the church.

Joe Boyd, our Claims Manager was notified of the claim and contacted the church while simultaneously referring Belfor for water cleanup and mitigation. Belfor had a crew on site the same day (May 23), pulling into the area with its Disaster Command Center and parking right behind the church. The major case adjuster out of Kansas City made contact with the church as well, and got into the area on May 25th with an engineer and building consultant. A second inspection and meeting was

our agent, Jon Prange, had tried repeatedly to contact me and after not being able to do so contacted our Regional Minister.

It is because of individuals like Joe and Jon and others at the Insurance Board that I cannot say thank you enough for everything the IB has done. It is because of the hard work and help from everyone at the IB that we were able to get back into our facility as quickly as we did. Whenever we had questions or concerns, we received quick and helpful responses.

_South Joplin Christian Church_

Jim Michel, Special Building Projects Coordinator
held on May 31st that included Joe, Jon, the adjuster, consultants, Belfor and Disciples of Christ and church leadership. By that time, most of the mitigation and demolition was completed, and the roof was secured. A cash advance was made to the church on June 3rd, and the process of recovering began.

We are so very pleased with the outcome at South Joplin; we could not have asked for things to go more smoothly. On November 19, just in time for the Thanksgiving holiday, the Christian Church of South Joplin rejoiced during a rededication ceremony marking the completion of the rebuilding process.

Just a week prior to the Joplin, Missouri tornado, 62 tornadoes ravaged 20 North Carolina counties. The town of Sanford, in Lee County, was hit about 3:00 PM on April 16th. One of our participating churches, Shallow Well Church, could not withstand the storm, and sustained damage to each of the seven structures that comprise the campus, as well as to its church bus. Once again, immediate response by our North Carolina Agent, Ann Kwasnick, and our Claims Manager, Joe Boyd, reassured the church and ensured the process would go smoothly.

Ann was in her office on Sunday, April 17th checking for possible damage to

**Responding, Recovering, Rejoicing in Sanford, NC**

Our "campus" consisted of seven structures, and all were damaged to one degree or another by the April 2011 tornado that struck Sanford, NC on a Saturday afternoon. It was a devastating sight. But a call to the Insurance Board’s claim lines got things rolling. Joe Boyd came down from Cleveland on Monday to view the damage firsthand. Joe, and the adjuster reassured us that they would work hard to make us whole. The Insurance Board issued a check to cover immediate expenses, gave us contact information for a company that would tarp the roofs and protect the buildings from further damage. We felt blessed to be part of the Insurance Board program, and the hassle-free experience of getting our buildings repaired. It has taken several months to get all of the repairs completed, but we are almost through. Thanks to the Insurance Board for their caring support, and excellent response in our time of need.

**Shallow Well Church** - Rev. Donald Thompson

![Shallow Well UCC](image) **Sanford, NC**
the churches she represents when she received an email from Joe Boyd indicating Shallow Well had received substantial damage. Ann contacted the pastor and was relieved to learn there were no injuries or lost lives. While Constitution States (our Claim Serving Unit) made arrangements to be on site, Joe flew in from Cleveland, and Ann traveled to Shallow Well. The speedy response of the adjuster and the claims manager was beneficial in reducing anxieties and worries of the church.

Serving and Protecting Both People and Property

In addition to 2011 being an exceptionally destructive hurricane and tornado season, many of our churches experienced losses and the need for fast and effective claim support due to smoke and fire damage, snow damage, privacy breach and more. Fortunately our full-time staff of devoted claims professionals – with decades of claims experience and specialized training in

“church insurance” – were there to assist our participants and reassure them before, during and after the recovery process.

As we reflect on 2011, a year of exceptional natural disaster, devastation and destruction, we are also reminded – by example – of the ability of our participants to face the obstacles of life, and ultimately overcome them.

