

Moving Forward Together

INSURANCE BOARD
2021 ANNUAL REPORT





Moving Forward Together

INSURANCE BOARD 2021 ANNUAL REPORT

MOVING FORWARD Together!

In many ways, it seems like time was suspended over the past couple of years as a result of the Covid-19 pandemic. From early 2020 through 2021, many businesses shut down temporarily, some permanently. Considerable numbers of churches conducted services virtually, travel plans were scrapped or postponed, weddings put on hold, etc; it was as if time stood still. The pandemic also claimed (and continues to claim) unimaginable loss of life.

Even though many of us were sequestered, worked virtually, and had activities suspended, insurance claims - particularly property claims - continued to happen at record levels. In fact, 2020 and 2021 were extremely difficult years for the property insurance industry. While churches sat largely unoccupied, adverse weather events including freezing, wind, hail, hurricanes, tornadoes, wildfires, etc., persisted. The fact that many ministries were vacant during this time exacerbated the impact of such events, making them worse and leading to damage going undetected longer than might otherwise be the case.

Investing In You

Through all of this, Insurance Board assisted its participating churches and ministries in meeting their claim challenges as it has for the past 37 years. While the virus leading to the pandemic is not completely behind us, we continue to work with our churches and ministries to provide one of the most robust, church-focused property and liability insurance products in the industry. Additionally, we continue to invest in resources to help make our churches safer places for ministry, including a Covid-19 resource page, water intrusion and sensor technology, fire prevention tips, information on protecting and maintaining property assets, abuse prevention modules, sample facility use agreements, tools for managing third party liability, a legal helpline, and many others.

Though challenges continue to face us, our ministry is here to support yours and to edify the larger body of churches. We greatly value and appreciate your support during these unprecedented times and are singularly focused on moving forward together with you to protect your people and church property so that you can focus on your work of spreading the Gospel.

Table of Contents

- 3** Mission, Vision and Values
- 4** CEO Message
- 5** Board Message
- 6** Water Sensor Update
- 7-9** Resources
- 10** The Renewal Questionnaire
- 11** 2021 Financials Report
- 12** Claims Snapshot
- 13-14** People

Though challenges continue to face us, our ministry is here to support yours and to edify the larger body of churches.



Mission, Vision & Values

MISSION

To support and protect churches and church ministries by offering superior Property and Casualty Risk and Insurance Management Services.

VISION

Become the program of choice for the denominations we serve.

VALUES

Choosing to be bound together in mutual care and concern, we will maintain: Integrity, Excellence, Exceptional Customer Service, Open Communication and Inclusiveness.



Message from the CEO

2021 marked a year of converging environmental and marketplace conditions that further strained the property and liability insurance industry, and our results. During the first quarter of 2021, the industry experienced the “Texas Freeze” and subsequent widespread power utility outage, resulting in considerable property losses related to frozen pipes, collapse due to accumulated snow and ice, and ensuing water damage. Supply chain shortages also persisted, a consequence of the ongoing Covid-19 pandemic, leading to building-cost inflation and other construction associated delays. FM Global, a leading property insurer and risk management firm, estimated double-digit increases in completed building prices in 2021. Such factors impact the cost of claims by increasing the amounts required to repair or replace damaged property, which inevitably factor into insurance premiums.

Water damage claims across our portfolio of churches and affiliated ministries continued to be the most frequent type of property claim experienced during the year. While there is some anecdotal evidence that our water sensor initiative is having a positive impact on claim frequency, notably in the fourth quarter, water damage severity for the year was the highest of any year driven by the southern freeze weather event and boosted by inflationary pressures highlighted above.

