

## **in this issue >>>**

*Insurance Board Turns 30*

*Is Your Church Ready for Winter?*

*Your Role in a Property Claim*

*Lessons from a Loss: Preventing Theft*



**Quarterly Insight into Current Insurance Concerns for Churches**

# *theSteward*

## **Insurance Board Turns 30! Call to Celebrate!**

In 1985, acting on behalf of the conference ministers of the United Church of Christ, articles of incorporation were filed in California on March 15. The following month, the Board adopted by-laws. This was a turbulent time for the insurance industry. Premiums were going up substantially, sometimes by more than 50%, and many churches found it difficult to obtain coverage at any price. More than 40 UCC churches found themselves cancelled mid-contract by other carriers who were withdrawing from the church market completely, but all were welcomed into the Insurance Board program. It all started, though, in 1979.

The idea of churches buying insurance as a group was conceived by Peter E. Keck, a UCC layperson and church trustee who was frustrated to find how unfairly churches were treated in the insurance market. Keck did some research. He introduced John Deckenback, then the acting conference minister for the Northern California Conference (and now the IB board chairperson), to the people who would help develop the program .

Deckenback saw the value, became an advocate, and began educating the churches to the benefits of the Program.

Community Congregational UCC in Campbell, California was the first church to join and others quickly followed. Campbell UCC is insured even today by the IB.

By 1981, due to the determination and labor of conference ministers 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 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 IB policy paid \$1.3M for the sanctuary's rebuild.

Outstanding coverage remains the hallmark of the IB program. Thirty years



after incorporating, your IB program remains the most comprehensive program designed for churches by churches, and your best advocate for protecting your church!

As we celebrate 30 years of protecting churches, we would like you to celebrate with us! Throughout 2015, we invite each of you to send us your celebrations. We will choose 30 churches/people/ministries/conferences/regions/presbyteries with which to honor those celebrations in one way or another.

Send us whatever anniversary or special occasion you are recognizing in 2015. Visit [www.InsuranceBoard.org](http://www.InsuranceBoard.org) and click on the Call to Celebrate link. Send us all the details you can and we will be in contact with you.

No celebration is too big or too small, if it is meaningful to you, it is meaningful to us! Thank you!

***Call to Celebrate!***

# Is Your Church Ready for Winter?

You may be hoping to squeeze in a last round of golf, or a last summer trip, but there's no denying it—winter is on its way! One last thing you should definitely do is check the conditions around your church. It's easier done now than when the snow chills you to the bone and outdoor work is nearly impossible.

To get started, think: Where did water and ice accumulate last year? Where did you sit or pass by that you felt a draft last year? Where are the new water stains? Other than fires, the most common and expensive damage to churches is water. There are various causes, but many can be traced to neglected maintenance.

On the outside, it's all about drainage—if water can't quickly flow away, then it's going to come in. That's why steep roofs are a common tradition in the north. Beside the obvious check for loose or missing shingles and secure flashings, drains, gutters and downspouts require inspection. Blocked gutters cannot drain. The water logged debris freezes at night, and thaws. In the repetition of the freeze-thaw cycle, melt water has no place to go and ice continues to build.

While the weather is working the outside of your building, on the inside the heat is rising. Lack of insulation, or defects in insulation, will permit heat loss. The smallest gaps in insulation, especially close to exterior walls can result in heat loss. The

mark of a well insulated building is heaps of snow on top, but no icicles. No icicles means no ice dams. Snow is melting from the top down, rather than bottom up. Defects in windows, siding and doors can be common culprits as well.

Also of concern is where the water is going. Mainly, for two reasons: protecting the basement from water infiltration; and assuring the safety of your guests. If you have water collecting close to your building at any time of the year, it is a concern. Make the water flow away.

When downspouts get blocked at ground level, they may overflow onto sidewalks. In the winter this will result in repeated freeze and thaw, creating unwanted ice rinks, a hazard for guests. Rather than pursue short term solutions, fix the problem. Be sure drains are clean and can handle the volume of water expected.

Churches are commonly left unoccupied much of the time, leaving them vulnerable to loss of heat and power. In severe conditions, various kinds of water damage may follow, the most serious from burst plumbing.

