

ADDENDUM P

TASK FORCE ON INSURANCE
THE PRESBYTERY OF GENEVA

With the rapidly-escalating cost of insurance coverage for our church and manse properties, this Task Force was appointed in the spring of 1985 to examine the issues involved. The Task Force has met four times and submits the following recommendations. The Trustees or that church body responsible for property maintenance and safety has the responsibility to make a careful review of its insurance coverage and to exercise maximum prudence in deciding what coverages to place on the properties. The following suggestions are for "the ideal" coverage which would provide maximum coverage; and the "minimum" limits which prudence might suggest.

ALL PROPERTY - BLANKET COVERAGE

APPROPRIATE COVERAGE

MINIMUM COVERAGE

Church Structure -- 90% of replacement (sq. footage multiplied by current building cost less depreciation.)

Church Structure -- recognizing that cost some of our old structures would not be replaced "as they are", negotiate amount needed to replace with an adequate replacement structure with the insurance carrier (minimum 80% co-insurance in this amount).

Manse -- same as church structure

Manse -- negotiate appropriate coverage as with church building if old structure which would not be reduplicated as it currently exists or should there be a major loss.

Contents -- of church and manse; use inventory (90% of replacement value of contents less depreciation). Be careful to include the organ, stained pictures, murals, statuary, etc.)

Contents -- of church and manse; use inventory (90% of replacement value of contents less depreciation). Be careful to include the organ, glass, and any special art objects--stained glass, and any special art objects--pictures, murals,statuary etc.

Deductible -- \$250 per loss

Deductible -- \$1,000 per loss

Indexed for inflation cost--May be omitted

Indexed for inflation cost--May be omitted

Valuable papers, data processing, and video \$10,000

Valuable papers, data processing, and video may be omitted

Clergy-personal business property \$ 2,500

Clergy-personal business property may be omitted

Personal effects of others \$ 2,500

Personal effects of others may be omitted

PERILS

APPROPRIATE COVERAGE

All Risk--this will cover all main and usual perils (fire, lightning, extended coverage--wind, hail, smoke, explosion, vehicles and aircraft). Almost all policies will exclude war, nuclear explosion vermin, inherent vice (self-arson), flood, wear and deterioration.

Bonding of employees or volunteers for money loss.

MINIMUM COVERAGE

It is important to cover major peril risks -- fire, lightning, and the extended coverage for wind, hail, smoke, explosion, vehicles and aircraft.

However, some congregations may wish to exclude flood, glass, theft, vandalism, mischief, damage to trees/plants/shrubs/lawn etc., water, heating systems, falling trees and other objects, freezing, collapse, damage from snow, sleet, wear, tear, deterioration etc.)

The church may wish to exclude money and bonding coverage -- i.e. depositor, forgery and money coverage.

LIABILITY COVERAGE

APPROPRIATE COVERAGE

Personal Injury -- combined limit include premises operations, products and food sold or served; contractual--if you cover groups using building and manse.

Suggested limits
\$500,000/\$3,000,000
(per person/per loss)

It would be good to include--pastoral counseling liability, non-owned or hired cars covering persons driving liable if loss occurs.

MINIMUM COVERAGE

Personal Injury -- Same

Recommended limits
\$500,000/\$3,000,000
(per person/per loss)

The church may omit covering its pastor's counseling and non-owned care etc., but it may be deemed on church business.

VOLUNTARY MEDICAL PAYMENTS

APPROPRIATE COVERAGE

Limit per person -- \$ 1,000

Limit per occurrence -- \$10,000

Premises accidents (up to limits of policy)

Off-premises accidents for church sponsored activities -- covered

Volunteer workers, including church maintenance and repair -- covered

Athletic activities, including sponsored teams this coverage.

Non-owned or hired autos--cover if on church business

MINIMUM COVERAGE

Limit per person -- \$1,000

Limit per occurrence -- \$10,000

Premises accidents (up to limits of policy)

Off-premises accidents for church sponsored activities -- covered

Volunteer workers, including church maintenance or repair -- covered

Athletic activities, some churches may omit

Non-owned or hired autos--some churches may omit this coverage.

