

INSURANCE PROTECTION FOR THE CHURCH

Your church represents a major financial and personal commitment by your members. It is important that you select the proper insurance carrier and the proper insurance coverage that will give your church the protection needed.

It is suggested that the church prepare, with the assistance of a church insurance professional, "**insurance specifications**" on coverage for your church. This would help insurance companies in their ability to bid the coverage in a manner that could **more easily be understood by the church leadership**. It is further suggested that you deal with a company specializing in church insurance with a rating of "A" or better with the A. M. Best Insurance Rating Service. The lowest premium should never be the only criteria in purchasing insurance coverage. Coverage should be very carefully evaluated along with the service record and reputation of the agent. The coverages discussed below are only skeletal in nature. All coverages should be periodically evaluated to make sure they are adequate. Listed are some important coverages available:

Property Coverage

This type of insurance provides protection for buildings and personal property. This coverage is usually written on an **all-physical loss form** that includes fire, lightning, explosion, windstorm, hail, vandalism, etc. Be sure that all buildings are adequately **insured for replacement!**

You can insure your property on either a scheduled or combined basis. The combined basis allows you to develop one property limit at additional premium for all your insured buildings and personal property. Should a covered loss occur at any insured location, the combined limit would be available to cover that loss. The combined limit does not override other specific limits or exclusions in the policy.

When the scheduled approach is used the amount of insurance at the time of loss can never exceed the insurance value the religious institution places on each specific building.

Personal property is often underinsured. A complete inventory of all personal property should be taken to be sure that it is adequately insured for **full replacement cost**.

Additional Property Coverage

Water Damage – Various coverages are available including flood and sewer backup. Check with your insurance carrier.

Theft of Money and Securities – Limits are usually \$5,000 or lower. Higher limits are available by endorsement.

Employee Dishonesty/Treasury Bond – Limits usually available by church insurers up to \$500,000. Additional Bond limits are available through specialty bond companies. Check with your church insurance specialist. This coverage provides benefits to the church because of dishonest acts by persons defined in the policy. This type of loss has become more frequent in churches.

Limited Law & Ordinance Enforcement Coverage – This coverage extension provides additional insurance protection for three types of indirect loss, caused by the enforcement of an ordinance or law.

1. The value of the undamaged portion of building that the ordinance requires to be demolished.
2. The increased demolition and debris removal expense, associated with demolishing and removing the undamaged portion of the building.
3. The increased cost of construction involved in rebuilding to a more costly construction standard, due to a change in the law or ordinance. Numerous churches have been penalized because of insufficient limits for this type of coverage for the time of a major loss (fire or tornado). The limits of insurance will vary from company to company.