

“From Where I Sit ...”

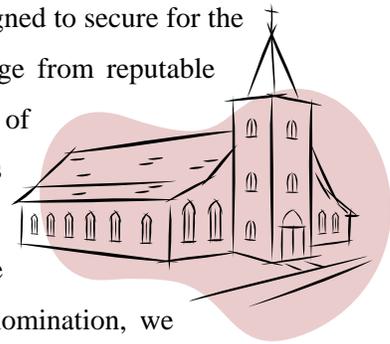
Improving Your Fire & Casualty Insurance Plan



Dr. Tyrone T. Davis
General Secretary
Personnel Services

Can you lower your Church’s insurance premium or increase the amount of your coverage? Actually, in most cases, you can do both. The key to unlocking these opportunities rests on your willingness to do a little work and your willingness to gain a better understanding of balancing risk and maintenance. But hold on, I’m getting ahead of myself.

For more than forty years, the CME Church has sponsored a Fire & Casualty Insurance Plan through the General Board of Personnel Services. First and foremost, the CME Fire & Casualty Insurance Plan is not an insurance policy, but instead is a Plan that is designed to secure for the churches in the CME Church adequate and sufficient insurance coverage from reputable insurance companies to meet the needs of local congregations. The goal of the Plan is to design with the insurance company basic policy offerings that are best suited for CME Churches. For example, smaller congregations who seek coverage from local providers may often be offered \$300,000 or \$500,000 of general liability insurance. As a denomination, we know from first hand experience that regardless of the size of a congregation, no church should have less than \$1 million of general liability insurance. In fact, many lawsuits today begin with a demand of \$1 million. What most people do not know is that the additional premium to increase a church’s coverage to \$1 million of liability insurance is very small. Because we know this, every church insured in the CME Fire & Casualty Insurance Plan has at least \$1 million of liability insurance.



From a lay perspective there are two underlining aspects to Fire & Casualty Insurance. Fire insurance (also known as property insurance) protects a church’s property from losses arising from a covered risk and Casualty insurance (more commonly called liability insurance) protects a church from losses arising from claims of injury by other parties as a result of negligence or other alleged hazards.

The best way to improve your premium cost is to look at your church insurance as you would any other insurance, such as auto insurance. To keep your premium from increasing you should strive to minimize or reduce the number of claims and the size of the claims. Like any other for profit business, insurance companies seek to make a profit and they rely heavily on trends. If an insured begins to have multiple claims in a short period of time, they are likely to continue to have multiple claims in the near future. Such trends create a challenge to an insurance company’s ability to make a profit. Additionally these trends can be artificially inflated when minor claims are reported. Generally insurance should be used to protect the insured, i.e. the Church, from major losses. Minor losses, especially those losses near the level of the deductible, should be repaired by and at the expense of the insured rather than at the expense of the insured’s insurance policy.

To improve the premium of your church's fire insurance (or property insurance), the best first step is to look at your church as you would your own home. The two most important areas to consider are the age of the roof and the condition of the wiring. Most claims arise from roof damage caused by wind, hail and rain. These claims can become quite substantial if the roof is old and outside of its warranty period. Aged, exposed, or inadequate wiring also increases the potential of fire loss. What began as a small claim could very well become a large claim as a result of poor or untimely maintenance.

To improve the premium of your church's casualty insurance (or liability insurance), the best first step is to closely inspect your church, inside and out, for potential risks that could lead to losses and to begin a plan of corrective action. Potential risks such as, holes in carpeting or loose wires running across a floor could cause a person to trip and fall. Loose treads or the absence of treads on the steps of stairs as well as the lack of handrails or securely affixed handrails could also contribute to a serious fall. Poor lighting, slippery or wet floors, lack of or infrequently inspected smoke detectors and fire extinguishers (especially in cooking areas) are some of the many other potential risks that could contribute to a major loss if left unattended.

The foregoing is just a small sample of the many possible risks you could avoid by taking preventative action now. The insurance carrier for the CME Fire and Casualty Insurance Plan, *Hanover Insurance Company*, has provided several brochures on additional "Loss Control Topics" which you may find on the Web-page of the General Board of Personnel Services, i.e. www.c-m-e.org. Topics such as:

- Safe Handling of Church Funds
- Candle Safety Tips
- Field Trip Safety Checklist
- Guidelines for Lightning Safety
- Security Action Planning for Houses of Worship
- Safety Program Self-Assessment for Religious Institutions
- Sexual Misconduct
- Evaluating the Physical Protection Afforded by a Building

Adequately insuring our churches today is a significant and necessary requirement and explaining the intricacies is far more demanding than this article will allow. But it is equally important that our leaders understand as much as possible about this important subject. Future articles will seek to address other dimensions of this area with the expectation that every church will be adequately insured with minimal risks ... which is what we should all desire. Or at least that is the way it looks to me ... *"From Where I Sit"*