Hurricane season 2021 continued a trend of consecutive above-average hurricane seasons dating back to 2016. The most significant for Insurance Board was Hurricane Ida, a category 4 Atlantic hurricane which made landfall in Louisiana (the strongest such hurricane since Katrina to make landfall there), which caused significant damage up to the Northeastern United States where there was record flooding. Adding insult to injury, the uptick in interest rates toward the end of the year diminished investment returns by negatively impacting bond prices on investment assets currently held. The rising interest rate environment is expected to continue through 2022. Despite retaining 94.2% of our insurance program participants in a difficult environment, and increasing topline revenue 19.8%, the adverse level of claims across our property line of business resulted in a \$3.7M consolidated net loss on \$67M in revenues.

While we are seeing improvement in operational performance as a consequence of our business initiatives, we continue to advance significant actions to improve results, including consecutive years of substantive premium rate activity, investments in water sensor technology to drive down water damage losses, deductible changes, coverage adjustments, enhancing our robust loss control capabilities, among others. We continue our work with participating churches and ministries to mitigate issues created by deferred property maintenance. Given the fact that claim costs represent the most significant component of insurance premiums, reduction in claims reduces premiums. Climate driven weather events appear to be our new normal. We are optimistic that our business strategies best position us to face these challenges, improve results and build long-term value.



Sincerely,

Timothy S. Harris, CPCU
President & CEO



Message from the Board

I served as the Chair of the Board of Directors of Insurance Board from 2019 through 2021. My service was an experiment intended to evaluate having a non UCC Conference Minister as Chair of the Board. The hope was to reflect the ecumenical nature of the six denominations we serve in this leadership position. I am thankful for the chance to serve in this capacity and for everything I have learned and experienced as a board member representing the Presbyterian Church (U.S.A.). I continue to believe our ministry serves as a vital function that supports and enables the ministries of our participating denominations and their congregations.

The last several years have been challenging for the insurance industry and therefore our ministry. The Board continues to be grateful to be partners in ministry with you. As these trying times in the field of insurance continue our Board is thankful for the leadership, strength, and faithful service of the whole Insurance Board staff. It is a blessing to work with them to support and protect the properties and ministries of the participating denominations with what we believe are superior property and casualty risk and insurance management services.

I continue to be impressed by the varied expertise and commitment of my fellow board members. We are a mixture of insurance and church professionals who choose to be bound together in mutual care and concern. The Board strives to support the staff in maintaining integrity, excellence, exceptional customer service, open communication, and inclusiveness. We covet your prayers and support as we continue this ministry on behalf of all of our participating churches and their affiliated ministries in the following denominations: United Church of Christ, Christian Church (Disciples of Christ), Presbyterian Church (U.S.A.), Evangelical Lutheran Church in America, Alliance of Baptists, Reformed Church in America.



Rev. David Crittenden
Chair of the Board
Retired Synod Executive
Presbyterian Church (U.S.A.)



Insurance Board Water Sensor Program Expands and Continues to Protect Ministries from the Impact of Water Damage

Insurance Board's Water Sensor Program continued its successful impact in 2021.

Launched in 2020 in partnership with HSB Connected Technologies, Insurance Board offers eligible churches a valuable tool that provides free water sensor devices and monitoring for their buildings. These sensors, using the latest technology, provide early detection alerts to notify designated church staff of potential water intrusion or presence. This is great news for churches because water damage often leads to more serious structural issues.

Nearly \$2 Million Saved

The reality is that in 2021, 45% of Insurance Board's property claims were caused by or related to water damage. The average cost per claim for water damage is more than \$40,000. Early detection of water damage will reduce this amount – and often prevent any claim damage at all. By reducing the cost and number of water damage claims, the Water Sensor Detection Program will help keep rates down for ALL Insurance Board participants. In 2021 alone, hundreds of churches were alerted to the potential for water damage by the sensors resulting in 45 saves estimated to have prevented more than \$1M in water damage claims. To date, more than 400 churches have signed up for Insurance Board's Water Sensor Program to reduce the likelihood of a future water incident. With programs like these, member churches continue to build the toolbox they need to navigate through uncertain times with more confidence in how they manage their ministries.



