

1. Title: Insurance

2. Purpose:

“The Book of Order directs all churches, synods, and presbyteries to obtain adequate property and liability insurance coverage to protect the facilities, programs, and officers including members of session, staff, boards of trustees and deacons, and elected and appointed officers (G-12-0306, 11.0308, and 10.01020, respectively). While there are many risks that must be considered and a wide array of insurance types, securing insurance is not an impossible task. Working with agents and other resources, a board of trustees, session, or middle governing body can ensure it has adequate coverage in place.”¹ “Each council shall obtain property and liability insurance coverage to protect its facilities, programs, staff, and elected and appointed officers (G-3-0112)”.² This OPS provides the FPCC’s (Church’s) policies and procedures for compliance with this stated requirement.

3. Policy:

1. The Church’s corporate Board of Trustees (“Board of Trustees”) (“Board”) shall be responsible for this Operations Policy Statement (OPS), its revisions and addressing questions regarding its interpretation.
2. The Church shall protect its property and Staff, Boards of Trustees, deacons, and elected and appointed officers by maintaining adequate property and liability insurance coverage for compliance with the Book of Order (G-3.0112”).
3. The Board of Trustees shall manage the Church’s insurance business for assuring the compliance with policy statement 3.2. Insurance policies shall be reviewed annually for adequacy and completeness. Coverages should be adjusted as property values change. Casualty (liability) coverage should be reviewed periodically as well.³
4. The insurance guidelines as defined in the PC (USA) Legal Resource Manual for Presbyterian Church (U.S.A.) Middle Governing Bodies and

¹ Legal Resource Manual for Presbyterian Church (U.S.A.) Middle Governing Bodies and Churches Third edition (2010), Section 9

² PC(USA) Book of Order 2015 - 2017

³ Legal Resource Manual for Presbyterian Church (U.S.A.) Middle Governing Bodies and Churches Third edition (2010), Section 9

Churches Third edition (2010) shall be used for assessing the kinds and amounts of insurance needs of the Church and its acquisition. The part, "2. Recommended Minimum Standards of Property and Liability Insurance for Churches, Presbyteries, and Synods" shall be used as a guideline when determining the Church's insurance needs.

5. The Board of Trustees shall prepare and submit budget requests for the New Year for the Church's insurance needs. This should include a determination of actual annual premium costs for insurance needs.
6. The terms and definitions given in *Part 4. Definitions* of this OPS are adopted and shall be used in managing the Church's insurance program.
7. The Church shall conduct an annual safety inspection of the buildings with fire officials to identify hazards that may cause personal injury, fire, or other loss of property.
8. The Church shall maintain a detailed inventory of all furniture and equipment, kept current with additions and deletions of items. All inventory reports shall be kept off the church property in a bank safe-deposit box or secure location.
9. The Church shall obtain a building re-construction cost estimate to update the value of the property, at least every three years.
10. At least two quotations shall be obtained when purchasing or renewing insurance coverage.
11. The purchase of an insurance policy or amendment thereto shall be a recommendation to the Session for its approval.
12. Insurance recommendations to the Session shall first be approved by the Board of Trustees.
13. Mission trips shall have adequate/appropriate casualty insurance. Most general liability policies restrict coverage to the United States, its territories, and Canada. For any travel outside of these areas, the Church's insurance agent shall be contacted at least ninety days prior to the start of the trip.
14. Uses of church property for activities or events that are outside of the regular church operations may result in new liability risks that will need to be addressed. The insurance agent shall be contacted at least thirty days in advance of the event or new program. This will give the insurance

company time to review the new risk, give a response, and provide a quote on any additional charges. It is important that a binder or endorsement be obtained before the event or program begins.

15. The Board shall refer to the various “types of insurance” given in Section 9 of Legal Resource Manual for Presbyterian Church (U.S.A.) Middle Governing Bodies and Churches when evaluating the Church’s insurance needs.

4. Definitions:

The following definitions were taken from the Guide One Inc., Safe Church Common Insurance Terms and Definitions

- Actual Cash Value – The cost of replacing damaged or destroyed property with comparable new property, minus depreciation and obsolescence. For example, 20-year-old church pews will not be replaced at current full value because of two decades of depreciation. In some instances, artistic or antique property may appreciate over time. To receive full coverage, such items must be specifically scheduled in a policy.
- Appurtenant Structures – Includes additional buildings on the same property as the principal insured building. Most property insurance contracts cover appurtenant structures.
- Blanket Coverage – Type of coverage on the insured’s property for two or more different kinds of property in the same location. This coverage is ideal for businesses whose property is covered with no specific limit on each particular property regardless of its location.
- Business Auto Policy (BAP) – An insurance policy for vehicles used in business.
- Business Owners Policy (BOP) – An insurance policy for owners of a business.
- Business Personal Property (Contents) – As distinguished from personal property, business personal property includes items such as furniture and fixtures, machinery, stock, manufactured or raw goods, and personal property owned by the insured and used in the business while located within 100 feet of the premises.

