

Spring 2023

THE STEWARD

Trustworthy Insurance Insights for Churches and Ministries

Numbers 18:4 "The Levites must join you in fulfilling their responsibilities for the care and maintenance of the Tabernacle..."

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Spring Has Sprung!

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As the seasons change and we begin to freshen up our homes, with perhaps a fresh coat of paint, cleaning the windows and blinds, or adding new chores to the standard to-do list, Insurance Board would like for you to begin adopting this same spring cleaning mindset for your ministry.

Many hands make light work, and spring is a great time to have staff and maintenance professionals address the “chores” that need to be taken care of for your ministry. Your list may look different from that of another church based on their location, or the number of buildings associated with the ministry, or the size of the church membership itself, but regardless of where you’re located or how your church ministry is comprised, maintaining the cleanliness and safety of your building is critical.

This issue of The Steward offers suggestions for your ministry to consider this season and every spring in reference to maintenance. You will also hear stories of real claims lessons learned as well as loss prevention suggestions that could save your ministry from costly repairs with preventative maintenance, or in other words addressing any problems while they are small and manageable, and often less expensive. Included as well is feedback from a participating ministry in Insurance Board’s program along with their agent who shares some of their maintenance suggestions based on their experience. (By the way, if your ministry is interested in sharing feedback for a future issue of The Steward [send us a message](#) or contact your agent as we know you enjoy hearing from your brother/sister ministries in the program.) Additionally our President & CEO will close out this issue with his take on the importance of all of these maintenance topics.

So as you review each article remember:

- Spring maintenance is a must!
- Inspect the interior and exterior of your property.
- Avoiding repairs can lead to costly replacements.
- Schedule service professionals in a timely fashion.
- Ensure all maintenance professionals are licensed.



Also consider the ways in which ministry volunteers can assist with the upkeep of your property. Perhaps they can walk the church grounds to identify any problem areas like uneven surfaces, paint that is chipping, light bulbs that need to be changed, or hazards and debris that should be removed. Volunteers can help with creating a full maintenance summary based on their observations for the leaders of the church to address.

The place where your community gathers to worship should be clean and well maintained. Just as you take pride in the cleanliness of own home, your place of worship deserves the same level of care.

Seasonal Maintenance Suggestions & Inspections

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Those of us who experience the cold and blustery winter season have already started to see the first signs of spring; temperatures are rising, windows are opening, birds are singing, and early flowers are beginning to bloom.

Unfortunately, daffodils are not the only early bloomers we see in the spring; it is also when you may notice potholes beginning to grow in the church parking lot. Heavy frost may have moved sidewalks and caused changes in elevation. Stairs may be crumbling from water intrusion and expansion from freezing. Each of these issues can create trip and fall hazards at your church.

Early spring is the best time to carefully inspect your property inside and outside to identify those items in need of repair. After conducting a thorough inspection, prioritize issues that present the greatest risk to staff, volunteers, and members of your congregation.

Take a walk around the property with a keen eye. In real estate, many sellers view their properties as worthy of being on the cover of a magazine, while buyers tend to look with more scrutiny. When it comes to surveying the building and grounds, inspect them as if you are a buyer.

Insurance Board has a [self-inspection checklist](#) available to help guide you; pay special attention to the following areas:

- **Roofs** – Some ministries do not have a plan to inspect the roof until there is a problem. Have a licensed roofing contractor perform an annual roof inspection; this will help ensure the longevity of your roof. If you have any water stains on ceilings, this may be a sign that water is making its way into your building. Make sure to check all roof surfaces, as well as flashings and caulking. Have the gutters cleaned and drained at least twice a year; once in the fall and once in the spring. Trim back any trees that are hanging over the roof to help keep debris off the roof.
- **HVAC** – Do you have the HVAC checked twice per year? If you have a heating system and a cooling system, both should be checked prior to their

seasonal operation. Coming out of winter, make sure you remove any covering on the A/C unit before you start it up for the season. When doing this, check for leaves and debris, and look at the pipes and lines to ensure there are no signs of rust or wear. When in doubt, call an expert for advice. It is critical to change air filters every three months to maintain system efficiency.