The first preventative step is to insulate pipes that are within or near outside walls or windows. The next is to augment existing alarm systems to include water detection and central station monitoring. Of course, when an alarm goes off, the breakage has already occurred, but you may be



able to control the severity of the loss through early detection.

When you cannot rely on alarm systems, and the weather may be severe or power outages may occur, emergency planning is necessary. Within hours of a reported power outage it is essential to verify whether your church has been affected. Decide who is going to check and re-check. If the power is out, start moving water through pipes by turning the faucets on to prevent freezing, and establish a schedule for checking until power is back on and heat resumed.

Similar plans must be made in response to serious winter storms. Electricity may be on, but fuel oil can turn to gelatin in extreme cold, and supply lines are prone to moisture accumulation, and can freeze. A door or window blown open can start the process. Someone must regularly inspect the building(s). Nobody wants to deal with the disastrous impact of a loss, but frequent checks can certainly help in damage control.

**Why Such High Limits? Do I Really Need That Much Insurance?** The Insurance Board program includes high limits of liability insurance, and so we often get asked this question. There is a legal principal in liability called "respondeat superior" – let the master respond - when anyone is performing work on behalf of your church in connection with your ministries, your church is responsible for their actions. **Example:** Joe volunteers to drive his van carrying five players of your church soccer team to a game. You have not run a Motor Vehicle Record (MVR) check on Joe, which would have revealed two DUI convictions in the recent past. On the return from the game, Joe crosses the center line and hits a truck head on. He is killed along with a front seat passenger. Two other children have serious and permanent injuries – one is quadriplegic. Joe had minimum liability limits because he could barely afford insurance. Autopsy showed that Joe had a BAC (blood alcohol concentration) of 0.90 at the time of the accident. There is no doubt your church will be sued even though the victims are members of your own congregation. Uninsured/underinsured motorist coverage will not come close to the lifetime costs of caring for a quadriplegic – the costs can easily run to \$10,000,000! With insurance limits of only \$1 or \$2 million, you can close down your church and hand over its few assets to the injured children. Would this be a just outcome for the children, or your congregation? Is this what you want for them? Your ministries place your church in positions of trust including care for your children and the public. While the most tragic events are rare, they do occur. Adequate insurance limits can soften the blow of tragic loss, provide for those who need it, and help preserve your church and its reputation as a caring community.

## **Oil Storage Tanks: Beware of Leaks**

In New England, especially, where oil heat is common, it's time to fill the tank for the winter. While you are at it, it's a good time to check carefully for leaks. While underground tanks are thoroughly regulated and require monitoring, the same kinds of standards for smaller above ground tanks commonly used for fuel oil are not in force. Now keep in mind that **no normal insurance policy will cover events related to pollution**. The language is very clear. A church in New England housed their oil tank in the church basement. It had no curbing around it to contain a leak. Last year the tank rusted through and spilled its contents onto the floor, which drained into the sump. The sump pump very efficiently pumped the liquid outdoors. Once outside, it flowed into a nearby pond. The church now faces the cost of cleaning up the soil and the pond. Inspect your oil tank thoroughly. Budget for a replacement if you are concerned. Install curbing around your tank, whether outside or inside, to help contain a spill.

## **Do You Know Your Role in a Property Claim?**

**By: Alison Hanna**

Do you have a property claim? If so, get it reported. Are you not sure if you have a property claim? If so, call Alison Hanna at 800.437.8830, ext. 3250 or visit InsuranceBoard.org for answers to your questions.

Once you have reported a claim, you may want to know what to expect:

- After you report a claim your adjuster contacts you within 24-48 hours (this will be your primary point person)
- The Insurance Board sends you an expectation sheet to help you better understand the process
- The adjuster sets up an appointment to review the damages and will discuss the coverages and give you a task list (keep ALL invoices, bills and receipts)
- The adjuster will update you with the status of your claim
- The IB serves as your advocate should you have any concerns

Now that you know the process, you may want to know what you can do to keep the process moving along. Here's what you can do: contain, document, clean, and repair.

