

Use the Right Tools

And the Right People for the Job



T H E S T E W A R D

INSURANCE BOARD

Finally it's Spring after a long and brutal winter for much of the country. It's now time to organize work parties and plan construction and maintenance for your church and grounds. Except for the most complicated work, you will probably use volunteers to get much of the work done.

However, you must also think about using "qualified" volunteers who are able to safely use the "right" tools. Some congregations are lucky enough to have construction trades well represented – real tradespeople willing to do professional work with their own professional tools. But many of you must rely upon do-it-yourself skills and an abundance of good intentions.

Injuries to volunteers can be serious, especially in a construction environment. When elderly volunteers are hurt, their injuries may be life-changing.

Sometimes the best intentions can go wrong, so it is always best to plan for your safety needs. Here are some situations to guard against.

- Boxes need to be placed up high. You begin improvising by putting your ladder on top of a box. Or you only need a couple of feet, so you stand on a chair.
- There is plenty to do and few to supervise. Children (under 18 is a child) use power tools and ladders without training or supervision.
- Special tools are needed for trimming the hedges. You improvise rather than rent or buy the proper tools.
- The need for eye protection is obvious. But it's just this once and you need to make this



This is a proper ladder.



NOT a proper ladder.

one quick cut.

- A repair to high up trim on the building requires two people and four hands. You try to work from ladders rather than rent scaffolding.
- Chandelier wiring needs repaired. The circuit breaker is in a locked space, so a self-proclaimed electrician decides to work it "hot."

Construction is among the most dangerous of occupations. Do-it-yourself construction with inadequate experience, skills or tools is downright scary.

Plan carefully ... and know your limitations as well as the limitations of your congregants.

Insurance Myths Uncovered

We all have heard horror stories about insurance and claims. Most often these are the result of poor communication, late claim reporting and general lack of understanding of insurance principles. Unfortunately, some of the lore and myth guides perception of the Insurance Board program. Some myths are:

- If we report a claim, the IB will cancel our insurance. NOT TRUE.
- If we report a claim our rates will go up 30%. NOT TRUE.

The IB is a ministry of the church. Our guiding principle is "inclusivity," whereas the insurance industry is guided by a principle of "exclusivity." When you have a loss, it is important that you let your agent know right away. Let us be sure that you receive the benefits you paid for. Delay in reporting makes claim adjustment more difficult.

The IB program is a voluntary association of churches who ultimately share risk and each other's losses. Program costs are driven by actual claim costs. Good collective experience is returned in additional services and lower overall premium for a superior insurance program.

Claims Corner

Carl Kotheimer, Director Loss Control & Claims	216.736.3244
Joe Boyd, Manager Claims Administration	216.736.3251
Alison Hanna, Claims Analyst	216.736.3250
You May Phone In A Claim	800.437.8830
You May File A Claim On-Line	www.InsuranceBoard.org

Mission Trips and Foreign Travel, What You Need To Know

We travel to a destination city in the U.S. with little thought about the differences in legal systems, medical care, transportation, insurance...and language.

However, dealing with a serious accident or injury (or death) in another country may be an expensive and emotionally devastating challenge. Especially in a group setting, more so with minor children, very careful planning is required.

The following circumstances may be encountered during foreign travel:

- Serious illness or injury may require hospital admission. A large advance payment for treatment may be required.
- Serious injury or illness may require evacuation to the U.S. for suitable treatment. Transportation costs are huge.
- You may need to visit a child stranded in a foreign hospital.
- Employer provided or private health insurance may not cover treatment outside the U.S.
- Legal counsel may be required as a result of alleged violation of local laws or an auto accident.
- Upon death, family may wish remains to be returned to the U.S. or to accom-



pany remains in transit.

- A lost passport or luggage may require assistance with authorities.
- Kidnap and ransom demands are a higher risk in some countries. Specialized services to recover the victim are needed. Recently, Mexico has among the highest kidnap rates in the world. And commonly in high risk countries, local law enforcement may not be trusted.

Specialized “foreign travel accident” policies are available to address these issues.

The policies differ greatly and contain important exclusions. Injury in certain

high risk activities may be excluded. Generally the medical components will not address pre-existing conditions (e.g., diabetes) or pregnancy related issues.

The Insurance Board has a “foreign travel accident” program that will address some of the situations listed above. Coverage is priced on a per person/ per day basis. You should contact your agent to discuss your coverage as well as your particular needs.

As much as possible you should deal with agencies and ministries that are experienced with travel in the country you wish to visit and be certain to do your own research.

You should also check your employer or private health insurance to determine what benefits you may or may not have and how to present a claim. Be sure you understand how you will receive treatment and pay for it if you leave the U.S. with a pre-existing condition.

Finally, be sure to do your research. A good place to start is the U.S. Department of State website: http://travel.state.gov/travel/travel_1744.html. Here you can learn about travel warnings and what the State Department can/cannot do for you.