Responding, Recovering, Rejoicing in Indianapolis, IN

From the first phone call to the last statement of loss, The Insurance Board was right there. I had never handled an insurance claim before, let alone 75,000 square feet of smoke damage and the temporary, spontaneous relocation of 175 employees. The IB staff was knowledgeable, responsive and committed to walking us through the process. At every decision point, the IB leadership and their associated carriers and adjusters made decisions based on the best interest of The Disciples Center and our employees. I would never wish this experience on anyone, but would not want any congregation to go through a major loss without the expertise and knowledge of the church that IB brings to the table. Every congregation and expression of the church should insure with the Insurance Board. They were professional, knowledgeable and responsive.

The Disciples Center  -  Rev. Todd Adams
As mentioned above, we were able to absorb the losses related to abnormal weather related claims through internally generated funds, and continued to remain debt free throughout the year. We have a wholly owned captive, United Church Insurance Company, which is responsible for the first $500,000, (after deductible) of each claim, and its liquidity remained strong.

It is important to reiterate that our sound financial profile is looked upon favorably by our insurance carrier partners. We have been able to successfully leverage this diverse portfolio of risks with our strong financial position to negotiate the best terms possible for the ministries we serve.

We are pleased to report our consolidated audited financial statements were once again completed on schedule, and include clean, unqualified opinions for both the Insurance Board, and our captive, United Church Insurance Company. The audits found no material weaknesses or internal control deficiencies.

Looking to 2012, we are off to a good start on participant retention and growth. We have continuous improvement programs underway to operate ever more efficiently and be responsive to participant needs. Our ministry’s Vision is to become the program of choice for the ministries we serve, and we accomplish this by providing a financially sound, well managed, and responsive, faith-based program.
## Financials

Financials for years ended September 30*

### Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Short Term Cash Investments</td>
<td>23,429,463</td>
<td>25,087,213</td>
<td>24,415,257</td>
<td>16,194,735</td>
<td>8,709,193</td>
</tr>
<tr>
<td>Investments &amp; Deposits for Future Losses</td>
<td>13,350,288</td>
<td>11,641,802</td>
<td>12,517,747</td>
<td>16,216,645</td>
<td>23,006,652</td>
</tr>
<tr>
<td>Accounts Receivables &amp; Other Assets</td>
<td>342,081</td>
<td>202,451</td>
<td>1,822,388</td>
<td>475,964</td>
<td>1,671,109</td>
</tr>
<tr>
<td>Furniture &amp; Equipment</td>
<td>35,006</td>
<td>27,917</td>
<td>128,227</td>
<td>512,691</td>
<td>978,069</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>37,156,838</td>
<td>36,959,383</td>
<td>38,883,619</td>
<td>33,400,035</td>
<td>34,365,023</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lines of Credit Borrowings</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Accrued Payables &amp; Program Costs</td>
<td>2,965,566</td>
<td>2,203,738</td>
<td>7,558,097</td>
<td>4,005,821</td>
<td>4,377,558</td>
</tr>
<tr>
<td>Deferred Revenues</td>
<td>3,692,753</td>
<td>3,885,293</td>
<td>3,584,998</td>
<td>3,853,397</td>
<td>3,279,170</td>
</tr>
<tr>
<td>Reserve for Losses</td>
<td>10,259,731</td>
<td>8,928,470</td>
<td>7,141,671</td>
<td>5,032,843</td>
<td>9,959,321</td>
</tr>
<tr>
<td>Surplus</td>
<td>20,238,788</td>
<td>21,941,882</td>
<td>20,598,853</td>
<td>16,507,974</td>
<td>11,748,974</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES &amp; SURPLUS</strong></td>
<td>37,156,838</td>
<td>36,959,383</td>
<td>38,883,619</td>
<td>33,400,035</td>
<td>34,365,023</td>
</tr>
</tbody>
</table>

