

*Your Partner in Protection*

# ONE MISSION. MORE OPTIONS.

INSURANCE BOARD  
*Annual Report 2013*



2013 represented a year of growth and notable changes, including the retirement of the former

CEO, Cathy Green. Cathy played an integral role in leading the organization through a difficult period, laying a solid framework upon which the Insurance Board (IB) is poised to build. I am truly pleased to take over the leadership of the IB as her successor.

Churches provide invaluable resources to the congregations they serve, including nurturing the spiritual well-being of their members through ministry, coordinating missionary labor to rebuild communities devastated by tragedy, providing financial outreach to the needy, supporting educational activities and camps for youths, advocating for peace, providing shelter and care for the elderly, etc. Increasingly, churches are serving their communities despite ever shrinking budgets and collection plates, making them even more vulnerable to financial losses caused by storms, natural disasters, fires, injuries, and the like.

The Insurance Board is an extension of church ministries. Within the denominations we serve, we seek to bring as many churches into our program as possible; protecting their assets, paying their claims, defending their liabilities, and strengthening their congregations by providing a comprehensive insurance program, proactive risk management, claims response, and educational services.

Our financials demonstrate sound fundamentals and discipline. While our structure is designed to insulate our member churches from severe peaks and valleys in the cyclical insurance marketplace, we are not immune from adverse claim events such as those arising from the devastation caused by Superstorm Sandy, tornadoes in Joplin, MO, Midwest hail storms and flooding, or total loss fires escalating into millions of dollars. In spite of these and similar events, for 28 years we have been there to greet congregants, and to help them restore their churches as quickly as possible.

For the period ended December 31, 2013, we returned to more normalized claim activity for both frequency and severity. Our actual losses for the 15-month period were lower than expected, and we met, or exceeded, benchmarks in a number of areas including posting a consolidated net income of just under a million dollars, and an increase in unrestricted net assets by 5% to \$20.8 million. Despite tough pricing actions taken during the prior year, participant renewal retention continued to be strong at 93% for 2013.

We are positioned for growth. We are undertaking significant Enterprise Resource Planning (ERP) projects to enhance our technological capabilities and improve efficiency. We intend to leverage this technology to build upon opportunities to add churches within the denominations we serve, and to bolster our exceptional loss control and risk management services to better assist our participants.

We are very excited about the days ahead.

Faithfully,

A handwritten signature in blue ink that reads "Timothy S. Harris". The signature is fluid and cursive, with the first name being the most prominent.

**TIMOTHY S. HARRIS, CPCU**



During the period that ended December 31, 2013, the Insurance Board made notable changes in order to

serve program participants better as we move forward. The most visible is that we modified our calendar so that the program and fiscal years now both have an inception date of January 1st. This was done to eliminate the need to have renewal negotiations in the midst of hurricane season, which should lead to more favorable terms in future years. As a result, the financial statements found here are for a 15-month period, which should be considered during any comparisons to prior periods.

The second change was to recalibrate the sharing of risk between our captive insurance company, United Church Insurance Company (UCIC), and excess carriers so that UCIC pays more of the program property claims. This structure, which was put in place beginning October 1, 2012, channels more program premiums to UCIC which will benefit when claims are less than the actuarial forecast. Our excess carriers will continue to be involved during widespread catastrophes or when there is a very large single event, but only after UCIC has fulfilled its responsibility. Among other benefits, this new design supports ongoing program stability.

In recent years, there has been growing demand for more program options, especially from churches that don't want, or can't afford, the full breadth of coverage built into the IB program. After a careful examination, the IB is pleased to introduce FLEX options in order to better meet the needs of additional churches. These options apply to the property and umbrella portions of the program. IB agents are ready to assist church leaders that wish to consider the FLEX options.

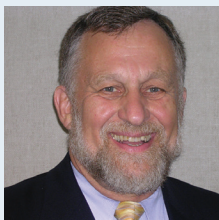
There is one more change that occurred at the very end of 2013 – my retirement and the selection of Timothy Harris as the new CEO. It has been a joy and privilege to serve the wider church in my role at the IB for the past eight years and I greatly appreciate your support during this time. I'm also very happy that my successor has extensive insurance experience, a love for the church, and a deep faith in Jesus Christ.

Yours in Christ,

  
**CATHY GREEN**



## *A message from* OUR BOARD



The Insurance Board is not just another insurance company — it's a unique, collaborative ministry that

provides insurance-related support for three denominations. By working together we are all strengthened!

