

Trustworthy Insurance Insights for Churches and Ministries

Matthew 16:3 "Red sky in the morning means foul weather all day. You know how to interpret the weather signs in the sky, but you don't know how to interpret the signs of the times!"

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Climate Change And The Impact On Insurance Coverage

Insurance Board

There was a time when climate change for some appeared to be a myth or a conspiracy theory, however with the increase in the number of natural disasters, the melting of glaciers, the frequency of wildfires, and the increase in drought, fewer are questioning the existence of climate change and global warming. Nationwide and globally, the insurance industry has been significantly impacted by climate change. SwissRe, one of the world's largest re-insurers, indicated that they "identified the threat of climate change as far back as 1979 and has been analyzing its effects on society and the insurance industry ever since."

Hurricanes, tornadoes, wildfires, hail, strong winds, and tropical storms all have the potential to cause tremendous damage, so much so that many insurers are beginning to redefine the coverages they provide, and the states/regions they serve. This also includes re-evaluating the costs of the coverages they provide. Just this year, according to NASA.gov "Summer 2023 was Earth's hottest summer on record." Despite these climate challenges, Insurance Board continues to serve ministries across the nation.

To provide additional clarity on the difference between global warming and climate change, according to USGS.gov, which focuses on Science for the Changing World, "Global warming refers to the rise in global temperatures due mainly to increasing concentrations of greenhouse gases in the atmosphere. 'Climate change' refers to the increasing changes in the measures of climate over a long period of time – including precipitation, temperature, and wind patterns."

Because of these developments with climate change, all future issues of The Steward will include a "Climate Corner" with suggestions and information related to this topic. If we all become more climate conscious and think about our actions, we can work together to reduce our impact on the Earth.



Climate Corner

Climate Change and Global Warming reduction are the shared responsibility of all humankind. As inhabitants of Earth we must work together to sustain our planet, ultimately preserving our lives. By working together as one body, we can reduce waste, increase recycling, and reuse items instead of throwing them away, and become more mindful of emissions overall. This can be as simple as walking or bicycling when possible, utilizing a reusable water bottle instead of discarding several plastic ones, or carpooling with family and friends instead of taking multiple vehicles. These types of small decisions can go a long way in the effort to reduce our individual impact on our planet. The change in weather patterns on Earth has consequences; therefore, safeguarding resources and doing our part collectively as inhabitants of Earth to reduce global warming is imperative for our future.

Actions Churches Can Take To Mitigate Climate Change Severity

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Globally, the impacts of climate change threaten all God's creation, making it more difficult for people of faith to care for those in need. With expected increases in drought, storm intensity, disease, and flooding, the lack of food, shelter, and water available, particularly for those living in or near poverty, increases.

While we hear and see the impact of climate change almost daily in the global community, we cannot ignore the impact that climate change is having and will continue to have on core church ministries. Churches acting as the body and heart of Christ remain firm in their dedication to feed the hungry, house the homeless, welcome the stranger, eradicate poverty, and rescue those in crisis. Churches rise to the challenges of the day and provide excellent service and comfort to those in need. However, climate change is challenging the Church as never before.

As a result, churches are choosing to take simple steps to reduce their impact on climate change. Less extreme temperatures and fewer, less devastating storms lead to a more sustainable church community.

Clean energy is the path forward.

- Commit to transition to 100% clean energy, divest from fossil fuels, and committing to sustainability in faith gatherings and conferences is a start. We can all make a more significant impact by working together.
- Assemble a Clean Energy team comprised of laypeople, facilities management staff, clergy, and others. The team will be responsible for designing and implementing climate action priorities within your congregation, addressing roadblocks, and ensuring accountability.
- Get started on visible, inexpensive, and easy changes and highlight your successes and savings publicly. For instance, encourage behavior changes that reduce energy use and other waste, ask your power company about clean and renewable energy, or start purchasing carbon offsets.
- Once you start reducing energy use, you should see savings. Prioritize Clean Energy as a ministry by establishing a 'Clean Energy Capital Fund.' Invest all or part of your efficiency savings into the fund so you can plan for larger projects.
- Make a public congregational commitment to Clean Energy, which will inspire others, provide a clear path of action, and establish accountability for any efforts you undertake and implement.
- Consider an Energy Audit to establish a baseline use for your building(s), which will help engage people when you see success.
- When it comes time to replace your HVAC, use your Clean Energy Capital Fund to get one that is Energy Star approved.
- In the meantime:
 - ⇒ Clean heating and cooling coils twice a year.
 - ⇒ Clear any clutter that is blocking vents or air intakes.
 - ⇒ Tune up the HVAC system with an annual maintenance contract.
 - ⇒ Weatherization, like simple insulation, and temperature adjustments can save 30% of heating and cooling costs.
- Install a tankless water heater. Wrap your water heater to conserve energy.
- Consider higher-efficiency windows.
- If your congregation owns vehicles, when it comes time to replace them, buy hybrid or electric.
- Advocate for energy efficiency within your community.
- Replace old bulbs with LED bulbs, which cuts lighting costs by 80% or more.
- Turn off lights (and other equipment) when not in use.
- Ensure that appropriate lighting levels are maintained. Too much light can be as bad as too little.
- Upgrade older T12 fluorescent bulbs with

