

LOSS CONTROL MANUAL



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Our insurance serves you so you can serve God.
Serve God



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INTRODUCTION

Our Loss Control Manual (LCM) is organized into major areas of activity, providing a working document to help develop a comprehensive safety program. If you are a member of the church's Board of Trustees (BOT) you have direct input on the activities of the church, and as a result, a direct responsibility to manage the risk and protect the church. Managing a church property and its many activities is no simple matter. We hope this Manual makes it easier.

Loss control is a continuous process of research, experience and education—and is also a part of your covenant with all other participants in the program. Each church has a responsibility to:

- Insure to full value.
- Maintain property and grounds to minimize damage and protect attendees.
- Professionally manage church ministries and business affairs.
- Inform Insurance Board of changes that may affect coverage and report claims in a timely manner.

The LCM contains guidance for getting started with your safety and protection stewardship as well as technical information regarding specific areas of concern: People, Property, Transportation, Youth Activities and Management.

When it comes to managing risk, you have a few options:

- **Avoid** – Not always an option. Your church is committed to certain activities, so you must find a way.
- **Transfer** – Sometimes you can hire it done, or transfer risk under a written contract. You might do it in a lease, facility use agreement or vendor contract.
- **Minimize** – That is, reduce the likelihood that something bad can happen.
- **Mitigate** – Once something bad happens, keep the “damage” to a minimum.

The LCM focuses on Minimizing and Mitigating. Whether you operate in committee or individually, the major areas of risk and likely divisions of responsibility include, at least:

- SECTION 1: PEOPLE – Injury prevention and safety training
- SECTION 2: PROPERTY – Buildings and church property
- SECTION 3: TRANSPORTATION – Vehicle use and driver selection
- SECTION 4: YOUTH ACTIVITIES – Special concerns for youth centered activities
- SECTION 5: MANAGEMENT – Church operations and employee management

Some of these overlap, but we created manageable pieces so you can get something done. Think of them as steps:

- **Process** – How do you get things done? Do you have a process written down or a flow chart? Who is in charge? Who has direct responsibility? How are decisions made?
- **Training** – Are special skills or knowledge required? How is training conducted? How are records kept? Do volunteers have the needed skills and training?
- **Inspection/Audit** – How do you make sure that all is well or what needs “fixing?” Who is checking? Who shares the result?
- **Remediation & Resolution** – How are problems fixed? Are there budgets? Who approves the fix and the expenditure? How is the fix verified? Who shares the information?

We will review these steps in each Section. Depending on the size and complexity of your congregation, a very simple approach may apply, or something more complex. In some cases it may be as simple as one person taking the initiative (with approvals along the way). In other cases budgets and planning will be involved. Some projects may take weeks and others may take months.



MANAGEMENT

GENERAL AND FINANCIAL

PROCESS 5-1

The management requirements for churches will vary greatly according to the value of their assets, the size of the congregation, and the types of ministries conducted. Common areas of management may include the following:

- **Board of Trustees/Board of Directors (BOT)**—as leaders of the congregation, the BOT is responsible for representing the interests of the congregation and ensuring the proper utilization and protection of church assets. The BOT is entrusted with the enforcement of the by-laws of the congregation. The by-laws serve as a blueprint that allow a church to conduct its affairs and are supplemented by internal policies and procedures, rules of governance, and ministerial objectives. The BOT is tasked with overseeing the financial support and direction of the congregation as well as the responsibility for the use of church properties. The BOT ensures that the financial and ecumenical missions of the church work together by maintaining oversight of budgeting, investments and insurance. The BOT should obtain directors and officers insurance which indemnifies the individual trustees and officers for claims resulting from managerial decisions made while serving on the board.
- **Employment**—hiring, discipline/termination, discrimination, handicap accommodation, training, OSHA, workers compensation, background checking; compliance with Federal and State laws; volunteer management
- **Financial Management**—handling of offerings, purchasing, contracts and leases, banking, budgets, capital planning, fiduciary duties, information systems controls
- **Youth Ministry**—See Section 4, *Youth Ministry*
- **Parish Nursing**—malpractice, health precautions, confidentiality
- **Food Preparation**—public health standards, first aid, building codes
- **Transportation**—See Section 3, *Transportation Safety*
- **Landlord, Tenants & Services**—non-church tenants and activities, third party risk transfer
- **Ministry Continuity & Emergency Planning**—preparation for and recovery from disaster
- **Cemeteries**—malpractice, security

While insurance coverage such as general liability, automotive liability, workers' compensation, directors & officers' liability, and various kinds of professional liability, may help mitigate losses in these management areas, prevention remains the key component to lessening the impact of losses.