Resources

Insurance Board offers more than great protection through policies and insurance coverage. The churches we serve are more than just customers. Together we are all part of a ministry that empowers church communities to proactively protect their ministries. We do this by creating content and other valuable services so that your ministry can prevent problems before they happen – eliminating or reducing claims.

Safety Central

Our Safety Central section of the website is a longtime trusted source of safety, liability and insurance articles and reports relevant to the church community.

- **SafeConduct™ Workbench** 

Insurance Board partners with Praesidium, the nation's leading provider for abuse prevention, to help our insureds protect their communities and keep them safe. Our SafeConduct™ Workbench is a comprehensive toolkit to assist churches in developing a strong abuse prevention program.

- **The Steward** 

Year after year, our quarterly newsletter, The Steward, continues to provide trustworthy insight into current insurance concerns for churches. The publication views the church environment through the lens of safety and protection – discussing the legal perspective on volunteerism, keeping property safe, preventing abuse, guarding against weather, fire and other emergencies, and the latest pandemic-era best practices.

Other Website Resources

www.InsuranceBoard.org 

is expertly curated by Insurance Board to provide the most relevant information that helps our policyholders prevent loss before it happens.



Subscribe & View Past Issues of
The Steward 

Resources

Webcasts

Insurance Board webcasts (online training) are live, interactive presentations addressing a wide variety of topics essential to keeping churches and ministries safe. Our webcasts are led by industry experts from Insurance Board and its partners. They illustrate Insurance Board's ability to pivot and respond – even during a pandemic – to meet the needs of our insured churches.

Insurance Board webcasts are up-to-the-minute responses to what today's churches need and want to know. Through research and continuous engagement with church communities, Insurance Board has been able to adapt topics in webcasts and all materials to address pandemic era concerns.

Legal Corner

Our team also worked diligently throughout 2021 to curate the services to launch Legal Corner earlier this year. We provide information about a legal helpline that is included as one part of our many client services. It is offered in partnership with the Association of Conference Attorneys (ACA) of the United Church of Christ.

Legal Corner also provides our clients helpful human resources information, legal forms and access to essential employment handbooks, policies, training videos, property protection resources, event planning compliance and other valuable information.

Webcasts

Insurance Board webcasts covered new topics in 2021. These were the top-performing webcasts:



Liability Lowdown For Your Ministry



Abuse Prevention: Back to the Basics



Copyright Concerns for Ministries





Resources

In response to pandemic era limitations, we participate in many virtual presentations with presbyteries, conferences and regions across the country to engage and help ministries fulfill their mission. We will continue to do so as needed.

But Insurance Board is also very excited to be back out on the road and attend denominational gatherings.

In-Person Denominational Events Help Us Connect With Ministries

The Benefits of Listening

At these events, we are able to connect with insureds (and prospective insureds) to build and renew relationships. We listen to church leaders who tell us firsthand what challenges they face and what resources they need. These discussions lead to improvement in Insurance Board products, resources and services.

Showcasing Insurance Board in Person

At these denominational gatherings, Insurance Board also has the opportunity to share literature and update clients and prospects on the newest developments in our services.





The Renewal Questionnaire

Always Engaged

Customer feedback helps us to improve our products to meet today's safety and insurance protection needs.

Another way that Insurance Board reached out is with a comprehensive survey to all our church participants. This survey, entitled "**The Renewal Questionnaire**" was created in partnership with Risk Control Technologies.

In August, 2021, the survey was emailed to more than 4,400 of our Insurance Board member churches to remain up-to-date on data that helps us in our underwriting and risk determination insights.

Great Response

As of this writing (June 2022) more than 50% of the churches have responded – and participation continues to increase. Churches are sharing important data: The value of their churches, the resources they value and new services that would benefit them.

This feedback is essential for Insurance Board to **move forward** with services that continue to **minimize risk and stabilize pricing**.

You Can Still Participate!

Churches can still respond by searching their organization's inbox for "**The Renewal Questionnaire**." Churches can also contact their Insurance Board Agent for a link to the survey. The more you respond – the better our services and pricing can be!