Insurance Board encourages ministries to focus on preventative maintenance. Small items will only grow bigger and more costly if they are not addressed. Most building and maintenance concerns usually start small but have the potential to cause serious issues if left unattended. If your ministry does not already have a building and maintenance plan, set a goal to develop one. The self-inspection checklist provided can be used as a resource to assist you. In addition to parking lots, sidewalks, stairs, roofs, and HVAC units, also remember to inspect the following areas:

- Check steeples and towers. Look carefully for any water penetration.
- Visit all areas of the property, even those that do not have much foot traffic.
- Maintain vehicles which may include oil changes, tire rotations, or replacing brakes.
- Clean ventilation hoods in commercial kitchens and empty any grease traps. This should be performed by a contracted professional.
- Inspect the playground. How has the ground cover held up? Should you replenish it? Is the equipment in good condition? Consider removing anything that may pose a hazard.
- Check all exterior lighting, and test interior emergency lighting.

Email LossControl@InsuranceBoard.org with any questions. As part of our financial ministry, Insurance Board offers an array of risk management resources; with almost forty years of experience insuring churches across the country, Insurance Board provides the tools you need to develop a culture of safety in your congregation.

Claims Lessons Learned

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With Spring quickly approaching, it is important to be mindful of potential hazards that can lead to expensive repairs and time-consuming interruptions if not properly addressed. This article will focus on two in particular: Plumbing-related water damage, and catalytic converter thefts.

Water damage continues to be one of the biggest drivers of insurance claims each year, according to a recent article by USI Insurance Services. A recent study by Chubb found that 45% of all interior property damage was caused by water. Insurance Board's claims have mirrored this trend. In 2022 for example, water claims accounted for 44% of all property claims. Within this number, 18% of those claims were caused by preventable plumbing issues such as toilet, water line, faucet, and sprinkler malfunctions. USI research indicates that these non-weather-related claims comprise the greatest percentage of water claims nationwide.

For Insurance Board participants, plumbing-related claims over the past five years have cost an average of \$46,000 per claim. However, in 2022 that figure more than doubled to \$101,000. A lot of these claims occurred in older church buildings with aging infrastructures, and in many instances the damages occurred overnight or while the affected area was left unattended. One claim, for example, was caused when a pipe under the sink broke overnight causing significant water damage throughout the building. The breakage was not attributed to a weather-related event such as freezing temperatures. The pipe was determined to have been in a deteriorated condition, which led to the incident. Unfortunately, the church didn't discover the damages until after a few days had passed. Damages were more than \$250,000. In another claim, water from a broken sprinkler head resulted in damages of more than \$2 million. The sprinkler system was determined to

have been more than 50 years old at the time of the loss. These claims and others like them could have been significantly mitigated or even prevented had the involved participants taken some necessary preventative steps.

USI Insurance Group lists the following proactive measures to manage the risk of water damage:

- Toilets, toilet components, and water supply lines should be inspected routinely for leaks and signs of wear, especially with older plumbing systems.
- The main water shut-off valve should be clearly marked, and its location known by maintenance personnel.
- Supply hoses should be replaced every five years. Smart technology such as water leak detection devices and sensors should be installed.

Other prevention steps:

- Properly insulate water pipes in exposed locations and keep the thermostat at least 65 degrees Fahrenheit.
- Seal any cracks and gaps in your building exterior and foundation to keep cold air from getting in potentially exposed areas.

Spring is also a time of increased instances of theft and vandalism, particularly with catalytic converters. According to the National Insurance Crime Bureau (NICB), catalytic converter thefts have dramatically increased nationwide. The primary reasons are twofold: The metal used in a catalytic converter can be sold to precious metal dealers for thousands of dollars per ounce. Moreover, mainstream supply chain shortages have exacerbated the demand for stolen parts. This combination of high value and high demand has made these devices very attractive to thieves. Vans and SUVs are especially at risk as thieves are now targeting those types of vehicles because of

Claims Lessons Learned

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their higher clearance. This is also true for buses, small trucks, and other commercial vehicles. Even the iconic Oscar Mayer Weinermobile is not immune, as the catalytic converter was stolen from one of the six vehicles in service in February this year.

The cost to replace a catalytic converter can range from \$500 to \$3000. For Insurance Board participants most of these thefts have occurred during the months of March through June. Over the past two years more than half of catalytic converter thefts occurred during those months. Although these thefts can't be prevented entirely, the NICB recommends the following steps to reduce their likelihood of occurring:

- Install an anti-theft device.
- Make sure parking lots are well lit, or if possible, park the vehicle in a garage.
- Install a motion sensor device in your parking lot.
- Make sure your vehicle is locked and the alarm set.