Is Your Church Ready for the Social Media Age?

It’s everywhere. Every day we hear the term – Social Media – applied to everything from now “old fashioned” e-mail to Twitter, Facebook, You Tube and all of the variations. Some of the stories surrounding social media are frightening: A child is bullied to the point of suicide. A man is charged with “felony computer misuse” for reading his wife’s e-mail.

When asking “should our church have a Facebook page?” the conventional response is “yes.” BUT!...**beware unintended consequences.** I recently visited a company’s Facebook page and was struck by

the number of posts that were highly critical of the very same company. Who let that happen?

Social media provide **opportunities** for outreach and congregational development. And getting started with social media is **incredibly easy.** On the other hand, there are **specific risks** which must be managed. Some of the hazards that are foreseeable are: defamation, privacy violation, intellectual property (copyright) violation, environment for stalking or bullying, employment practice mistakes, pastoral privilege impairment.

If your church has plans to make use of social media, then it must be done thoughtfully and managed by a knowledgeable group of adults.

The Insurance Board is studying the use of social media and will continue to advise you on effective use. Our sincerest hope is we will not cover the subject under “Lessons from Loss.” We have our fingers crossed.

Be sure to attend our FREE webinar on “Social Media” on May 18. Register at our website: www.InsuranceBoard.org. Go to Webinar Information on the right.

Safe Church Policy One Leg at a Time: Element 5

We continue our series with the fifth of six elements of a safe church policy.

Previously we have discussed screening & selection, interaction guidelines, monitoring and safe environment elements, all of which contribute to prevention of abuse. These elements and controls also help staff and volunteers operate within bounds and improve performance. In this issue we will review the fifth element, **reporting “suspected” abuse.**

Emphasis is placed on “suspected”, for two reasons. First, state laws require that designated “mandatory reporters” report “suspected abuse” to child welfare or law enforcement authorities. Second, it is less likely that you will see an act of abuse, but more likely that you will see conditions or patterns of behavior that indicate abuse.

In the individual child, you may see indications of poor nutrition, poor hygiene, injury, depression or withdrawal. In staff, patterns of behavior and failing to respond to corrections, taken together, may be a reasons to suspect abuse.



Each state has its own child abuse prevention statute which addresses abuse broadly to include physical abuse, neglect and sexual abuse. States also define who is a “mandatory reporter” of suspected abuse. Commonly they are persons in leadership, teachers, and day care workers.

Clergy are commonly included with limited exceptions relating to pastoral privilege. Yet mandatory reporters may not be in a position to directly identify or observe day-to-day. **Clear channels of communi-**

cation are needed from staff and volunteers to assure the “mandatory reporter” can meet his/her legal obligations. In addition, alternate channels must be built into the system so that staff can report upward when there are roadblocks to reporting.

Inappropriate behavior does not create a presumption of abuse. Therefore, the person who may be accused of abuse is entitled to due process and appropriate confidentiality. Processes need to be in place to reasonably protect the reputation and privacy of the accused pending the outcome of an investigation.

Reactive discharge of staff without a record of training, monitoring processes, and documented progressive discipline may result in a different kind of controversy which does nothing to enhance confidence in church leadership or its programs.

Leadership, mandatory reporters and supporting staff and volunteers must be aware of their responsibilities to identify, investigate and report suspected abuse and what process will follow to resolve the incident.

How Much Insurance Do I Really Need?

Some time ago I went to visit a church after a fire. It was clear upon arrival that the church was a “total loss” and the insurance limit was not enough to rebuild. After some investigation of the site, the church leaders and I discussed the claim adjustment process and policy benefits. One of the leaders asked, “How is it that we are underinsured?” Responding to this question is never easy, because the answer is usually held by the people asking the question. By contract, determining value is the responsibility of the insured, usually a fiduciary responsibility of the leaders.

In the last year the IB has instituted a survey program focused primarily on new participant churches. The surveys include preparing a *Marshall & Swift* building replacement estimate and an estimate of the value of stained glass and pipe organs. These surveys have revealed a very distinct pattern of underinsurance.

After World War II, construction in the U.S. changed profoundly. Little has been built since that is truly permanent, including churches. On the other hand, churches built prior to the war exhibit methods of construction, architectural detail and craftsmanship intended to last a century at least. We have found these buildings consistently underinsured by as much as 50%.

A common justification for underinsurance is, “We wouldn’t build the same church if this one was destroyed.” Our consistent answer to this reasoning is, “You certainly will not!” Building codes will add very significantly to the replacement of any building that is a total loss. Additions will include elevators, full sprinkler systems, alarm systems, emergency lighting, higher grade electrical systems, handicap access and restroom facilities, more parking and perhaps a retention pond. A partial loss of \$1.5-\$4 million may require \$300,000-\$500,000 in code upgrades in addition to fire repairs.

