

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.