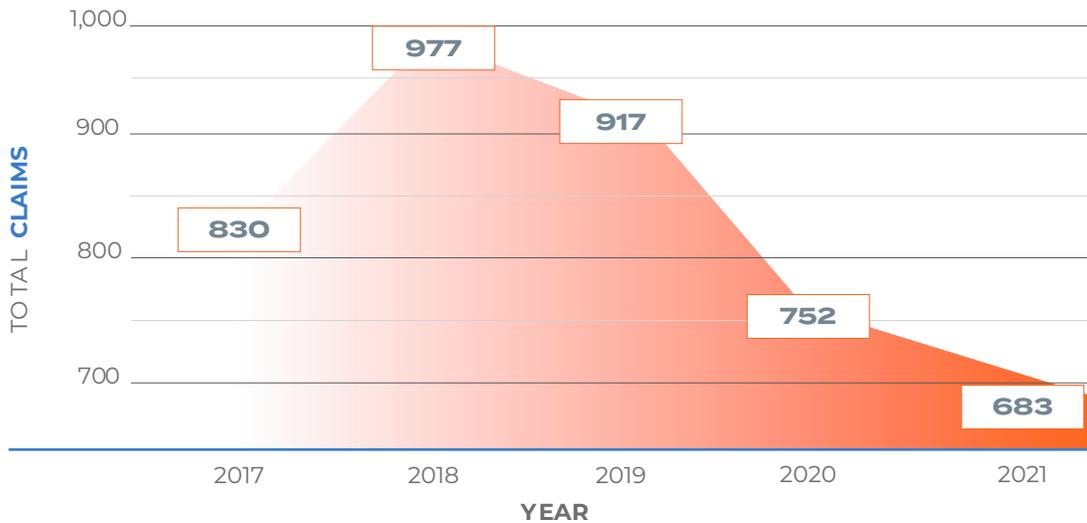
United Church Insurance Association and Subsidiary

2021 FINANCIAL STATEMENTS

	December 31,				
As of and for the years ended:	2021	2020	2019	2018	2017
Consolidated Statements of Financial Position					
Cash and Short-Term Investments	\$25,717,274	\$32,197,334	\$34,766,157	\$29,417,400	\$30,571,706
Investments	41,895,614	30,048,225	28,295,596	27,051,858	20,654,591
Accounts receivable and other assets	721,961	717,917	726,167	776,006	766,435
Furniture and equipment	613,589	753,352	597,276	668,798	981,560
Total Assets	\$68,948,438	\$63,716,828	\$64,385,196	\$57,914,062	\$52,974,292
Line of credit	\$2,554,787	\$4,804,787	\$ -	\$ -	\$ -
Accrued expenses	8,195,605	10,525,953	8,611,170	5,151,972	3,906,208
Deferred revenue	8,110,018	1,213,035	8,985,152	7,842,219	6,361,359
Reserve for losses	34,611,490	28,043,666	22,357,143	19,517,500	17,237,998
Net Assets without Donor Restrictions	15,476,538	19,129,387	24,431,731	25,402,371	25,468,727
Total Liabilities and Net Assets	\$68,948,438	\$63,716,828	\$64,385,196	\$57,914,062	\$52,974,292
Consolidated Statements of Activities					
Program revenue	\$67,103,123	\$56,029,484	\$50,759,218	\$47,293,847	\$44,394,655
Program costs	70,755,972	61,331,828	51,729,858	47,360,203	45,689,151
Change in Net Assets without Donor Restrictions	\$(3,652,849)	\$(5,302,344)	\$(970,640)	\$(66,356)	\$(1,294,496)

Claims Snapshot

CLAIMS DATA





People

The mission of Insurance Board is to support and protect churches and church ministries by offering superior property and casualty risk and insurance management services. To guide our organization on this path, we welcomed in 2021 a new Vice President of Operations, Jim Howard.



