

# **LIABILITY & PROPERTY INSURANCE**

**Diocese of Washington**

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Dear Parish Leaders:

I have attempted to summarize some key points to liability & property insurance coverages in this booklet. I say 'attempted' because there really isn't a quick and easy way to cover the broad range of categories and information that fall under the definition of liability & property insurance. Since insurance by nature is a very complex industry, I have found that no one person has all the answers and it is always prudent to seek advice from many sources. Some of you may be very familiar and work in this field everyday, some may only think about insurance at renewal, but all of us as stewards of the Church should acquire a basic grasp of insurance fundamentals.

The insurance industry has undergone a major shift with respect to liability coverage during the past 30 years. Trends that began in the business community have spread into the nonprofit sector, including religious institutions. In particular, three specific trends are evident. First, premiums have increased. Second, coverage has been reduced or more narrowly defined. Third, some companies have stopped providing coverage for some risks. These trends have occurred with respect to medical malpractice in the health sector, product liability in the commercial sector, and sexual misconduct within the religious sector.

Some have mistakenly equated risk management and insurance to be the same thing. Insurance is one of the most common, if not the most fundamental, device that parishes use to engage in risk management. In many cases, it is the only formal risk management strategy that vestry leaders may focus on with any regularity, and that may occur only when the policy is up for renewal. Yes, insurance does play an important risk management role in all our parishes. It does not, however, prevent losses. Rather, insurance is a risk financing technique that provides funds for losses that the insurance policy covers. As such, insurance is *not really* a risk management strategy that addresses the broad concerns of both loss prevention and loss control.

Risk management, additional policy endorsements, claims process etc. are other topics that are not included in this booklet, but are other areas to be aware of. Again, this booklet was put together to give a brief explanation to liability and property insurance coverages. Contained on page 2 is a sentence or two describing five main areas of liability and property insurance. Pages 3-10 includes information that I put together a few years back with assistance from Church Insurance, I have tried to update its contents to current offerings. Pages 11-16 has been copied from the Church Pension Group website: [www.cpg.org](http://www.cpg.org) CPG is the parent company of Church Insurance and this website has much useful information not only about insurance, but other areas that you will also find very useful.

As you will notice, most of the information contain herein is based on Church Insurance offerings. 90% of our parishes insure with Church Insurance which is not mandatory, but recommended because Church Insurance was specifically designed to only work with the needs of our Church. Of course, you are not obligated to insure with them and if shopping other company's benefits your parish or works better for you then there is no diocesan requirement to prevent you from doing so. I would suggest that you do not base decisions on bottom line premium amounts, rather it is prudent to do a side by side comparison to be sure all scenarios are covered which I have found hasn't been the case when lower premium bids are presented.

I hope you find some of this information helpful. Thank you for all that you do for your parish.

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## INSURANCE COVERAGE

For many parish leaders, insurance coverage can be confusing and complex. When purchasing or reviewing coverage, it is helpful to break the coverage down into specific areas, and then to focus on one area at a time as noted below:

- ***Property Insurance.*** The main concern is the insurance of buildings and contents. Property insurance has levels of complexity because of what is included or excluded in the policy. As a result, leaders must be very careful to understand the “forms” that are used to write the policy.
- ***Liability Insurance.*** Liability insurance provides coverage for civil claims. Liability coverage is generally divided into general liability, automobile liability, and workers compensation and employers liability. Each area is written as a separate policy. Some additional liability coverages are important for churches and schools including directors and officers insurance, counseling or professional liability, sexual misconduct coverage, and excess medical claims.
- ***Workers Compensation and Employers Liability.*** As a form of liability coverage, workers compensation and employers liability are handled as separate policies. This coverage is vital for churches and schools and is required by all 50 States and DC for all employees.
- ***Automobile Insurance.*** Attention must be given to a broad range of concerns including liability coverage, medical payments, uninsured or underinsured motorists, collision coverage, comprehensive coverage for physical damage or losses other than from collision, the use of non-owned vehicles, and the use of employee and volunteer drivers.
- ***Excess or Umbrella Insurance.*** It is advisable for churches and schools to purchase additional insurance that goes beyond the limits of the basic policies. This is generally done by obtaining excess or umbrella insurance.

This is basically an overview of liability coverages offered by the Church Insurance Company. Please refer to your policy for the actual coverage specifications or contact your Church Insurance Regional Field Office representative for details: Corky Bonesteel @ 1-800-293-3525, she will be happy to assist you with any questions.