Actions Churches Can Take To Mitigate Climate Change Severity

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magnetic ballasts to more efficient T8 or T5 fluorescent bulbs with solid-state electronic ballasts.

- Encourage congregation members to carpool.
 - Check for air leaks throughout the property. Check exterior walls for leaking and adequate insulation.
 - Check your roof and attic spaces to ensure the roof is in good condition and the attic is adequately insulated; consider investing in a "green roof" or "cool roof."
 - Check the condition of and replace windows and window shadings, if needed.
 - Minimize unconditioned air flow through doors.
 - Caulk around windows to prevent heat loss.
 - Install occupancy/vacancy sensors.
 - Use power management features.
 - Place computers (CPU, hard drive, etc.) into a low power "sleep mode" after a designated period of inactivity.
 - Utilize smart power strips.
 - Print double-sided pages; much more energy is used in the manufacturing and distributing of paper than the actual printing at your office.
 - Check refrigerators for leaks and see if a newer, more efficient model is available.
- ⇒ Have walk-in refrigeration systems serviced at least annually.
- ⇒ Use multiple refrigerators only when necessary.
- Turn off appliances (such as the coffee maker) when not in use.
 - Use fans when a room/area is occupied.

There are different ways to move forward on Clean Energy to minimize the impact of climate change on our churches. As you act as a good steward, you will be better prepared for climate change. As you advocate for climate solutions in your community, you will be motivated to steward God's resources better.

Agent Corner



Janice Smith, CPIA, CIC has been in the insurance industry for 25 years, with a focus on Churches, Religious and Not-for-Profit Organizations. She has been an Insurance Board agent since 2020 with professional designations of CPIA and CIC.

"You cannot read the news without hearing of a catastrophic event that has occurred." During the first 6 months of 2023 there were 18 billion-dollar loss events globally with insured losses reaching \$53 billion. Of the 18 total, 14 of the events occurred in the US. This is the 4th highest first half total on record and 46% above the 21st century average.

Catastrophic losses have a direct impact on the availability and cost of insurance. As the market hardens and insurance claims and costs rise, it is vital to understand that insurance policies are intended to cover catastrophic events not maintenance.

"Regular inspection and maintenance of your property is important. Failure to maintain your property can jeopardize a ministry's availability to insurance. In times such as these, it is especially important to have a trusted relationship with your insurance agent and insurance partner that understands the mission and challenges ministries face today.

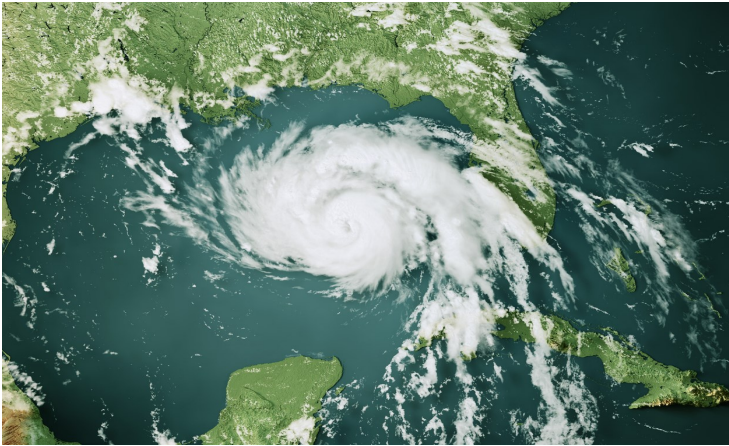
Risk management helps, and agents are available to assist you in everything from building maintenance to creating a safe environment for your members and guests. Agents who represent Insurance Board understand the needs of the church and are here to assist you and your ministry."