How often have you heard auditors volunteer: "... the Insurance Board is in an excellent financial position and is poised for growth?"

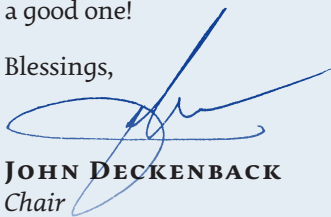
Yes, that is precisely the report on the Insurance Board's finances that we received! Great news for our efforts in support of Presbyterian, Disciples and United Church of Christ congregations.

This has also been a year of transitions. Cathy Green ended 14 years with the Insurance Board, half as a board member, and half as our energetic and exceedingly competent president/CEO. After an extensive search process, we are pleased that Tim Harris accepted our offer to join the Insurance Board as our new CEO.

We have also said farewell to two long-tenured members of our Board: William McKay Heckles and Rick Reisinger. Bill provided us with his seasoned expertise as a senior insurance executive, while Rick brought financial skills from his many years of leadership with the Disciples Church's Extension program.

Take a look at the balance of our report — it is a good one!

Blessings,



**JOHN DECKENBACK**  
*Chair*

Board of Directors

## *Board and staff* OUR PEOPLE

### BOARD

**Rev. Dr. John R. Deckenback**  
Conference Minister  
Central Atlantic Conference, UCC  
Chair of the Board

**Rev. Douglas Anders**  
Conference Minister  
South Central Conference UCC

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

**Rev. Marja Coons-Torn**  
Penn Central Conference, UCC

**Mr. John M. Derby, Sr.**  
Northern California-Nevada  
Conference, UCC  
Secretary

**Duncan G. Draper**  
Indiana Region, Disciples of Christ

**Rev. Roddy Dunkerson**  
Conference Minister  
Nebraska Conference, UCC

**Rev. Dr. William (Bill) Edwards**  
Christian Church in Ohio  
Regional Pastor and President,  
Disciples of Christ

**Rev. Judy R. Fletcher**  
Executive  
Synod of the Sun,  
Presbyterian Church (USA)

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

**Mr. Robert Gabon, CPA**  
Southern California/Nevada  
Conference, UCC

**Rev. Edith Guffey**  
Designated Conference Minister  
Kansas-Oklahoma Conference,  
UCC

**Ms. Kathryn B. Harrison**  
Michigan Conference, UCC

**Ms. Kathy Houston**  
Chief Financial Officer  
United Church of Christ

**Ms. Mary Isbell CPCU, ARM**  
Georgia Region, Disciples of Christ

**Mr. Barnett (Mike) McKee, JD**  
Missouri Mid-South Conference,  
UCC

**Thomas Mitchell, CPCU,  
AMIM, AIM**  
Florida Conference, UCC

**Ms. Heidrun Toben**  
Connecticut Conference, UCC

**Mr. Frank Thomas, JD**  
Iowa Conference, UCC

### STAFF

**Timothy S. Harris, CPCU**  
President & CEO

**Andrea Gauding, CPA**  
Chief Financial Officer

**David B. Nelson, CPCU, ARM**  
Vice President, Insurance  
Operations

**Joe K. Boyd, CPCU, ARM**  
Director, Underwriting

**John Johnson, CISSP**  
Director, Information Technology

**Carl J. Kotheimer, CPCU, ARM**  
Director, Loss Control and Claims

**Christine L. Shoop, CIC**  
Director, Business Development

**Cy McFarlin**  
Manager, Claims Administration

**Jennifer R. Perri, CIC, CISR**  
Manager, Member Services

**Elizabeth Vance**  
Manager, Marketing &  
Communications

**Daniel J. Carrick**  
Underwriter

**Rosalind Davis**  
Underwriting Assistant

**Sherry A. Denby**  
Senior Accountant

**Alison N. Hanna**  
Senior Claims Analyst

**Cindy S. Howell, CIC**  
Regional Client Advocate

**Macrina Hummel**  
Agency Service & Sales  
Representative

**Monica B. Kornblum**  
Office Administrator

**Kieziah McCullough, MBA**  
Underwriter

**Nick Schidowka**  
Underwriter, Team Leader

**Mark A. Zimmerman, AINS**  
Claims Analyst

**Laraine Schuster**  
Customer Service Representative

*If you know of potential Board members with insurance and/or financial skills, please let us know. Our 21-member Board is a great group to work with.*



## MISSION

THE INSURANCE BOARD IS DEDICATED TO SUPPORTING AND PROTECTING CHURCHES AND THEIR MINISTRIES WITH SUPERIOR PROPERTY AND CASUALTY RISK AND INSURANCE MANAGEMENT SERVICES.

