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INSURANCE BOARD

Recently, I saw a Mercedes Benz ad on TV in which a young girl relayed a school discussion about wants and needs. “I don’t need an i-Pod, but I want an i-Pod”, she said. Her classmates disagreed, “No, no, no, you neeeded an i-Pod.”

And so it goes with maintenance and investing in our churches. It is more fun and satisfying to apply funds to things we can see and hear – sound systems, state-of-the-art lighting, steeples, bells, even a coat of paint. But lurking nearby, out of sight and taken for granted, is a not so glamorous aging electrical system, plumbing, boiler or roof.

Especially when funds are limited, you should have a budget for maintenance. Some items are immediate and routine, some are long-term, major expenses. If you are a governing body member of your church, you have a responsibility to protect the assets of your church and to tell your congregation where your church stands. Unless you have substantial endowments, you will need to accrue funds for major replacements.

Of all infrastructure, the most hidden and potentially most dangerous is the electrical system. For older buildings, greater demand has been placed on the electrical system than ever designed. Your electrical system can wear out over time. The system can be subject to heat damage from a loose connection or repeated overloading. Well-intentioned amateurs or poorly qualified “professionals” may repair or add to the system in ways that are dangerous either to the building or to



people. Repeated power surges take a toll on appliances, including HVAC and security. A poorly maintained lightning system may offer more danger than protection.

Did you know??

The Insurance Board provides an electrical inspection benefit to its participants. For an investment of \$225, you may order an inspection by a licensed contractor through the **Insurance Board’s TEGG inspection program.** Where “critical” or “severe” defects are found, you will have an allowance from the IB of \$500 toward immediate repairs.

You read correctly: you pay \$225 (which is a fraction of what it would really cost because the IB is subsidizing it), you receive the value of the inspection plus as much as \$500 towards repairs. Call Carl Kotheimer at the Insurance Board to learn more: 216 736 3244.

Setting Priorities

Short term (this year)

- Utilities & fuel oil
- Minor maintenance
- Housekeeping
- Landscaping
- Carpet cleaning
- Snow removal
- Expendables (e.g., light bulbs)
- If needed, insurance deductible

Long term (3-10 years)

- Roof
- HVAC
- Electrical system
- Flooring
- Security system
- Appliances
- Painting
- Paving
- Additions

Claims Corner

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

Replacement Cost or Actual Cash Value? Know the Difference

By: Alison Hanna, Claims Analyst

Did you ever wonder what these terms mean in regard to your property insurance and claim? Well, this is a question that just about everyone asks, and needs to understand. Both “replacement cost” and “actual cash value” are terms the insurance industry uses to describe how property is valued during a claim. Property insurance has two components: the building, and its contents. The IB policy provides replacement cost coverage for both.

Replacement cost is the cost to replace an item new with material of like-kind and quality *without deduction for depreciation*. For example, if you have a five-year-old TV that is damaged or stolen, the insurance

can cover the cost to buy a new TV with similar features at the current price.

Actual cash value (ACV) means *replacement cost less depreciation*. For example, if that same television has a useful life of ten years, but it is five years old when it is destroyed, it has only half of its original value due to depreciation. If the current replacement cost is \$800, then the actual cash value (and the insured loss) is \$400. It is also possible, especially for technology items, the current price for like features may be less than the original price.

The payment of the replacement cost would work this way: The claim is calculated first at ACV and that amount is advanced to the policy holder. The difference

between ACV and replacement cost is also called the “hold back”. When the policy holder actually purchases the replacement item, the “hold back” is then paid up to, but not more than, the total out of pocket for the item. The original insurance estimate may have been \$800, but the item was found on sale for \$750. Insurance will pay a total of \$750, not the original estimate.

You also have the option to replace with an upgraded item or, for example, a larger TV. However, the insurance would only pay up to the \$800 replacement cost for the same size TV, and you would be responsible to pay for the additional cost of the upgrade. None of these examples factor in a policy holder’s deductible.

Traveling Abroad?

Every insurance policy issued in the US has a “territory” clause, indicating the geographic limits of your coverage. For property policies, coverage is limited to loss occurring within the United States, though sometimes extending to Canada.

For liability policies coverage may apply to occurrences that occur anywhere in the world, but only if the claim is then presented in the United States.

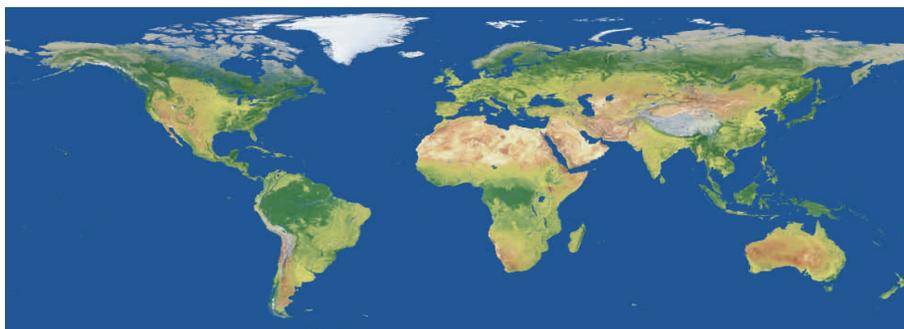
For all practical purposes, your domestic insurance coverage is left behind in the U.S. While traveling outside the U.S., you may have additional insurance needs be-

yond covering your new digital camera, and trip interruption. Among special needs may be the cost of medical care or an ambulance flight back to the U.S., or the worst of all, repatriation of remains.

When traveling outside the U.S., great care should be taken to address insurance needs, especially when minors are involved.

The Insurance Board provides an optional coverage for travel and accident and sickness which can be purchased “as needed”.