Source:

www.propertycausality360.com/2023/07/26/insured-losses-during-2023s-first-half-were-4th-highest-on-record

Claims Lessons Learned From Climate-Related Perils

Insurance Board



Climate scientists have long attributed the increase in catastrophic storms across the country to climate change factors such as the warming arctic and ocean temperatures. This has not only become apparent during the traditional hurricane season (June – November), but it has also been reflected in the intensity of recent winter storms. Changes in the jet stream and polar vortex are causing what these scientists refer to as bomb cyclones. And they are significantly affecting the frequency and severity of property damage claims across the country during the winter months.

On February 10, 2021, a sudden cold snap hit the Northwest and south-central United States, resulting in a historic drop in temperatures for many states unaccustomed to severe winter weather. The state most impacted was Texas, which experienced temperatures that were more than 40 degrees below average. More than 10 million people were left without power across the state as the power grid was unable to keep up with the record demand.

According to the National Centers for Environmental Information (NCEI), the main cause was a polar vortex that brought arctic air across Texas and stretched as far south as the Rio Grande River and northeastern Mexico.

The Great Freeze, as this storm is now called, lasted approximately eight days and cost between \$80 and \$130 billion, according to some estimates – the most expensive disaster in the state’s history.

Approximately 22 months later in December 2022, another severe winter storm hit the U.S. This time the storm engulfed much of the central and eastern U.S. as well as the upper south, including Kentucky and Tennessee. Climate scientists attribute the main cause, once again, to a polar vortex that brought cold air much farther south and into states that don’t usually experience severe winter temperatures. Cities as far south as Miami, FL felt the impact of the colder weather. The storm – unofficially named Winter Storm Elliot – caused more than \$5.4 billion in insured losses and became the third costliest winter weather event since 1950. These severe weather events significantly impacted participants in our program. The Texas storm caused approximately \$5 million in incurred damages. Winter Storm Elliot caused approximately \$4.3 million in damage.

For much of the country, most of the damage from these storms involved water damage from frozen pipes. According to Verisk, freeze claims increased by 428% during December 2022 through January 2023. Much of the increase occurred in southern states, places not accustomed to dealing with extreme cold temperatures. For Insurance Board, more than 85% of the claims from this storm involved frozen pipes including our largest claim, which occurred in Tennessee.

According to the National Centers for Environmental Information, the Texas freeze left nearly 10 million people without power. This resulted in the filing of more than 450,000 insurance claims because of the storm. Most of those claims involved damage from frozen pipes.

Claims Lessons Learned From Climate-Related Perils Continued...

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For Insurance Board participants, burst pipe claims accounted for 90% of the claims from that winter storm event.

The upcoming winter months could once again bring an extreme weather event to areas of the country not accustomed to this type of winter weather. Insurance Board participants must, therefore, take the necessary precautions to prevent or lessen the damage these events can bring. Below are several tips our participants can utilize as part of their winter weather preparation.

1. Winterize church properties to mitigate the impact of severe weather. This includes insulating water pipes in areas not accessible to a heat source and participating in the water sensor program offered by Insurance Board.
2. Make sure walkways (in some cities this includes sidewalks in front of your location) and parking lots are routinely and adequately cleared of snow and ice. Incorporating a maintenance schedule that is documented and easily followed is most important.
3. Have a local attorney review all contracts/agreements with third-party vendors such as AA to make sure they contain the necessary hold harmless and risk transfer language.

Sources:

<https://www.iii.org/fact-statistic/facts-statistics-winter-storms#:~:text=The%20third%20costliest%20winter%20event,%2C%20ice%2C%20freezing%20and%20flooding.>

<https://www.propertycasualty360.com/2023/06/08/driven-by-winter-storm-elliott-freeze-claims-jumped-428/?slreturn=20230931142944>

<https://www.ncei.noaa.gov/news/great-texas-freeze-february-2021>

<https://www.tdi.texas.gov/blog/does-insurance-cover-water-damage-caused-by-burst-pipes.html#:~:text=When%20Winter%20Storm%20Uri%20covered,by%20water%20from%20broken%20pipes.>

CLIMATE CHANGE PREVENTION CONCEPTS



Renewable Energy at Home



Energy-Efficient Appliances



Water Use Reduction



Buy Better Bulbs



Raise Awareness



Pull The Plugs



Take in Less Meat



Get a Fuel-Efficient Vehicle



Protect Green Spaces

Rising Concerns Over Severe Convective Storms

Insurance Board

Severe convective storms are a growing concern throughout the property insurance landscape across all regions of the United States. Severe convective storms are typically characterized by intense thunderstorms capable of producing tornadoes, large hail, and damaging winds. These types of storms have gone outside of traditional risk zones, creating new challenges for insurers and policyholders.