James Howard
Vice President of
Operations

Jim came to Insurance Board from Lockton Companies where he was a broker in their real estate group. Jim's insurance career includes work for such companies as Arthur J. Gallagher, the Heffernan Group, consulting work with the United Methodist Insurance program, Alternative Risk Resources where he consulted on captive formation, among others.

Jim's responsibilities include overseeing underwriting, loss control, and he also collaborates with Insurance Board's captive manager and actuaries to assist in overall program success through strategic risk mitigation.

Saluting Board Members

Members of our board bring a diversity of experience and commitment to our financial ministry. Each one contributes a wealth of passion and expertise providing wisdom and leadership as an extension of the churches we serve.



Howard Sewell
Board of Directors
Member

Thanks to former board member, Barnet McKee, for being instrumental in helping Insurance Board develop and launch one of our newest and most vital services – the Legal Helpline. The initial consultation is complementary to Insurance Board's policyholders.

Howard Sewell is a new member of the Board of Directors. He is a retired risk manager who is widely known throughout the Insurance Board community for his impactful webcast, **Conducting Church Safety Inspections** . He brings more than 35 years of experience in commercial business risk management to our organization.



People

BOARD OF DIRECTORS

Rev. David Crittenden

Chair of the Board
Presbytery of Ohio Valley,
PC (USA)

Dr. Edith Guffey

Vice-Chair of the Board
Kansas-Oklahoma
Conference, UCC

Rev. David Ackerman

Penn West Conference

Robert J. Brautigam

Illinois Conference, UCC

Andrew Bunn, JD

Executive Director
Hawaii Conference, UCC

Rev. Dr. Lataunya Bynum

Northern California/Nevada
Region, Disciples of Christ

Duncan G. Draper

Indiana Region, Disciples of
Christ

Rev. Dr. Craig Howard

Presbyterian Foundation

Rev. Shana Johnson

Illinois South Conference,
UCC

Rev. Susan (Sue) Krummel

The Presbytery of Chicago

Rev. Joyce Lieberman

Synod of South Atlantic,
PC (USA)

**Thomas Mitchell, CPCU,
AMIM, AIM**

Southeast Conference,
UCC

Rev. James Moos

The Pension Boards, UCC

Rev. Terry Newland

Synod of Living Waters, PC
(USA)

Erick (Rick) Reisinger

Indiana Region, Disciples of
Christ

Alan Relyea, CIH, CSP

Connecticut Conference,
UCC

Conrad Rocha, JD

Synod of the Southwest

Howard Sewell

Kansas-Oklahoma
Conference, UCC

Rev. Dr. Diane Weible

Northern CA-NV
Conference, UCC

William (Bill) G. Whitehead

Massachusetts
Conference, UCC

Rev. Bill Worley

Pennsylvania Southeast
Conference, UCC

STAFF

Timothy S. Harris, CPCU

President & CEO

Andrea Gauding, CPA

Senior Vice President &
CFO

Farnaz Ansari Berna, ARM

Vice President, Marketing/
Sales

James Howard

Vice President of
Operations

Jennifer R. Perri, CIC, CISR

Assistant VP, UCIS

Dan Carrick

Director, Operations

Lisa Gonzalez

Director, Loss Control

Cy McFarlin

Director, Claims
Administration

Jamila Chambers, MBA

Manager, Marketing and
Communications

Monica B. Kornblum,

SHRM-CP
Chief of Staff

Nick Schidowka

Manager, Underwriting

Rosalind Davis

Customer Service
Representative

Sherry A. Denby

Senior Accountant/
Financial Systems Analyst

Amy Gibson

Underwriter

Cindy S. Howell, CIC

Account Executive

Macrina Hummel, CISR

Customer Service
Representative

Brian Klag

Loss Control Coordinator

Kiezia McCullough, MBA

Underwriter

Monroe Moore, CCP

Senior Claims Analyst

Kaili Simmons

Underwriter

Elizabeth Vance

Senior Loss Control
Representative

Mark A. Zimmerman, AINS

Senior Claims Analyst