

## OVERVIEW:

Churches should assess potential liabilities arising from the actions or omissions of third parties while they are on church property or involved in church activities. When engaging third parties, ministries should establish clear contractual agreements outlining responsibilities, insurance requirements, and indemnification clauses to mitigate risks.

## CONTRACT & AGREEMENT COMPONENTS DEFINED:

**A Third Party:** is an external organization or individual that is not part of the church's internal structure or immediate community. They can include but are not limited to:

- guests who visit the church premises for services or activities
- companies hired by the church to provide services or perform tasks such as maintenance, construction, or catering,
- volunteers who offer their services and assistance to the church
- individuals or organizations who lease space or contract to have events or regular meetings on the premises of the church.

**Contract:** A legal document that should be used anytime you engage in a relationship with a party. Contracts can protect you from any wrongful acts committed by that party.

**Hold Harmless Language:** This language, along with an indemnification agreement, duty to defend, and a waiver or release of any claims protects your ministry against any claims. The language should also include an admission of liability/responsibility for any damage caused to the property during their use of the facility.

**Additional Insured Language:** Language in an insurance policy that covers someone/entity other than the primary policy holder. The contract should contain this clause requiring the responsible party to name the church as an Additional Insured on their insurance policy. That policy will insure the church for any claims arising from the actions of the contracted party.

**Insurance Limits and Verification:** The insurance limits for the party to the contract should be sufficient to cover any potential claims. This should be verified through a current Certificate of Insurance and/or a copy of their policy.

**Vendor Relationships:** A third party contract should be completed with any party performing work on behalf of, or for, the church. Insurance should be verified to confirm coverage and appropriate limits for the work being done by the vendor/contractor.

**Facility Use Agreements:** A contract between the ministry and any party using its facilities for non-church business.

**TULIP:** Through the Tenants and Users Liability Insurance Program, the Tenant or User can purchase a low-cost general liability product to cover their liability related to using the church premises. This protects the entity (as well as the church) by providing insurance that includes the church as an Additional Insured.

## Checklist:

- Review all programs, plans or contracts with an attorney or related professional to ensure they meet local laws.
- Require documentation of a business license as it may be required by the state and/or local jurisdiction.
- When your church selects a provider/business you should carefully screen the individual/company before hiring/engaging with them.
- Verify that any contracted party has the financial resources to cover any loss regardless of insurance coverage.
- Consider requiring as a part of the contract bonds that will guarantee (from an insurance carrier) the thorough a proper completion of work.
- Maintain updated records on any party's insurance coverage as policies can change from year to year. Obtain Certificates of Insurance and policies that show the church as an Additional Insured.
- Signage should be clear, concise, and easily understood for all visitors and users.
- All areas designated as not accessible for third party users should be restricted.
- Emergency ministry contacts should be posted throughout the facility.
- Any party using your facility or performing work on the property should be provided with a copy of your abuse prevention policy and should be required to comply as part of their contractual agreement.
- Contractors should provide their own tools/equipment and employees.
- Verify contractors have general liability, workers compensation, and automobile insurance.
- There can be other people on church property (that would be considered guests or invitees) that are not part of a contractual agreement (not performing work or renting the property). Consideration can be given to requiring that any guest complete a release or waiver of any claims or liability as a requirement for entering the property.

## INSURANCE BOARD'S MISSION STATEMENT:

**To connect faith-based institutions to comprehensive and customized risk and insurance management solutions anchored in shared trust and sacred responsibility.**