Employment

Employing staff increases a church's responsibilities. Leaders need to establish procedures that apply uniformly to all employees; as the number of employees and variety of jobs increases, the need to have written policies and procedures increases as well. There are a number of risks to employment that can be managed best when all employees know the rules, and the rules are consistently applied.

Essential elements include the processes of:

- 1. Hiring**—selection, screening, interviewing, and background checking; hires approved by appropriate personnel as directed in the by-laws; EEOC guidelines should be reviewed for employment interviews; certain positions, such as those that work with children, may require additional screening and review of driving records.
- 2. Employee Handbook & Training**—document policies and procedures; provide training as needed on items such as: church protocol, cyber security, sexual harassment.
- 3. Discipline**—document problem performance; counseling, written warnings, remediation plans.
- 4. Termination**—legal counsel is always recommended with the ultimate authority to terminate employment made by appropriate personnel; refer to by-laws.

Having employees also means complying with State and Federal labor laws and safety standards. These include the Fair Labor Standards Act, occupational health and safety acts (Federal OSHA and State counterparts) and workers compensation statutes. Failure to comply may result in fines, claim expenses, and legal costs that are not covered by insurance.

Financial Management

The church is a business with assets (physical and monetary). Without its assets, the church may be unable to perform its essential ministries. While management requirements vary according to the size of a congregation, value of the assets, and types of ministries, all congregations need to safeguard assets and handle operations as a small business.

A congregation has several areas susceptible to fraudulent activity, theft and errors including: donations/contributions, purchases/payables and payroll. Each of these areas require adequate internal controls for the congregation to operate effectively and efficiently.

A small sampling of policies and procedures that can protect physical and non-physical assets and ensure compliance with financial and operational requirements include:

- Background checks on all new employees
- Restricting access to cash handling and bank accounts
- Segregation of duties for those who sign checks and reconcile bank accounts
- Cash and check offerings should be counted by more than one person
- Require approvals prior to purchase orders being submitted
- Payroll should be reviewed and approved prior to payment
- IT policies including cybersecurity policy and procedures
- Restrictive access to list of congregants with identifying information
- Business continuity plan in the case of a disruption due to fire, natural disaster, etc
- Credit card use policy

The execution of these policies and procedures require proper management supervision of these tasks. Many churches, especially small congregations, have not taken the important step to segregate financial duties. The consequences can be devastating financially, embarrassing to the members and leaders, and crippling to the church. It is far better to deal with the challenges of establishing controls than to deal with the fallout of not establishing them.

Americans with Disabilities Act (ADA)

In general, churches are not subject to the public accommodation requirements under the ADA since there are exemptions for religious organizations and the Federal law only applies to employers with fifteen or more employees. States may have corresponding statutes with different thresholds for compliance. For example, the Oregon threshold is 6 or more employees.

Despite the statutory exemptions available to small employers and religious organizations, churches will usually feel a moral responsibility to respond to the goals of the Act. An easy first step a church can do is to speak with the individual(s) with a disability and see how their needs could be best accommodated. In this way, the church may be able to work with the individual(s) without making wholesale changes to the building.

If your church leases space to third parties on a regular basis, compliance with the guidelines of the ADA may become a necessity. If the premises are used or rented by a nonreligious organization, the blanket exemption will not apply, and the third party would be required to meet the accommodation guidelines of the ADA.

If your church wishes to make changes to the building and surrounding facilities to accommodate those with disabilities, it doesn't need to happen all at once. Plan to have the alterations made over a several year period and include the accommodations in other work you have completed. If sidewalks are being repaired, have ramps installed at the same time. If the interior is being remodeled or an addition is being built, let the architect and contractor know that you would like to make alterations that help the facility become ADA compliant.

The U.S. Department of Labor sponsors the Job Accommodation Network (JAN), a free consulting service, to help employers reasonably accommodate persons with disabilities. Find more information at this link: <https://askjan.org/>. The EEOC provides information regarding "reasonable accommodation" at this link: <https://www.eeoc.gov/policy/docs/accommodation.html>.

Youth Ministry—See Section 4, *Youth Ministry*

Parish Nursing

Parish nursing, consisting primarily of health screening, wellness, health education and referral activities, is a common part of ministry. While the activity is Good Samaritan in character, it includes professional nursing components and thus the potential for allegations of malpractice. It is essential that professional nurses understand the difference between “health counseling” and “diagnosis and treatment.” Normally, understanding is assured by training in the principles of “parish nursing” and use of strict protocols, ideally under supervision of a physician.

For example, the Parish Nurse is not a physician, home health care nurse, or therapist. These activities may trigger a professional liability exposure. The job description for a parish nurse should be careful to limit duties to health education and counseling, referral advisor, advocate, and coordinator of support groups and volunteers.

