

insurance gap in coverage when changing from claims-made form. Tail coverage extends the reporting period beyond the expiration date of claims-made policies.

Liability coverage can vary a great deal. There are numerous options in addition to the basic liability, such as: counseling; sexual abuse; directors, officers and trustees; and hired and non-owned auto liability; medical for premises and activities (including sports and volunteer labor, etc.). It is important to be adequately protected in all these areas.

Sexual Misconduct Insurance

Regretfully, sexual misconduct can happen anywhere, including churches. It can involve any church employee, including members of the clergy. In recent years it has become a more frequent occurrence.

The *Los Angeles Times* has reported that child sexual abuse is the worst problem facing the church in centuries. According to *Church Law and Tax*, the sexual misconduct problem is the most serious financial exposure facing church-related organizations. Nationwide media coverage of such incidents reflects the growing concern of our society about sexual misconduct.

Similarly, false allegations of sexual misconduct have increased. One of our Southern Baptist ministers was sued for \$6,000,000 alleging sexual misconduct. Although he eventually won the case, substantial expenditures were required for his personal defense. A number of sexual abuse claims have been filed in Kansas and Nebraska against churches and other religious organizations.

Sexual misconduct insurance provides protection for legal liability up to the stated policy limits. This type of coverage protects the church and its members, directors, officers, employees, and volunteers where the church may be held legally responsible and liable for the acts or conduct of such individuals. This is true even if the church is not specifically aware of, does not participate in, and does not direct or condone such conduct or actions in instances of sexual misconduct. Those claims, which occur most frequently against churches or individuals, are based upon poor hiring or supervisory practices, although the allegations can take many forms.

Sexual misconduct insurance is available through most church insurers. The church leadership should review this coverage with the insuring company. Generally, the limits available for this coverage will be stated as a separate amount, usually lower than your other liability exposures. Church insurers are offering higher limits for an appropriate screening procedure. Some companies offer protection to employees for allegations of sexual misconduct (including the pastor). Most companies will not continue defense for the employee if there is a confession or conviction, but will continue to defend the church. This coverage will not apply to individuals who actually engage in sexual misconduct nor will it apply if a KNOWN perpetrator is appointed to a position within the organization.

Director's and Officer's Liability

This optional endorsement provides protection for covered claims of financial damage arising out of decisions made by your organization's leaders, including trustees.

Employment Practices Liability

This optional endorsement provides protection for covered claims of emotional injury, personal injury, or financial damages arising out of employment-related events.

The covered injury must be sustained by a past or present employee or job applicant and the event(s) causing the covered injury must constitute an improper employment practice or wrongful employment act of your church or related organization.

Counseling Acts Liability (Non Fee-Based)

Coverage for bodily injury, emotional injury, or personal injury arising from counseling acts undertaken on your behalf by your pastoral counselor(s) or trained lay counselor(s) is provided through this optional endorsement coverage. Incidental counseling liability is available by some religious institution insurance specialists.

Fee-Based Counseling Acts Liability

Where this exposure exists, coverage can be provided with or without coverage for the counselor(s), depending on whether the counselor has his or her own professional counseling liability coverage.

Excess Liability (Umbrella)

Additional liability coverage available either as a separate policy or as an option included in the multi-peril policy will extend your liability limits under most of your liability coverages, including: vehicle coverage, workers' compensation, general liability, etc. Check with your agent for a more complete description.

Additional Liability Coverages

Check with your insurance carrier for additional coverages that are available such as:

- Day Care Liability
- Nursery & Child Care Emotional Injury Liability
- Christian School Liability
- Christian School Teachers Liability
- Christian School Counseling Acts Liability
- Food Preparation Liability
- Employment Benefit Liability
- Civil Liability & Defense Reimbursement Liability
- Wage Loss Reimbursement Coverage
- Religious Communication & Religious Activity Liability
- Membership Emotional Injury Liability
- Personal Injury Liability

Pastor's Personal Liability

The church should determine that the pastor has personal liability, particularly to cover a parsonage, rented dwelling, or apartment. This coverage is available in some church multi-peril packages at a nominal premium.

This liability will also cover the pastor's family. (See "Pastor's Business and Personal Property" under "Additional Property Coverage.")

Foreign Liability & Foreign Travel Insurance

Many churches and related ministries are sending students, mission teams, or tour groups outside the United States. Virtually all insurance policies issued to cover domestic ministry operations contain exclusions or restrictions of coverage that leave your organization and the individuals who travel inadequately insured or completely uninsured.

The following coverages are available to protect your ministry for these events:

- Foreign General Liability
- Foreign Contingent Auto Liability
- Foreign Employers Liability
- Foreign Worker's Compensation
- Foreign Accidental Medical and Sickness for non-employee volunteers
- Foreign Accidental Death and Dismemberment for employees & volunteers

- Emergency Medical Evacuation/Repatriation Exposures
- Other (Check with your convention or associational office.)

Workers' Compensation

The Kansas State law requires churches to carry this coverage if in the preceding twelve-month period the church paid its employees (including the pastor) a sum of \$20,000. This includes housing allowance and utilities paid by the church.

Nebraska state law requires all churches with one or more employees to carry this coverage without regard to any minimum payrolls.

NOTE: Churches are not exempt from this law and can be **held liable** to an employee (including their pastor) for injuries that occurred to any employee while performing duties for the church.

Workers' Compensation is to protect your valued employees and their families from life threatening or life altering accidents and injuries. Just one "slip and fall" or fall down a flight of stairs or auto accident by an employee could cause serious injuries and time-consuming recovery periods during which huge medical bills will be accumulated with no means for payment. Such an accident could devastate your church and cause serious emotional injuries and conflicts.

Personal medical coverage **may not apply** for injuries incurred in the performance of your duties of employment. Workers' Compensation benefits are more generous than other benefits and are automatic without the necessity of filing a lawsuit.

Employers (churches) are required by law to post written notice, in Spanish and English, of their worker' s compensation coverage. Free posting notices and other posters are available by calling the Division of Workers' Compensation or your insurer.

When income is received from more than one source it should be directed through the primary ministry and reported to the primary ministries insurer in order to provide maximum benefits.