Sources:

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Agent Corner



Agent Marc Gerardis, has been representing Insurance Board since 2012 and has been in the insurance industry for 21 years, 17 of those specializing in churches and religious organizations. The churches Marc serves are across 6 different states with a wide range of climates and associated challenges.

In addition to directing the churches to resources from Insurance Board on a regular basis, Marc says he watches the weather impacting his states and sends appropriate resources to those churches. He says, "We explain to the church that their mission is vital to the community but you can't help the community if the church building is dominating your financial needs." He stresses that any preventative maintenance work that can be done before the weather arrives can help mitigate any damage that may occur.

Marc estimates at least half of the claims he has submitted could have been prevented or minimized with proper maintenance. Simple things like inspecting roofs for damaged or missing shingles, cleaning gutters and downspouts, checking the walkways and parking lots on a consistent basis will go a long way to curb costly claims that impact the local church as well as the program. Often, the damage isn't covered by insurance when it results from deferred maintenance, reducing the capital that can be used for the spiritual and social mission of the church.

Pinnacle Presbyterian Church, Scottsdale AZ

Insurance Board, Participant



Pinnacle Presbyterian Church was established in 1989 with neighbors gathering in a community room at a country club in Scottsdale, Arizona. Soon thereafter, they began building a campus for their growing congregation. Most of the buildings were constructed between 1994-1999, so the oldest buildings are still less than 30 years old. Despite their young age, Pinnacle's buildings are subjected to significant environmental exposure, particularly during the scorching hot summer when temperatures can exceed 110 degrees several days in a row.

The heat impacts all aspects of life, including the wear and tear on buildings. Important programs, including a vibrant day school, are dependent on the air conditioning for both comfort and safety. It is critical that the HVAC systems work consistently and well, and it's also important for preparations to be made throughout the year to ensure that Pinnacle can be summer-ready.

Rev. Erik Khoobyarian serves as the Executive Associate Pastor at Pinnacle, and part of his role is to work with the staff and volunteer leaders to stay ahead of problems and prepare for the future. Before he arrived at Pinnacle, the church undertook a reserve study to plan for upcoming repairs and to prepare for future needs. The congregation seeks to be good stewards of their property and have a philosophy of taking initiative on preventative maintenance to ensure their ministry can continue to operate effectively.

Their goal is to stay ahead of major problems or the dreaded surprise projects that urgently take funds that might be better used for other aspects of the ministry. In his observation, Pastor Erik says "Sometimes, churches are afraid to spend resources on preventative maintenance or service contracts, when in actuality it's almost worse to avoid or delay those expenses because if (or when) something goes wrong like the air-conditioner in hot weather places, or the boiler in cold weather places, your ability to do ministry stops until the issue is resolved. So, we have to stay ahead of problems because our building is in use almost 365 days a year." Another unique aspect about Pinnacle Presbyterian Church is that their church is known for hosting various musical concerts and symphonies, as the sanctuary was designed for great acoustics and is a preferred venue for community events in their town. These events bring thousands of people into the church each year, who depend on the facility being in top shape.



Prior to joining Pinnacle Presbyterian, Pastor Erik served as a head of staff at a church in the Chicago suburbs. Prior to seminary, though, he was a volunteer in his church and worked as a litigation attorney. His experience as a lawyer has shaped his approach to maintenance as he loves to find ways to avoid risk. He

also suggests that ministries consider prioritizing the maintenance that needs to be done, and where preventative maintenance can have the greatest impact. He shared "aging equipment can be very expensive to replace, and often churches need more time before they are ready to do a complete and major replacement, but extended warranties, service check-ups and timely repairs can assist in providing more time before a full replacement is required." When asked about his church's working relationship with their agent, Pastor Erik said "we are very pleased with our agent Marc and his commitment to understanding our needs as a ministry. He provides us with tools and resources to protect our assets and has a great understanding of our church."

Third Party Vendors and Contractors

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Your church may find it necessary to hire a third party to help maintain the church property or provide business services, that free church leaders to devote more of their time to their ministry. You may also decide to hire a third party to perform everything from occasional tasks to urgent repairs. Third parties can provide on-going services for cleaning and maintenance. When your church selects a third party you should carefully vet the individual or company before hiring them.

The selection process should include the screening of all contractors and service providers, reference checks, licensure verification, and an evaluation of the contractor's insurance. Many churches may choose to hire someone from within their own congregation who can perform the necessary services. This might seem like an easy way to identify a service provider that is someone you know and trust. However, this can lead to issues if there are quality of work issues or other concerns. If your church wishes to hire vendors who are members, they should be subject to the same hiring and contracting process as a non-member firm.