However, even though these activities fall outside the normal meaning of professional care, it is prudent to have nurses’ professional liability coverage available to defend the parish nurse and church against the unlikely claim of malpractice.

Food Preparation

The occasional pot luck dinner does not create a high expectation of professional food service; however, once you provide food to the public, whether prepared onsite or elsewhere, there is an expectation of reasonable care in the storage, preparation, and distribution of the food. When food service is provided regularly, the highest standards are required, and a food service permit is likely to be required.

Once there is an organized food service operation, standards and supervision are required. Because volunteer workers may be the norm, means to easily train them must be considered. For example, rules might be posted in the kitchen area in a highly visible format. Careful supervision and First Aid training is needed, especially when volunteers are employed. Federal OSHA places strict limits on what tasks and equipment minors may use in a commercial kitchen. While OSHA may not have jurisdiction on a volunteer kitchen, reference to the standard is a good starting point for supervision.

Transportation—See Section 3, *Transportation Safety*

Landlord, Tenants & Services

“Covenantal” relationships are commonly referenced in the church environment, often referring to a personal or handshake agreement. This level of trust is valuable in personal relationships. But in matters of your church’s assets, informal agreements may have unintended, unanticipated, and financially disastrous consequences. For individual Trustees, acceptance of such agreements may constitute a breach of fiduciary duty.

Any time church facilities are being used by organizations or persons that are not owned and/or managed by the church, leases or facility use agreements are needed. Even when one church is either borrowing or renting the facilities of another church, a lease is needed because of things that may occur while the property is in the custody of the visiting congregation which are not strictly the responsibility of the host congregation.

Common features of such agreements are: (1) terms of indemnity, (2) requirements to prove insurance coverage, and (3) requirement that the church and its officers be named as additional insureds. Indemnity language assures that the tenant is responsible for things that happen because of the presence of the tenant activity, and that the tenant will defend the church and make it whole for any claims. Proof of insurance demonstrates the financial means to back up the indemnification. Additional insured status ensures that the insurance policy will back up the promise of indemnification. Remember, indemnification is the first priority; insurance is second.

An alternative which applies when a third party has limited use of church facilities is a Tenants Users Liability Insurance Program (TULIP). This coverage allows for a third party to obtain liability insurance specifically for the use of your church. TULIP allows the Tenant or User entity to purchase a low cost general liability product to cover their liability related to the utilization of the church premises, protecting the entity as well as the church by providing an extra layer of insurance protection and including the church as an additional insured. This coverage is available through the Insurance Board.

The same applies to the purchase of services of any kind. It is a good idea for your church to have a standard Purchase Order form or Service Agreement which governs the terms, and includes indemnity. When services such as snow plowing or construction will be performed on the church property, the service provider needs to provide proof of commercial general liability insurance, auto insurance, and workers’ compensation insurance.

Ministry Continuity & Emergency Planning

When most think of disaster planning, they think of the early phases of evacuation and rescue. These early phases often are supervised by public agencies – police, fire, National Guard, FEMA, etc. The term “business continuity” or “ministry continuity,” as we call it here, pertains to: “How do we continue operations in spite of the disaster?” Churches and other non-profits are commonly the backbone of post-disaster community relief, providing food, shelter, and grief counseling. If your church plans or foresees such a role, planning in advance is required to marshal human and material resources. Nevertheless, this kind of response is optional.

It is as likely that a calamity affecting only your church will leave it unable to conduct essential services and activities for days, weeks, or even months. Everything from worship to the operation of a day care to scheduled weddings or other sources of essential revenue may be affected. Where your church is dependent upon a revenue stream, there is a reason to make “ministry continuity” plans. Plans may include reciprocal agreements with other churches to share facilities, or stockpiling of materials, or investing in generators or pumps. The simplest of plans may save days or weeks in achieving full recovery.

We are obligated to discuss the chance an active shooter will target our congregations. While every response is contingent upon the circumstance presented, there are several important considerations that every church should assess, evaluate, and discuss in their respective church setting. The Federal Emergency Management Agency (FEMA) and Department of Homeland Security (DHS) have resources and information about what an individual should do during an active incident. Those options include run/escape, hide/lockdown, or fight/counter. FEMA includes a link on its page to a 5-minute video that evaluates these options during a shooter situation. That video can be found at www.ready.gov/active-shooter.

Opioids

The widespread misuse of opioids and the resultant increase of opioid overdoses were declared a National Public Health Emergency. With physicians writing over 250 million opioid prescriptions each year, the possibility for abuse is endless even for members of our community. Addiction to opioids does not distinguish between gender, socioeconomic levels, education attainment, etc. This crisis began due to an overreliance and overprescribing of opioids, and there is no quick fix for the individuals and families affected by this epidemic.