Call your agent before you go to make sure you understand your coverage, and options.



Crisis Management: When the Media Comes For A Visit

We have all seen it on the news: something bad happened at somebody else’s church whether it be financial irregularities, allegations of sexual misconduct, or injuries to children. You are a church leader. Do you have any idea what you would do to manage the situation? How you would protect the reputation of your church?

As a participant in the Insurance Board

program, you have access to the kind of services a large corporation would use to manage a crisis involving injuries to its customers.

Recently, a church reported an incident of alleged child abuse that came as a complete surprise. When offered “crisis management” services by the IB Claim Staff, the church declined believing they could

resolve the matter quietly. The following day as news crews arrived at the church, they reached out to us for assistance and we were glad we could help.

Because your church’s reputation is “everything”, your leadership should have a clear understanding about who speaks on behalf of your church in a crisis, and be prepared to call us for help.

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 volun-

teer, 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.

Safe Church Policy One Leg At A Time: Element 2

We continue our series with the second of six elements of a Safe Church policy.

Family cultures are learned from a young age. While one family may be very reserved in its displays of affection, another may not. I was once em-



ployed in a family-run company in which the family members routinely hugged and kissed at work. For one, it was all he could do to not touch someone in the normal course of business. It was all very innocent and acceptable for that family.

A caregiver raised in this environment may not see that overt affection is not acceptable around youth. However, those behaviors in the environment of youth ministry may be misconstrued by observers. This is why your Safe Church policy needs to address the kinds of interactions that are appropriate between caregivers and children.

Two areas to address:

- Appropriate displays of affection

- Contact outside of church activities.

It may not be practical to get into specific behaviors in a policy; some flexibility may be needed for different children’s programs and churches of different sizes. You might approach it in one of two ways:

Here are some guidelines:

- A large congregation may delegate guideline creation to its various ministries – day care, pre-school, sports, etc. – while being clear that each ministry is required to document and train to its guidelines.
- A smaller congregation with fewer activities may need to provide more specific guidelines within its policy.

Appropriate displays of affection – side hugs; shoulder to shoulder hugs; pats on the shoulder or upper back; “high fives”; verbal praise.

Inappropriate displays of affection – Full frontal hugs; tickling; any type of massage; allowing child to cling to a staff member’s leg; kissing on mouth.

Appropriate outside contact – groups of children to sporting event; functions at a child’s home with parents present; home visits with parents present.

Inappropriate contact – Unapproved outings; home visits without parents present; contacting youth outside of program without prior parental approval

Then there is the matter of **Facebook, Twitter, e-mail, texting and cell phones**. The rules for these can be very simple. Limit communication to logistics – scheduling time and place. Always copy all communication to a program supervisor and/or parent. Create the expectation with youth that all communication is shared with others.

Remember, these guidelines have **two objectives**: First, protect children. Second, protect the reputation of the caregiver and church. Give caregivers the knowledge they need to protect their reputation and to recognize inappropriate behavior.

Web Conferencing

What's a webinar? Wikipedia says it's a "neologism (new word) to describe a specific type of conference, typically one-way..." In January 2010, the Insurance Board began its web conferencing series in order to reach participants from Maine to Hawaii with critical training for church leaders. That's better than a "webinar" because our conferences are interactive. You can talk, chat and respond to questions. It's free. All you need is your PC and an internet connection.

The Insurance Board will resume the conference series in September, 2010, to include previous programs and new sub-

Subject	Dates/Times	Material
<i>Where is Your Safe Church Policy?</i>	Sep 15 11AM & 3PM EDT	Review the six components of a Safe Church policy – screening, interacting, monitoring, security, reporting, & training.
<i>Building Trust, Preventing Disaster – Financial Controls for Your Church</i>	Oct 13 11AM & 3PM EDT	Review related elements of church by-laws and basic principles of financial control: separation of duties and audit.
<i>What Is Your Church Worth?</i>	Oct 27 11AM & 3PM EDT	Review of components of building value and insurance considerations. What about stained glass and other special items?
<i>Adult/Child Interaction – Why So Many Rules?</i>	Nov 10 11AM & 3PM EST	Review of basis for interaction guidelines, and specific examples. Special attention given to social media guidelines.
<i>When a Convicted Predator Comes to Worship ...</i>	Dec 8, 11AM & 3PM EST	How will your church manage a request...

jects. Your input regarding future topics is welcome. To register for conferences go to <https://insuranceboard.ilinc.com>. Select

your course(s) and click "Register." You will receive e-mail confirmation and a reminder the day before the meeting.

Copper Theft (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 and 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 con-

ditioning 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

Cell Towers: To Lease or Not To Lease?

A new income opportunity for churches is a cell phone antenna and/or tower. Because of increasing demand created by "smart" phones, thousands of towers will continue to be added to the American landscape. But beware a stranger bearing gifts!

While a cell tower lease is a real income opportunity, the commitments are for a very long time and may be complicated. For such a commitment, it is important to retain competent legal counsel from a specialist. Sign nothing, not even an "option" until you have had a conversation with legal counsel.

Among the issues that may arise: mortgagee approval, income and terms for escalation of rent, restrictions on building use or changes, impact on building structure, size and visibility of antennas, insurance, and multiple providers on a single tower

No matter who is a tenant on your property, it is important that you have a lease. As the landlord, you should have control and understand the terms. If you are considering a cell tower lease, see more complete information on our website courtesy of John Pestle, Esq., Varnum Attorneys, "Cell Tower Leases – Do's and Don'ts for Churches", 2010. Mr. Varnum is on the Board of Good Shepherd UCC in Sahuarita, AZ.



The Steward is the joint effort of:

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Please visit our website
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