

# INSURANCE BOARD ANNUAL REPORT | 2014

**PARTNERSHIPS FOR OPPORTUNITIES AND GROWTH**



**INSURANCE BOARD**  
Partners in Protection

UCC + Disciples + Presbyterian



## A MESSAGE FROM OUR PRESIDENT

**OUR ENTIRE TEAM IS 100 PERCENT COMMITTED TO PROVIDING THE BEST SERVICE WE CAN TO OUR PARTICIPANTS. WE BELIEVE IT IS OUR MISSION TO DO SO.**

Every year, we are reminded of the inherent, occasionally catastrophic, risks that churches face. Despite the noblest of intentions, the kindest of hearts, and the deepest convictions, we all face the potential for calamity.

Natural catastrophes were below average for 2014, but those are not the only hazards impacting insurance losses. In 2014, our participant churches experienced claims ranging from embezzlement, to lightning strikes that burned down church buildings, to the accidental death of a camper who drowned during a church related activity. I can assure you those churches impacted by such tragedies are grateful for the robust insurance limits afforded under our program, offering protection for the significant financial consequences involved.

The Insurance Board program was designed by church leaders, for churches. It is unique in that we look for ways to say, "yes," to our denominational members when it comes to providing insurance protection. Of those members who apply for insurance coverage through us, we accept more than 95 percent.

During 2014, 95 percent of church respondents who filed claims

indicated they were "satisfied" with their claim service, with 3 out of 4 responding they were "very satisfied." Our program structure affords us a degree of control to customize and tailor insurance language to best meet the needs of our participants, and the commercial insurers that back our program are A.M. Best rated A, or better, in a financial size category that meets, or often exceeds, that of competing programs.

In 2014, we posted a consolidated net income of \$3.5M on \$42M of premiums, improved our net unrestricted assets by nearly 17 percent to \$24M, and retained 95 percent of our participants.

As a not-for-profit program serving the needs of member churches, these funds will be used to reduce overall costs and provide enhanced benefits to program participants in the future. Looking forward, we plan to further reduce costs and pass on premium savings. We have doubled-down on our marketing efforts as we look to welcoming new churches.

Faithfully,  
Timothy S. Harris, CPCU

# 24.2

MILLION IN UNRESTRICTED ASSETS

# 10.9

BILLION IN TOTAL INSURABLE VALUE

WE ARE ENTHUSED ABOUT OUR

## MOMENTUM!







## A MESSAGE FROM OUR BOARD

### THERE IS “GOOD NEWS” FROM THE UNITED CHURCH INSURANCE BOARD (IB)!

A year ago, shortly after the arrival of Tim Harris as our President and CEO, our financial advisors shared with the Board that the IB was in a very strong financial position and “poised for growth.” In the past year that is exactly what has happened.

With strong support from a very committed group of Directors, the IB’s new team has moved forward with a carefully crafted growth plan to strengthen our already strong participation within the United Church of Christ, while expanding our base within the Christian Church (Disciples of Christ) and the Presbyterian Church (USA). In 2014, we achieved formal recognition by the Disciples of Christ as a Recognized Ministry Partner.