Realizing the opioid crisis' impact on communities, churches and other ministries are working to stem the tide of the epidemic through faith-based education and recovery programs, as well as hosting twelve-step programs. Ministries have also advocated for improved care of those addicted and tightening prescription protocols for opiates.

Additionally, ministries are exploring the best way to respond to accidental overdoses as another way to support congregants and families suffering from this crisis. Naloxone (Narcan) is an easy to administer, safe, and effective way to stop an opioid overdose and is increasing in its availability to the public. Ministries which choose to include Naloxone as part of their first aid program should make sure appropriate policies and procedures are in place, as well as provide training, including CPR training, to those individuals who would administer the drug. Naloxone is available as an injectable (into a muscle) or a nasal spray. Ministries should take great care in managing Naloxone inventory, keeping it secure and only accessible to designated, trained staff. Naloxone expiration dates should be checked at regular intervals and should be stored at room temperature and in the box until ready to use. Legal counsel should be consulted prior to the decision to maintain Naloxone on site to comply with specific state and local laws.

Cemeteries

For churches engaged in cemetery operations, there are professional standards for the handling of remains. Many churches have historic cemeteries on their premises, often open to the public and requiring continuous maintenance. Staff should be assigned to conduct frequent inspections to identify unstable headstones, breaches in security fencing, and defects in paved areas and grounds.

TRAINING 5-2

As outlined, there are numerous church activities that require knowledge of business and commercial processes. While some churches and special ministries are able to hire people with professional knowledge, great reliance is placed upon volunteers who may or may not have related secular experience. Therefore, it is necessary to recognize hazards and risks, and determine whether training is needed. A simple rule of thumb applies: if the person does not have working or professional experience, training is needed. Formal training is best, especially where serious injuries can occur. When formal training is not available, then careful supervision by an experienced person is needed.

INSPECTION/AUDIT 5-3

A basic principle of “quality management” is: ***You can’t manage what you can’t measure.*** A commonly used measurement tool is the inspection, or audit, of programs. Part of your fiduciary responsibility is knowledge of conditions and activities. To have knowledge of problems, you must look for them; others may be reluctant to bring them to your attention. By having a record of audits and inspections, you accumulate information on which you can make decisions, and act.

To achieve all that is required, your governing board should organize into committees (sometimes committees of one), to divide the labor and accumulate expertise about your churches condition and operations.

Checklists provided on our website, InsuranceBoard.org, are keyed to the risks identified. Certainly, they should be customized to any unique feature of your church’s activities. If you cannot answer “yes” to a question, then more investigation, or correction is needed.

REMEDATION & RESOLUTION 5-4

When you have knowledge of a problem or defect, you have an obligation to follow through and address it. Not all things can be immediately repaired; planning and budgeting may be required. Remember, to know and have record of a defect, and then ignore it, creates the proverbial “smoking gun.” If you cannot fix a problem, you may have to make the tough decision to suspend an activity, or close a facility.

Churches employ people who may fall into a protected class either by age, or disability. When there are issues of employee performance, great care must be taken in counseling and discipline. Church leaders must take care to consistently and fairly address performance issues, and to document the steps taken. When you find that steps have been skipped, you must step back, consider the consequences of a false step, and sometimes start over. Patience is required. In matters of employment, a small investment in legal counsel can avoid the larger impact of a potential financial loss.

YOUR OPTIONS 5-5

- **Minimize**—You will reduce the probability of loss by having good processes, and good supervision. When a process becomes unworkable it will be ignored or circumvented; then the prospect of loss increases.
- **Mitigate**—Especially when your church provides essential services to the congregation or to your community, planning for disasters and utility interruptions permits a quicker return to full service.
- **Transfer**—You can transfer the risk of liability to a third party that uses your facility or provides services through a well drafted contract.

REFERENCES AND RESOURCES 5-6

Financial Management

- Small Business Administration website - www.sba.gov
- Homeland Security - www.dhs.gov/topic/cybersecurity
- National CyberSecurity - Alliance <https://staysafeonline.org>

Disaster Ministries

- Disciples of Christ - disasternews.net
- UCC - ucc.org/disaster
- Presbyterian Church (USA) - pcusa.org/pda/

Food Service

- *Teen Worker Safety in Restaurants*, OSHA - osha.gov/SLTC/youth/restaurant/equipment_foodprep.html

HIPAA Privacy Rules

- U.S. Department of Health & Human Services

Contact us with questions
InsuranceBoard.org