

Insuring Religious Institutions: What Every Agent Needs to Know

Religious Institutions come in all shapes and sizes, but their insurance needs are very similar. The unique exposures of churches, synagogues, temples and other houses of worship makes insuring them different than insuring a typical business. It is the job of the professional insurance agent to ask the right questions to ensure that all exposures are considered. In addition to helping the client reduce or avoid losses, doing some extra work helps protect the company's loss ratio and the agent's E&O.

Determining the value of property can be difficult. Some property, such as leaded (stained) glass and artwork may be irreplaceable, while other property may have its high value only in the eyes of the congregation. Sometimes, the cost of repair may be more than the cost to replace with something similar. Building values should include permanently installed items such as pews, altars and lecterns. Religious artifacts and books, sound systems and expensive musical instruments need to be included in contents values. There may be other structures and property owned by the institution, such as cemeteries, parsonages, outdoor statuary and crosses that need to be covered.

Religious institutions are often on tight budgets. Therefore, upkeep of

the premises may be lacking. Care should be taken to look for such things as cracked or buckled sidewalks or roof damage.

Buildings are often used by a number of organizations for meetings and other events. According to MSO Field Inspector Nils Deacon, "Churches may host soup kitchens, thrift shops and preschools. They may provide temporary housing for the homeless or during a local disaster such as a flood. The church parking lot may be used by another local business during the week, with the church being able to use the business's lot for overflow parking during services. There may or may not be an exchange of money for these arrangements. Underwriters need to know about all of these exposures."

The building may be unoccupied a good portion of the week. This can lead to increased risk of loss. Is there a watchman or custodian on duty? Is the building locked? What steps are taken to ensure that heat is maintained in the building? Water damage losses may go undetected for several days in unoccupied buildings. Is there outside protection (such as plexiglass) for the stained glass to prevent vandalism?

Religious institutions could have an automobile exposure. Do they



own a bus or van? Do congregation members use their own vehicles on "church" business? Are the vehicles properly insured? Are vehicles rented for such things as youth group trips? Are motor vehicle records checked for all drivers?

Protecting children is a serious consideration for religious institutions. When attempting to provide coverage, it is important to know how the institution screens the people who come in contact with children. Are background checks done? Are volunteers and employees trained on how to avoid potentially harmful situations? Are children always supervised by more than one adult? Such practices may seem invasive, but they help to prevent an even more invasive situation - a claim of sexual misconduct.

Many religious institutions rely on volunteers rather than paid employees for much of the work that gets done. Volunteers need to be covered as "insureds" on the policies. The leadership of religious





institutions often consists of congregation members who may have no business experience. They expect the institution to carry insurance to protect them for issues that may result from the decisions they may make. Directors' and Officers' coverage is needed. Pastoral counseling liability is another important consideration, especially if the "pastor" has advanced degrees in counseling and is considered a professional.

Religious Institutions are unique entities. Taking the time to ask about and understand the operations to be able to provide the proper coverage is the mark of the true insurance professional.

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