In spite of pre-loss intent, your expectation after loss is usually “full recovery”. Consciously choosing to underinsure is effectively gambling on a partial loss. That’s a bet you could lose. You will have let down your entire congregation and impaired all of your ministry.

While it remains your responsibility, the IB can help. Ask your agent about obtaining a building replacement estimate or professional appraisal. Or you can visit our website: www.InsuranceBoard.org, Click on *Safety Solutions*™, then *Insurance Board Services*. See the *Property Appraisal* and *Property Valuation* items.

Lessons from a Loss: The Value of a Lease

(Because this is an active case, names have been changed.)

The Congregational Church at Smithville informally rented space, including use of the kitchen, to the local Tiger Club. There was no written lease or use agreement, nor any kind of hold harmless and indemnity agreement with supporting insurance.

The church was having repair work done at the church by a local contractor at that time, but with no contract or purchase order. Again, there was no hold harmless and indemnity agreement with the contractor for injuries incurred by the contractor's employees on the church site.

An employee of the contractor had reason to enter the kitchen area. The floor had just been mopped by a member of the Tiger Club. The worker claims to have fallen on a wet floor. Serious injuries result with expenses exceeding \$150,000. The worker has retained an attorney and made a demand in excess of \$500,000 for the injuries, loss of income and pain and suffering.

As a result of activities that had nothing to do with the church or its ministry, the church will now have to defend claims from both the injured worker and the contractor's workers compensation insurance

company. While insurance will address the financial burden, the incident will be a distraction to the church for years.

Seeking more revenue from facilities, churches are looking for tenants and events. Admitting organizations outside church ministry has risks. A **well written lease** (or use agreement) and a **standard purchase order form** are essential tools to manage the risk. With these documents, the church could have presented the claim to the Tiger Club and the contractor to defend and pay. Consult with your attorney and get your documents in order.

Insurance 101: Understanding Your Coverage by Carl Kotheimer

As an antique collector, one of the items I have is an Ohio insurance policy from 1870. The policy covers "fire and lightning" only. The amount of the policy on a "mercantile building" was \$1,000 for a premium of \$15. In 1870 dollars, that was a lot of money. Translated to a typical church property value today, a policy limit of \$2,500,000 would cost \$37,500 for "fire and lightning" only!

In the 20th century, as fire protection became more advanced and insurance purchase became more common, additional perils were added, to include smoke, windstorm and hail. Coverage for storefront glass, vandalism and theft were still extra. For adjusters, claim handling "back in the day" was easy. Coverage was defined very simply by the "named perils". It was not until late in the 20th century that the concept of an "all risk" policy was introduced for homeowners and later commercial property. The term "all risk" was soon a problem in the courts, the word "all" having become a point of contention. Policies have now evolved to provide coverage for "risk of physical loss."

However, every risk of loss is not insurable. So **coverage is now limited by the exclusions**, which are many in every property insurance policy. Therefore, **to understand your coverage, you must now understand the exclusions**. The general nature of exclusions is to eliminate subsidies and loss due to poor maintenance. That is, you shouldn't have to pay for flood insurance if you live on a mountain top. And you don't expect to pay for another property owner's neglect.

The Insurance Board program is an excellent policy for churches and includes benefits that cannot be obtained elsewhere. Each year you receive a CD that contains all of the policy, which has many pages. Your property coverage is for **"risk of physical loss" except for what is excluded**. Take some time to at least read and understand the exclusions. If you have questions, call your agent.

Many of you will remember the devastating fire at Euclid Avenue Congregational Church UCC in 2010. Below is an excerpt from a letter the IB received from Dean Sieck the former moderator at the church. The complete letter is available on our website.

"As former Moderator of the Euclid Avenue Congregational Church, UCC, I am writing to express this congregation's gratitude for the exceptional service provided to us by your organization...

Throughout the claim period, your staff, consisting of Joe Boyd and Carl Kotheimer, was available, competent, and attentive to our needs. Within two days of the fire, while the site was still smoldering, two of our members met with adjusters to clarify the claims process.... Less than two months later, we met with members of your board of directors and received...the greatest share of our claim. Within days, several of our members met with representatives from IB to fully clarify and resolve any questions regarding our claim...

Your hard work on our behalf has contributed to our congre-



gation's bright future. While we are still in the process of determining what God has in store for us, I am certain that our future will be financially secure. What happened to us was a tragedy. Yet, the loving and faithful staff of IB has helped to lighten our load, and the healing process of our congregation has been helped by your work..."

The Steward is the joint effort of:
Carl J. Kotheimer, Director
Loss Control & Claims and
Elizabeth Vance, Marketing &
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Please visit our website
www.InsuranceBoard.org to subscribe to our
electronic newsletter.

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The Insurance Board is a non-profit property and casualty insurance program serving the United Church of Christ, the Disciples of Christ (Christian Church), and Presbyterian Church (USA).