## VISION

TO BECOME THE PROGRAM OF CHOICE FOR ALL CHURCH MINISTRIES WITHIN THE DENOMINATIONS WE SERVE.

## VALUES

CHOOSING TO BE BOUND TOGETHER IN MUTUAL CARE AND CONCERN, WE MAINTAIN INTEGRITY, EXCELLENCE, EXCEPTIONAL CUSTOMER SERVICE, OPEN COMMUNICATION AND INCLUSIVENESS.

## A YEAR OF CHANGE

From floods to fires, during 2013, the Insurance Board has stood beside each and every church within our program to change trying experiences into strengthening times and to help them start anew after disaster.

During 2013, the Insurance Board implemented changes as well with new leadership, new policy options and a new fiscal year that aligns with the calendar year.

Meanwhile, our dedicated staff of insurance professionals and agents helped to protect the most valued assets of our more than 3,600 participants. Our churches filed 1,125 claims during 2013 (a 15-month period), providing us with a more normalized period of claim activity than in the previous year.

Our goal — to become the program of choice for all church ministries within the denominations we serve — is reflected in the addition of new policy options including IBproperty*Classic* and IBproperty*Flex*, which we created to better meet the needs of a broad range of churches. As we look to the year ahead, we remain committed to providing quality assistance and to continue growing as a company.



*Five years in review*  
OUR FINANCIALS

AS OF AND FOR THE YEAR ENDING:	12/31 2013	09/30 2012	09/30 2011	09/30 2010	09/30 2009
<b>STATEMENT OF FINANCIAL CONDITION</b>					
Cash + Short Term Cash Investments: .....	23,359,788	17,987,102	23,429,463	25,087,213	24,415,257
Investments + Deposits for Future Losses: .....	20,472,526	15,820,322	13,350,288	11,641,802	12,517,747
Accounts Receivable + Other Assets: .....	1,249,104	1,354,488	342,081	202,451	1,822,388
Furniture + Equipment: .....	872,660	105,432	35,006	202,451	128,227
<b>TOTAL ASSETS:</b> .....	<b>45,954,078</b>	<b>35,267,344</b>	<b>37,156,838</b>	<b>36,959,383</b>	<b>38,883,619</b>
Lines of Credit Borrowings: .....	1,997,256	---	---	---	---
Accrued Payables + Program Costs: .....	2,294,570	2,393,542	2,965,566	2,203,738	7,558,097
Deferred Revenues: .....	6,016,010	1,621,115	3,692,753	3,885,293	3,584,998
Reserve for Losses: .....	14,872,570	11,476,520	10,259,731	8,928,470	7,141,67
Unrestricted Net Assets: .....	20,773,672	19,766,167	20,238,788	21,941,882	20,598,853
<b>TOTAL LIABILITIES + NET ASSETS:</b> .....	<b>45,954,078</b>	<b>35,267,344</b>	<b>37,156,838</b>	<b>36,959,383</b>	<b>38,883,619</b>
<b>STATEMENT OF ACTIVITIES</b>					
Total Program Revenues: .....	79,387,811	55,750,453	49,437,882	46,771,082	40,481,101
Less: Total Premiums, Claims Paid + Administrative Costs: .....	78,390,303	56,213,074	51,140,976	45,428,053	36,390,222
<b>CHANGE IN NET ASSETS:</b> .....	<b>997,508</b>	<b>-462,621</b>	<b>-1,703,094</b>	<b>1,343,029</b>	<b>4,090,879</b>

On behalf of the Insurance Board, I am pleased to present the financial result for the 15-month period ended December 31, 2013. It was a time of change and continued growth.

*Andrea M. Gauding*  
**ANDREA GAUDING, CPA**  
Chief Financial Officer

In 2013, our financial year-end changed from September 30 to December 31. Accordingly, the 2013 information is derived from financial statements beginning on October 1, 2012 and ending on December 31, 2013 – a 15-month period.

Copies of those financial statements are available upon request.



# **INSURANCE BOARD**

Partners in Protection

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UCC + Disciples + Presbyterian

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