Many organizations enter into business relationships with third parties without a full understanding of their exposure to risk. A qualified attorney will help identify any gaps in the contract that may give rise to concern. Your church should conduct yearly contract audits where two or more members of the Board (or other senior personnel) review each of the contracts to determine whether:

- they are still valid (is the term expired);
- there is indemnity language in the contract that protects the church from liability from someone else's negligence;
- the insurance requirements listed are still appropriate given the scope of the services; and
- the Certificate of Insurance provided by the third party is compliant with the requirements of the contract and the policies are not expired.

Ministries can be good stewards by focusing on preventative maintenance and helping to reduce claims and related costs, which also helps brother and sister churches covered by Insurance Board. As previously mentioned the place where your community gathers to worship should be clean and well maintained, but always have legal counsel review any contracts prior to signing. Whether these contractors will be working on your ministry's:

- Roof
- Parking Lot
- Flooring
- Plumbing
- HVAC
- Lighting
- Playground
- Building Cleanliness

we encourage you that all church maintenance should be performed by licensed/certified businesses and or technicians with proper contracts in place to protect your church.

As temperatures continue to rise and the days grow longer with more sunlight, remember to schedule the maintenance services your ministry may need. We hope you, and your church family enjoy the spring season, and we wish your ministry continued success!

This communication, along with any attachment, does not amend, extend or alter the coverage terms, exclusions and conditions of insurance policies referenced herein. Policy language is controlling and supersedes. Guidance provided by the Insurance Board does not constitute legal advice; please seek the advice of an attorney if you wish to obtain legal advice.



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CEO CORNER

TIMOTHY S. HARRIS, CPCU

PRESIDENT AND CEO

The March 24, 1986 *TIME Magazine* cover read, "Sorry, America. Your Insurance Has Been Canceled". Indeed, the 1980's proved to be a very difficult decade for the property and casualty insurance marketplace. The tort liability system was in turmoil and large insurance verdicts became commonplace. During this time, many churches found it difficult to obtain insurance coverage at any price. As a result, thought leaders within the United Church of Christ (UCC) began to consider ways in which UCC churches could come together to secure better insurance coverage and pricing.

During those early years of the 1980's, church leaders were able to convince UCC Conferences that if its member churches would unite, opportunities to secure property and liability insurance would improve. As a result, the Conferences of the UCC collaborated to form the United Church of Christ Insurance Advisory Board (our predecessor organization). The program, which leveraged the buying power of this newly formed association of churches, proved successful and, as church participation increased, this leverage was used to negotiate better insurance terms and more favorable premiums in the commercial insurance marketplace.

Subsequently incorporated in 1985, United Church Insurance Association (UCIA), dba Insurance Board, continued to add more churches and, in 2002, formed its own subsidiary insurance company, United Church Insurance Company. Rather than simply group-purchasing insurance, Insurance Board formed its own insurer with the idea that if churches collectively worked to manage and improve risks at their respective ministries, savings resulting from favorable claim experience would allow participating churches to benefit from stable pricing and

better coverage than was otherwise commercially available. Today, United Church Insurance Company, in partnership with other commercially rated insurers and reinsurers, affords insurance coverage to more than 4,000 churches within the UCC and other ecumenically aligned denominations, across all 50 states.

Churches supporting churches has been the fundamental principle behind the program's formation. The concept remains that churches, as reliable stewards of their ministries, can be excellent risks to insure and that such good stewardship can enable churches to recapture dollars through the Insurance Board program not recoverable if alternatively paid to traditional, guaranteed-cost insurers. To the extent that churches realize that they are individual parts of the collective church community, these financial objectives can be achieved. In appreciating their inter-connectedness, churches can positively influence the monetary impact of insurance losses and premiums by adopting policies and procedures at their ministries aimed at mitigating the incidence and cost of claims. Such policies include abuse prevention, management of youth activities, security and crime (including cyber and embezzlement), third-parties using the premises for activities, vendors doing work at church properties, and others. Additionally, as climate change continues to alter the frequency and severity of extreme weather events, churches must make investments in their properties including for roof maintenance and improvements, updates to plumbing infrastructure and sprinklers, adopting water sensor technology to detect leaks and freezing conditions, and routine premises preservation to prevent against slips, trips, and falls. Each of these activities will help churches lower their risk profile, which, individually and in aggregate, lowers insurance costs for all churches.