



Insurance Board 2011 Annual Report

► Our Mission

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



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► Letter from our Chair



John R. Deckenback

Chair, ICIA Board

The United Church Insurance Association (dba Insurance Board) is a unique ministry of the church-providing property, casualty and related insurance

which support and sustain our ministries.

I am pleased to report that UCIA (IB) is in great shape with strong, competent, executive leadership; an active, engaged Board; committed staff; great collaboration with outside vendors; and a solid financial structure.

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 north-eastern 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




Responding, Recovering, Rejoicing in Middletown, MD

Christ Reformed UCC

▶ Letter from our President



Catherine M. Green

President/CEO

Winter storms, hail, thunderstorms, hurricanes, floods. 2011 has gone down in the record books as the costliest year ever for natural catastrophic

*losses. Over two thirds of insured losses were a result of the devastating earthquakes in Japan and New Zealand. Flooding in Thailand was also unusually severe. In the United States, insured losses totaled more than \$38 billion, 50% above the average annual loss in the previous decade, largely as a result of severe weather events. According to the National Weather Service, extreme weather in the US claimed 1,000 lives, resulted in 8,000 injuries and totaled more than \$52 billion in economic losses.**

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



Saugatuck Congregational Church

Westport, CT

Responding, Recovering, Rejoicing in Westport, CT

It took 6 hours for 63 firefighters to put out a fire at Saugatuck Congregational Church in Westport, CT on Nov. 20, 2011. The rear of the church complex containing offices, meeting rooms and a nursery school was mostly destroyed. Thankfully the 179-year-old sanctuary was saved but had extensive water and smoke damage. The cause of the fire is presumed to be an electrical defect. The congregation has strong leadership and the claim is progressing quickly, but it will likely take over a year before the building is repaired and rebuilt.

► The Year in Review

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



South Joplin Christian Church

Joplin, MO

► The Year in Review (continued)

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



Shallow Well UCC

Sanford, NC

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

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.



The Disciples Center

Indianapolis, IN

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

► Letter from our CFO



Dale A. Cable CPA

VP-CFO/Treasurer

I am pleased to report on behalf of the Insurance Board, the results of another year of financial performance for the 12 months ended September 30, 2011. The year

was one of continued growth in participants, and was also one of the most active years of weather related losses the insurance industry has ever seen. The Insurance Board was not immune to the weather related losses, resulting in our first operating loss in a number of years. However, our strong financial position helped absorb the increase in claims and resulting losses. We also continue to be encouraged by new participant growth in all three denominations, with our year-end participant count at 3,702, up 6% from a year ago.

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.

As an overview, Unrestricted Net Assets were \$20.2 million in 2011, down from \$21.9 in 2010, and total program revenues grew to \$49.4 million. Liquidity is a healthy \$36.4 million in Cash and Investments, some of which is in trusts to help fund our reserve for retained losses and claims. Our captive insurance subsidiary showed a Reserves to Surplus Ratio at year end of .55 to 1 and a Premiums to Surplus Ratio of .86 to 1, both which compare very favorably to industry standards.

Actuarially determined Reserves for retained losses climbed from \$8.9 million in 2010 to \$10.3 million in 2011, reflecting program growth and increased claims activity from the abnormal weather losses during the year.

Lexington, an AM Best rated A, class XV company serves as our fronting carrier, and all other program carriers are rated A or better. We have the ability to fund our retained losses through the monies set aside in trusts as well as through our Unrestricted Net Assets of \$20.2 million. This program structure provides our participants with peace of mind knowing there are several safety nets in place to ensure losses are paid.

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.

Dale A. Cable CPA

VP-CFO/Treasurer

A handwritten signature in dark ink that reads "Dale A. Cable". The signature is fluid and cursive, with the first name "Dale" being more prominent.

Financials

Financials for years ended September 30*

Balance Sheet	2011	2010	2009	2008	2007
Cash & Short Term Cash Investments	23,429,463	25,087,213	24,415,257	16,194,735	8,709,193
Investments & Deposits for Future Losses	13,350,288	11,641,802	12,517,747	16,216,645	23,006,652
Accounts Receivables & Other Assests	342,081	202,451	1,822,388	475,964	1,671,109
Furniture & Equipment	35,006	27,917	128,227	512,691	978,069
TOTAL ASSETS	37,156,838	36,959,383	38,883,619	33,400,035	34,365,023
Lines of Credit Borrowings	0	0	0	4,000,000	5,000,000
Accrued Payables & Program Costs	2,965,566	2,203,738	7,558,097	4,005,821	4,377,558
Deferred Revenues	3,692,753	3,885,293	3,584,998	3,853,397	3,279,170
Reserve for Losses	10,259,731	8,928,470	7,141,671	5,032,843	9,959,321
Surplus	20,238,788	21,941,882	20,598,853	16,507,974	11,748,974
TOTAL LIABILITIES & SURPLUS	37,156,838	36,959,383	38,883,619	33,400,035	34,365,023

Statement of Activities

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

*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***Kieziah McCullough***Underwriting Service Representative***Jason Rudy***Underwriting Service Representative***Carmen Siegel***Member Services Director***Elizabeth Vance***Marketing Coordinator***Mark Zimmerman***Claims Analyst*



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