- **Central Station Fire Alarm** – A fire alarm system with an automatic fire detection system tied to heat and smoke detectors and monitored 24 hours a day by an offsite monitoring company.
- **Certificate of Insurance** – A form which verifies that a policy has been written. It is often used as proof of insurance in loan transactions and for other legal requirements. It does not affect or alter policy coverage.
- **Declarations** – The portion of the contract which contains information such as the name and address of the customer, the vehicles insured, their location and description, the policy period, the amount of insurance coverage, and applicable premiums. It also lists the forms and endorsements included on the policy.
- **Deductible** – Amount of loss that an insured pays in a claim. It includes the following types:
 - **Absolute dollar amount** – Amount the insured must pay before the company will pay, up to the limits of the policy. The higher the absolute dollar amount, the lower the premium.
 - **Time period amount** – Length of time the insured must wait before any benefit payments are made by the insurance company. Consumers are advised to select the highest deductible that they can afford. First dollar coverages are very costly. A high deductible allows the insured to self-insure expected losses – those of high frequency and low severity.
- **Directors and Officers Liability Insurance** – Insurance that protects an entity and its corporate directors and officers against claims alleging financial loss resulting from the wrongful acts or mismanagement of the corporation's directors and officers.
- **Employment Practices** – Practices that include, but are not limited to, the hiring and termination of employees and disciplinary actions.
- **Employment Practices Liability (EPL) Coverage** – A claims-made coverage for the insured's liability exposure arising out of employment practices.
- **Inland Marine** – A policy that lists specific pieces of property at a designated value for coverage.

- Insurance to Value – The appropriate amount of insurance to cover the value of the property being insured. It affords more complete protection to the policyholder to repair/replace property after a total loss.
- Named Insured – Person, business or organization specified as the insured on a property or liability insurance policy.
- Ordinance or Law – Coverage that insures against losses caused by enforcement of ordinances or laws regulating construction and repair of damaged buildings. Communities often have building ordinances that require that a building that has been damaged to a specified extent (i.e. 50 percent) must be demolished and rebuilt according to current building codes, rather than simply being repaired. Ordinance or Law coverage pays for items, such as the loss of the undamaged portion of the building, the cost of demolishing the undamaged portion of the building, or the increased cost of rebuilding the entire structure according to current building codes. Without Ordinance or Law coverage, such costs would not be covered by insurance.
- Spiritual Counseling – Counseling that attends to the spiritual needs of a person. Performed by a minister employed by the named insured or an employee or volunteer of the named insured acting under the direction of a minister employed by the named insured and within the scope of their duties. Does not include giving advice or assistance in regard to a matter such as, but not limited to, charitable contributions, finance, insurance, investment, law, real estate or tax.
- Risk Management – Management of the pure risks to which a church might be subject. It involves analyzing all exposures to the possibility of loss and determining how to handle these exposures through practices such as avoiding the risk, retaining the risk, reducing the risk, or transferring the risk, usually by insurance.
- Umbrella Policy – Coverage for losses above the limit of an underlying liability policy, such as commercial general liability, business automobile, employers' liability, etc. While it applies to losses over the dollar amount in the underlying policies, terms of coverage are sometimes broader than those of underlying policies.
- Underwriting – The process of selecting risks for insurance and classifying them according to their degrees of insurability so that the appropriate rates may be assigned. The process also includes rejection of those risks that do not qualify.

- Workers' Compensation – Type of insurance coverage for someone injured, including death, while on the job.

5. References:

- PC(USA) Book of Order 2015 – 2017, G- 3.0112
- Legal Resource Manual for Presbyterian Church (U.S.A.) Middle Governing Bodies and Churches Third edition (2010), Section 9
- Guide One Inc. web page, Safe Church Common Insurance Terms and Definitions

6.Applicability:

The management of all the Church's (First Presbyterian Church of Conroe, Inc.) insurance needs shall be according to the policies as stated in this OPS.

7. Procedures:

1. The Board of Trustees shall prepare a *Church Insurance Requirements* document giving the various insurance needs of the church and which is in compliance with the Presbyterian Minimum Insurance Requirements.
2. Purchases of insurance shall be made through a competitive solicitation process whenever feasible. The Board of Trustees shall maintain a qualified vendor data file of insurance agencies for the solicitations.
3. Solicitations shall be requested from a minimum of three (3) vendors when circumstances preclude the inclusion of a greater number.
4. Considerations for selecting a vendor for soliciting a proposal with quote include but are not limited to the vendor's qualifications, past experience, references, and ability to fulfill the requirements (Church Insurance Requirements) of the solicitation.
5. Vendors should be contacted (including present agent) at least ninety days prior to the expiration of the current policy to provide quotes.
6. When claims made and coverage is provided, it is important to have a "retroactive date" that covers previous time periods in addition to the

current policy term. Review the claims-made-coverage option when choosing each vendor/policy.

7. Discuss each vendor's proposal with the vendor and obtain answers to any questions and document these for the record.
8. Complete an evaluation for each vendor's proposal and a comparison of all proposals received. The comparison shall use the *Church Insurance Requirements* document.
9. The Board of Trustees shall submit its recommendation to the Session for its approval.
10. On approval by the Session, the Board of Trustees shall complete the purchase of the insurance by signing the appropriate documents.

8. Review Schedule:

The Board of Trustees is responsible for reviewing this OPS on the triennium of the effective date and making any needed revisions for the Session's approval.

9. Approval:

Session approved this OPS on the above effective date.