CRIME COVERAGE

APPROPRIATE COVERAGE

Employee Dishonesty officers and volunteers included--\$10,000

Depositors Forgery -- \$10,000

Theft money and securities -- \$ 1,000 limit Deductible -- \$100

Coverage on or away from premises -- \$1,000 limit

Double Coverage on Christmas, Easter, Thanksgiving and Palm Sunday(or any other) -- \$ 2,000 limit

MINIMUM COVERAGE

Employee Dishonesty may be omitted

Depositors Forgery -- may be omitted

Theft money and securities -- \$ 1,000 limit Deductible -- \$100

Coverage on or away from premises -- may be omitted

Double Coverage -- may be omitted

MISCELLANEOUS COVERAGE

APPROPRIATE COVERAGE

Boiler and Machinery explosion and damage to property

Umbrella-Excess Liability Limit cover in million \$ units; e.g., \$250 per \$1,000,000 per year

Directors & Officers Liability -- if desired

Owned Auto Schedule -- Should be covered, if owned.

Workmen's Compensation required for non-ministerial employees and recommended for clergy.

MINIMUM COVERAGE

Boiler and Machinery - if needed -- may be omitted

Umbrella-Excess Liability Limit--may be omitted

Directors & Officers Liability--may be omitted

Owned Auto Schedule -- Should be covered, if owned.

Workmen's Compensation required for non-ministerial employees.

TASK FORCE ON INSURANCE REPORT

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The Task Force on Church Insurance suggests and the Strategy Committee recommends that, WHENEVER POSSIBLE, LOCAL CONGREGATIONS SEEK TO COVER THEIR CHURCH AND MANSE PROPERTIES AS SUGGESTED IN THE "APPROPRIATE COVERAGE" COLUMN. WHERE IT IS NECESSARY TO UTILIZE REDUCED COVERAGES ON THE CHURCH AND MANSE PROPERTIES, THAT THE SESSION DO SO WITHIN THE "MINIMUM COVERAGE" COLUMN RECOMMENDATIONS. IF THE MANSE AND CHURCH COVERAGES ARE AT LIMITS LESS THAN THE "MINIMUM COVERAGE" RECOMMENDATIONS, THE COMMITTEE ON STRATEGY OF THE PRESBYTERY SHALL BE NOTIFIED, AND THE EXCEPTIONS AGREED TO BY THE STRATEGY COMMITTEE." This rule is made to remind the Session, in its trustee and management responsibility, to exert care to observe the "prudent management principle."

The Task Force on Insurance of Church Properties is of the opinion that the blanket coverage provided to Presbyterian Churches under the General Assembly Churchwide Insurance program with Preferred Risk Insurance Companies offers the maximum appropriate protection for the lowest premium. Because it covers so many churches, its risks are spread out and its premiums proportionately lower. In addition, it is a mutual plan so that annual returns of premiums have been experienced regularly. (1981 - 22.7%, 1982 - 14%, 1983 - 11%, 1984 - 0% and 1985 - 0%)

Local insurance brokers may offer reduced coverage packages at a lower premium, or even greatly reduced premiums. However, good and prudent responsible management by the Trustees would indicate that such reduced coverage should be carefully discussed and put up for bid with other carriers for a specific amended coverage package.

The Presbyterian Policy with Preferred Risk has now been permitted much wider flexibility in its limits coverages. Churches are advised to compare that nationwide coverage with whatever a local broker recommends. It is quite likely that the Presbyterian Churchwide Plan can offer the same (or very similar) amended coverage for less overall premium cost.

For information concerning the Presbyterian Church (USA) Churchwide Insurance Program for Church Properties, you may contact the following offices for information:

Underwriter

Guide One Insurance

1111 Ashworth Road

West Des Moines, IO 50265

Presbytery of Geneva Representative

Brown & Brown Insurance Company

183 Main Street

Dansville, New York 14437 Agent: Thomas Didas

(585) 335-3175 (as of 10/05)

This document is recommended to the Presbytery of Geneva as a new "Addendum P" in its Standing Rules.