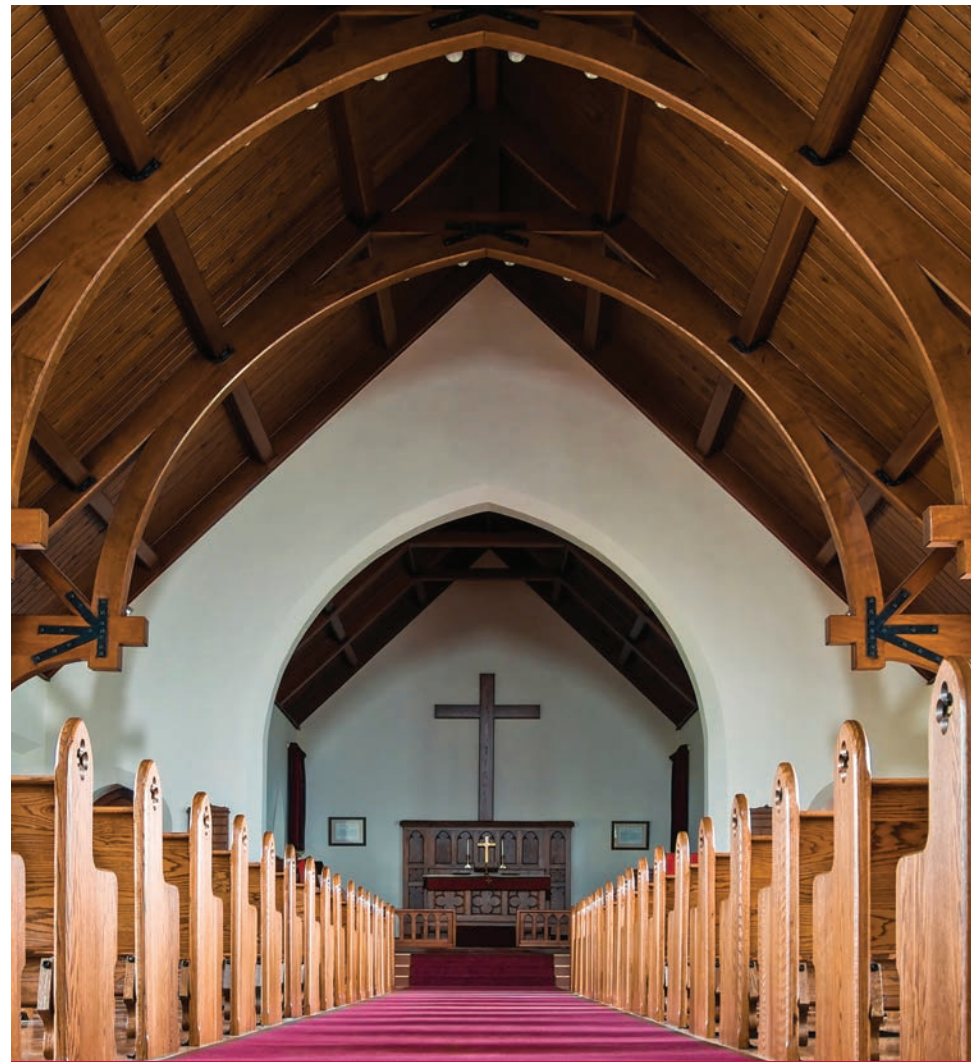
As important as it is to provide high quality insurance coverage and excellent claims service to our participants, the IB is truly a ministry of the church that provides much more. Examples include our loss prevention program and background check efforts (take a look at our website — [www.insuranceboard.org](http://www.insuranceboard.org) — for a wealth of resources).

Our overall financial health has enabled the IB to reduce its rates in many instances thereby passing on more “good news” to our church participants.

At our May 2015 Board of Directors meeting, we paused to recognize the life and death of Peter E. Keck. Peter was a member of the Woodside Village Church (UCC) in northern California and it is through his tireless energy that the IB was conceived in the early 1980’s. Peter, in his cowboy hat, overalls and boots, roamed the country to promote the concept of churches pooling their resources to achieve high quality insurance services while controlling costs. He was truly one of the UCC’s unique characters and served as the IB’s first executive director until December 1991.

Many thanks to our current President and CEO Tim and the dedicated teams of IB staff and agents across the country for a great year! We look forward to even better things in the year ahead.

John Deckenback  
*Chair, Board of Directors*



### 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 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.





# WHAT'S NEXT?

**OPPORTUNITIES FOR GROWTH**

## **THE INSURANCE BOARD**

relieved many churches of the burden of managing claims after challenging tragedies, allowing them to focus on their ministry. At the same time, we were still able to direct our own growth to the benefit of all participants by taking advantage of key opportunities during 2014.

The Insurance Board's dedicated team provided insurance protection and risk management services to more than 3,665 churches in 2014, handling 887 claims for 504 participants (14 percent), accounting for a 3 percent increase from 2013.

Through our range of services and superior coverages churches are afforded peace of mind and support for the unique tragedies they face. Our positive 2014 financial results were derived from these cost-efficient and beneficial programs designed to reduce the likelihood of losses.

As we continue to grow and expand program opportunities, we remain energized, focused and firmly committed to providing quality assistance in the future. The year 2015 marks our 30th anniversary and we plan to celebrate our first 30 while embracing the next!



## A MESSAGE FROM OUR CFO

I am proud to present the consolidated operating results for the year ended December 31, 2014. The program ended the year with 3,665 participants, for a combined total insured value of more than \$10.9 billion of church assets covered. We appreciate the continued support of our churches and look to the ongoing growth of our ministry in the years to come. Thank you for allowing us to be your program of choice.

In 2014, our consolidated statement of financial position was strengthened by strong cash flows generated by operations. Unrestricted net assets at December 31, 2014 rose to an all-time high of \$24.2 million, a 17 percent increase from 2013. This increase is attributable to a favorable loss development from prior years as well as an uneventful weather year in 2014.

Additionally, cash and investment balances totaled \$46.6 million which is a 6.4percent increase from the 2013 balance. The actuarial reserve for retained losses remained steady between the two years due to favorable loss development.