The first action is to contain the damage. For example, a water leak; the damage can be stopped and contained by shutting off the water source or



stopping the leak temporarily. Just remember when doing this you want to contain the damage to one area. Please remember to use caution when doing so; if containment means putting you or your staff/volunteers in a harmful situation **do not** proceed.

Now that you have contained the area, take photos and keep an inventory of items destroyed or stolen to document the damage. Documenting the loss is important because once you start clean-up you will no longer have a visual record showing proof of the original damage, or of the items destroyed or taken. Documenting your loss is your obligation, and provides a starting foundation for adjusters.

Done. Now to start the clean up.

Cleaning is essential because it allows you to review the extent of the damage, eliminate hazardous conditions, and salvage property. Just remember if the condition of the property is hazardous, call professionals.

Lastly, you are now ready to start the repairs. You are required to take all reasonable steps to protect the property from further damage right away. If emergency and temporary repairs are necessary, keep a record of all expenses. After the adjuster calls you and inspects the damage, s/he will provide instructions about completing the permanent repairs. It is a good idea to find a contractor you trust as soon as possible. Contrary to what most believe, the adjuster will not require you to use a specific contractor; it is entirely your choice. However, the cost for that contractor must be reasonable in order for the policy to pay the full expense. The adjuster will usually withhold part of the full replacement cost until the repairs are done. This is to validate the actual cost of the repairs and to ensure the money is properly used.

Now that you know your role in a claim, make sure you have an action plan and assigned duties. An action plan will enable you to keep in control, and to make sure nothing is overlooked during a claim.

## **lessons from a loss >>>**

Theft is the most frequent cause of property claims for churches. The claims are relatively small compared to the deductible, so there's a strong incentive to deter theft losses. Recently, thieves have targeted sources of copper, prominently contained in plumbing/heating systems.

Copper is traded on a world market where its value rose 140% in 2009. So, while the copper market is "hot" extra vigilance is required.

Air conditioning compressors commonly sit outside the building they serve; while your church building may sit unoccupied for significant parts of the day or week. You are an easy target for thieves if your AC units are not protected. Here are

some steps you might take. Weigh the costs against your deductible amount.

- Install exterior lighting turned on by motion detectors (and test them)
- Keep landscaping away from air conditioning so thieves cannot be concealed
- Consider upgrades to your security system, including cameras
- Audible alarms are available which may be triggered by attempts to move equipment or cut a refrigerant line
- Paint your copper – Recyclers won't touch it and the thieves know it
- Install tamper resistant screws or a theft deterring cage



**INSURANCE BOARD**  
Partners in Protection

UCC + Disciples + Presbyterian

*The Steward* is the joint effort of:  
The Claims Department and  
Elizabeth Vance, Manager, Marketing & Communications  
[www.InsuranceBoard.org](http://www.InsuranceBoard.org)

## **claims corner >>>**

*Cy McFarlin, Manager Claims Administration*

216.736.3265

*Alison Hanna, Claims Analyst*

216.736.3250

*Mark Zimmerman, Claims Analyst*

216.736.3276

*File a Claim Online [www.InsuranceBoard.org](http://www.InsuranceBoard.org)*



## **Mandatory Reporting of Suspected Abuse: Know Your State Law**

Every state has requirements for the mandatory reporting of suspected abuse of minors, be it emotional, physical, or sexual. Failure to report abuse as your state requires may result in criminal penalties, and in some states, civil penalties as well. That

is, you may be sued by an abuse victim for failing to report. While "ministers" are often exempt from mandatory reporting requirements because of the nature of their primary role within the church, they may be required to report based on other roles

they perform (administrators or counselors).

If you work with, or on behalf of, children, whether as an employee or volunteer, you must understand whether you have reporting responsibilities. Your Safe Church policy should define who, within the church, has the responsibility to report to law enforcement or child welfare authorities based on your state's laws.

Your policy also should define the process for elevating any concerns to those who have the reporting responsibility.

Understanding when knowledge of possible abuse is enough to trigger the reporting requirement can be difficult. The Insurance Board has access to resources to assist your church with the reporting decision and will help you decide when it is necessary to report a claim.