Growing climate concerns and changing weather patterns have played a major role in the increasing frequency and intensity of these severe convective storms. What was once considered a localized threat in the “Tornado Alley” area, has now become a concern across the United States. The geographical spread of severe convective storms has now become a nationwide industry concern.

According to the AON Insurance 2023 3rd Quarter Global Report, one of the world’s largest insurance brokerage firms, *“Disaster events in the United States accounted for roughly three-quarters of global insured losses in Q1-Q3 of 2023, reaching approximately \$65 billion. This is already higher than the long-term annual average and median. Severe convective storms caused approximately 70% of global insured losses in 2023, compared to an average of 34% (from 2000-2022) ...For the first time in history, total insured losses related to severe convective storms in the United States are expected to exceed \$50 Billion, with the next closest year at \$42 Billion (2020).”*

Due to inflation, supply chain disruptions, and changing weather conditions, severe convective storm severity is at an all-time high. Insurers have incurred major losses inflicted by hail, high winds, and tornadoes, which has prompted insurers to reevaluate policy structures, coverage limits, and deductibles to protect policyholders adequately.

Insurance Board is addressing these rising concerns with innovative strategies and new technology. Leveraging advanced risk modeling and increasing capabilities for data analytics is important to enhance the risk assessment process while also assisting in providing insurers with a better understanding of the exposure areas.

Residential and commercial policyholders are being asked to provide more data and information to insurers than ever before. Insurance Board’s program participants providing data will have a direct and indirect effect on an individual participant's insurance premium. Oftentimes, more data is beneficial in the rating process given that insurers view inadequate data or uncertainty as creating greater risk.

With the everchanging weather patterns evolving and impacting the severe convective storm spread across the country and worldwide, proactive steps from insureds and insurers are necessary for all. Refining risk models, improving data analytics, and partnering with program participants will assist in the premiums and sustainability of our insurance program.

Source:

**<https://www.aon.com/getmedia/7107985e-43d8-412b-a674-7722112cc2b0/20231018-q3-2023-catastrophe-recap.pdf>*

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.



INSURANCE BOARD

Partners in Protection



CEO CORNER

TIMOTHY S. HARRIS, CPCU
PRESIDENT AND CEO

There are two verses in Genesis which amplify for me our relationship to the earth; Genesis 1:26 and Genesis 2:15. In both verses, it appears evident that God gave us charge over His creation, and intended for us to work and take care of it. I've often asked, why would God give us such charge related to care of the earth if we could not actually impact it? I do not believe He would and believe that our lack of care has consequences. Yet, many have essentially held the position that what is happening with our climate is simply natural.

"Black Blizzards" created a climate impact in the 1930's, as well as decisions to remove wolves from Yellowstone in the early decades of the 1900's which changed the landscape and altered the ecosystem. It isn't a stretch to understand the causal relationship between human-influenced activity and climate impact; they are interconnected. Introduce the industrial age and the atmospheric pollution that accompanied it. What is different, today, is that we have a wealth of data and information about the impacts of our activities on our climate, and, have the power and tools to make a substantive difference.

In his book, *Climate Church, Climate World*, the Reverend Dr. Jim Antal remarks, "No matter what a church's distinctive niche may be, no matter how effectively a church may be living out the classic marks of

a faithful and healthy community of faith, no matter how innovative and creative a postmodern gathering of Christians may seem, every church faces a daunting new reality: we can no longer depend on the continuity of God's creation.¹" This is a call to action informing us that we must **DO**, and that we cannot afford to remain on cruise control.

In the context of Insurance, we are obligated more than ever to better understand the impact of climate events on our business. On your behalf, we are paying tens of millions of dollars in new claims for climate inspired weather events. We are using more predictive analysis to estimate the future impacts of weather on churches across the country. We have invested in water sensor technology to help alert churches and mitigate the incidence of water intrusion events. Our program is one of covenant, which also means that our insured church and ministry partners must actively **do** something also. You must work to safeguard your church properties, equipping and maintaining them to resist the impacts of climate inspired severe weather. You must update roofing and interior infrastructure to protect against water intrusion. You must also hold others accountable for doing the same since the collective body of churches is interconnected, and what impacts one may eventually impact all. The effects of global warming and climate change will be with us for some time and your actions today can impact the cost and availability of property and liability insurance coverage tomorrow.

¹ Rev. Dr. Jim Antal, "Climate Church, Climate World – How People of Faith Must Work for Change" (Lanham, Maryland, Rowman & Littlefield, revised and updated edition 2023), p.70.