### Statement of Activities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Program Revenues</td>
<td>49,437,882</td>
<td>46,771,082</td>
<td>40,481,101</td>
<td>29,844,659</td>
<td>32,424,777</td>
</tr>
<tr>
<td>Less: Total Premium, Claims Paid and Administrative Costs</td>
<td>51,140,976</td>
<td>45,428,053</td>
<td>36,390,222</td>
<td>25,085,659</td>
<td>31,703,941</td>
</tr>
<tr>
<td><strong>CHANGE IN NET ASSETS</strong></td>
<td>(1,703,094)</td>
<td>1,343,029</td>
<td>4,090,879</td>
<td>4,759,000</td>
<td>720,836</td>
</tr>
</tbody>
</table>

*The above information is derived from our audited financial statements as of and for the years ended September 30, 2011, 2010, 2009, 2008 & 2007. Copies of those financial statements are available upon request.*
Our Board of Directors

Rev. Dr. John R. Deckenback
CHAIR OF THE BOARD
Conference Minister
Central Atlantic Conference, UCC

Mr. Keith H. Bowden CPCU
VICE CHAIR
Agency Principal
Massachusetts Conference, UCC

Mr. John M. Derby, Sr.
SECRETARY
North California-Nevada Conference, UCC

Rev. Lynn Bujnak
Conference Minister
Vermont Conference, UCC

Mr. Michael A. Downs
CEO | The Pension Boards of the UCC

Rev. Roddy Dunkerson
Conference Minister
Nebraska Conference, UCC

Rev. Judy R. Fletcher
Synod Executive (retired)
Presbyterian Church (USA)

Ms. Joan C. Fong
Agency Principal | Presbytery of San Francisco, Presbyterian Church (USA)

Ms. Kathryn B. Harrison
Michigan Conference, UCC

Ms. Kathy Houston
CFO | United Church of Christ

Rev. Randall L. Hyvonen
Conference Minister | Montana-Northern Wyoming Conference, UCC

Mr. William MacKay-Heckles
Commercial Insurance Executive
Connecticut Conference, UCC

Ms. Mary Isbell CPCU, ARM
Southwest Region, Disciples of Christ

Rev. Alan N. McLarty
Conference Minister and President
Penn West Conference, UCC

Mr. Glenn J. Pruiksma
Commercial Insurance Actuary (retired)
Pacific Northwest Conference, UCC

Mr. Erick D. Reisinger
President, Disciples Church Extension
Indiana Region, Disciples of Christ

Rev. John M. Richardson
Regional Minister
North Carolina Region, Disciples of Christ

Mr. Rudolf G. Schade, Jr. JD
Illinois Conference, UCC

Ms. Roxane M. Snyder CIC, AAI, CPIA
Agency Principal (retired)
Penn Northeast Conference, UCC

Mr. Frank Thomas JD
Iowa Conference, UCC
Insurance Board Staff

Catherine M. Green  
President & CEO

Dale A. Cable  CPA  
VP-CFO/Treasurer

David B. Nelson  CPCU, ARM  
VP - Insurance Operations

Carl J. Kotheimer  CPCU, ARM  
Director, Loss Control & Claims

Christine L. Shoop  CIC  
Director, Business Development

Joseph K. Boyd  CPCU, ARM  
Senior Program Underwriter

John Johnson  CISSP  
Manager, Information Technology

Jennifer R. Perri  CIC, CISR  
Manager, Member Services

Brendon S. Collins  
Manager, Underwriting Services

Dan Carrick  
Underwriting Service Representative

Jennifer Czyrba  
Underwriting Service Representative

Sherry A. Denby  
Accountant

Alison N. Hanna  
Claims Analyst

Macrina Hummel  
Sales & Support Representative

Monica B. Kornblum  
Administrative Assistant

Kiezialh McCullough  
Underwriting Service Representative

Jason Rudy  
Underwriting Service Representative

Carmen Siegel  
Member Services Director

Elizabeth Vance  
Marketing Coordinator

Mark Zimmerman  
Claims Analyst