Our captive insurance subsidiary, United Church Insurance Company, showed a Reserves to Surplus Ratio at year end of .66 to 1 and Premium to Surplus Ratio of .86 to 1, which both compare very favorably to industry standards.

The financial vitality and operational sustainability of our program remains strong and serves as a testament to our mission of providing a superior comprehensive insurance program to our denominations. The structure of our program allows for the continuous confidence from our churches as it is implemented with multiple safeguards, which insure that all covered losses will be paid.

We utilize our captive as our reinsurer for a portion of risk while larger claims are covered by our third party insurance carriers, which are some of the largest in the industry. These carriers all have surplus balances of no less than \$2.0 billion and an AM Best rating of A (Class XV), a classification of Excellent, which denotes their financial strength and their ability to meet obligations to policyholders.

As we mark our 30th year in 2015, we continue to expand our program to benefit more of our member churches. Thank you for your continued confidence in our program and for allowing us to be your "Partner in Protection."

Andrea Gauding, CPA  
Chief Financial Officer

## 2014 FINANCIALS

As of and for the years ended:	December 31		September 30		
	2014	2013*	2012	2011	2010

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Cash and Short Term Cash Investments .....	\$ 26,889,430	23,359,788	17,987,102	23,429,463	25,087,213
Investments and Deposits for Future Losses .....	\$ 19,785,641	20,472,526	15,835,322	13,350,288	11,641,802
Accounts Receivable and Other Assets .....	\$ 1,599,185	1,249,104	1,339,488	342,081	202,451
Furniture and Equipment .....	\$ 989,404	872,660	105,432	35,006	27,917
<b>Total Assets</b> .....	<b>\$ 49,263,660</b>	<b>45,954,078</b>	<b>35,267,344</b>	<b>37,156,838</b>	<b>36,959,383</b>
Lines of Credit Borrowings .....	\$ 1,994,540	1,997,256	-----	-----	-----
Accrued Payables and Accrued Program Costs .....	\$ 2,568,832	2,294,570	2,393,542	2,965,566	2,203,738
Deferred Revenues .....	\$ 5,517,641	6,016,010	1,621,115	3,692,753	3,885,293
Reserve for Losses .....	\$ 14,901,145	14,872,570	11,476,523	10,259,731	8,928,470
Unrestricted Net Assets .....	\$ 24,281,502	20,773,672	19,776,164	20,238,788	21,941,882
<b>Total Liabilities and Unrestricted Net Assets</b> .....	<b>\$ 49,263,660</b>	<b>45,954,078</b>	<b>35,267,344</b>	<b>37,156,838</b>	<b>36,959,383</b>

### CONSOLIDATED STATEMENTS OF ACTIVITIES

Total Program Revenues .....	\$ 64,959,637	79,387,811	55,750,453	49,437,882	46,771,082
Less: Total Premiums, Claims Paid and Administrative Costs ..	\$ 61,451,807	78,390,303	56,213,077	51,140,976	45,428,053
<b>Change in Unrestricted Net Assets</b> .....	<b>\$ 3,507,830</b>	<b>997,508</b>	<b>(462,624)</b>	<b>(1,703,094)</b>	<b>1,343,029</b>

\*The above information is derived from audited financial statements for the fifteen-month period from October 1st 2012 through December 31st 2013.

Copies of the financial statements are available upon request.

## OUR STAFF AND BOARD OF DIRECTORS

### STAFF

Timothy S. Harris, CPCU  
*President & CEO*

David B. Nelson, CPCU, ARM  
*Senior Vice President*

Nichole M. Della Vella, ARM  
*Vice President, Marketing and Sales*

Andrea Gauding, CPA  
*Vice President and Chief Financial Officer*

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

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

Mary C. Lammermeier, CSP  
*Manager, Loss Control*

Cy McFarlin  
*Manager, Claims Administration*

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*

Alesia Malushi  
*Underwriting Assistant*

Kieziah McCullough, MBA  
*Underwriter*

Nick Schidowka  
*Underwriter, Team Leader*

Laraine Schuster  
*Customer Service Representative*

Mark A. Zimmerman, AINS  
*Claims Analyst*

### 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.  
*Secretary Northern California-Nevada Conference, UCC*

Duncan G. Draper  
*CFO, Pension Fund, 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  
*CFO, United Church of Christ Vice-Chair of the Board*

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

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

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

Rev. Craig N. Palmer  
*Transitional General Presbyter, Presbytery of Baltimore, PC (USA)*

Ms. Heidrun Toben  
*Connecticut Conference, UCC*

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

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Call: 800 · 437 · 8830 | Visit: [www.InsuranceBoard.org](http://www.InsuranceBoard.org)



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