### **The Pinnacle Program**

The Pinnacle Program is a multi-peril insurance concept designed especially for churches and church institutions to meet the current and future property and liability insurance needs of the Episcopal Church in its national and local ministries and related activities.

Under this program, insurance protection is tailored to each individual insured's needs. Churches and church schools, camps and conference centers, senior citizen housing and homes for the elderly, and other Episcopal Church operations can therefore be provided with maximum protection, at a reasonable cost, against the many exposures to loss that exist today.

**The Pinnacle Program** offers three basic levels of property insurance protection. Regardless of the level you choose, you may insure your property, both buildings and contents, on a specific or blanket basis for its reproduction cost, replacement cost, or actual cash value.

### **Named Peril**

A policyholder's buildings and contents are covered for damage or destruction resulting from the types of loss listed below.

- TFire and Lighting
- TWindstorm and Hail
- TVandalism and Malicious
- TExplosion
- TSudden and Accidental Damage from Smoke
- TVehicles or Aircraft
- TRiot, Riot Attending a Strike and Civil Commotion
- TDamage to Buildings by Burglars
- TSonic Boom
- TWeight of Snow, Ice or Sleet
- TFalling Objects
- TFreezing of Equipment or Appliances
- TWater Damage (Limited)
- TSinkhole Collapse
- TVolcanic Action
- TCollapse of Buildings

### **Basic All Risk**

At this level, coverage is provided against the types of loss included under the Named Peril option plus all other property losses not specifically excluded under the terms of the policy. Specific examples include:

- TFlood and other Water Damage losses
- TTheft of building items

Like those who choose the Named option, the Basic All Risk policyholder may wish to consider purchasing theft insurance on general contents including money and securities, a fine arts floater and comprehensive glass coverage.

### **Extended All Risk**

With this option, buildings and contents insurance coverage is significantly expanded. For example, it automatically includes fine arts insurance on objects of art, stained glass windows, altarware, organs, carillons, bells and any other item categorized as fine art, without the necessity of a schedule. It also covers losses resulting from:

- TBurglary and Theft, up to the policy limit.
- TGlass Breakage, without limitation
- TFlood and other forms of Water Damage
- T Landslide, Mudflow and Earth Movement, not caused by Earthquake

In certain instances, a policyholder's loss can be greater than anticipated as a result of the enforcement of a state or municipal law or ordinance, in force at the time of loss, which regulates building construction or repair.

### **Deductibles**

As a policyholder, you will find that The Pinnacle Program is quite flexible, permitting you to choose the deductible level that is right for you.

### **Extensions of Coverage**

Under the Pinnacle Program, every policyholder automatically receives the following additional amounts of insurance which relate to particular insured loss situations. In each instance, the maximum coverage provided is indicated.

- TNew Construction - \$500,000 applicable to new additions, new buildings and new structures, for a period of up to 90 days.
- TNewly Acquired Property - \$500,000 applicable to newly acquired property, for a period of up to 90 days.
- TTrees, Lawns, Plants and Shrubs - \$5,000, not exceeding \$500 on any one tree, plant or shrub, against specified perils including windstorm.

- T**Dwelling Building Coverage - 10% of a dwelling's value to cover private structures pertaining to the dwelling.
- T**Dwelling Building Coverage - 10% of a dwelling's value to cover the rental value of the dwelling or its appurtenant private structures, whether rented or not.
- T**Additional Expense - \$25,000 to cover the necessary expenses incurred, over and above normal expenses, in order to continue operations after a loss occurs.
- T**Maintenance and Service Buildings - \$5,000 on these structures and their contents used in the maintenance and service of an insured building or the grounds surrounding it.
- T**Off Premises Coverage - \$25,000 on contents while in transit or temporarily elsewhere than on the policyholder's premises.
- T**Debris Removal - 25% of the amount of insurance to cover the expense of removing debris after a loss.
- T**Consequential Loss - to contents caused by a change in temperature or humidity resulting from damage to equipment used for refrigerating, cooling, humidifying, air conditioning, heating, generating or conveying power, when situated on the insured property.
- T**Personal Effects - \$1,000/\$10,000 aggregate on a person's property not otherwise insured; \$3,000/\$10,000 aggregate for clergy business personal property while on any insured premises.
- T**Valuable Papers and Records - \$10,000 applicable to the extra expense necessarily incurred in the reproduction of books of account and other church records.
- T**Personal Property - \$2,500 on contents owned by the Policyholder, located in dwelling quarters it maintains for use by its employees.
- T**Contingent Liability from Operation of Building Laws - \$50,000 or 50% of the actual cash value of an insured building, whichever is less, applicable to any additional loss resulting from the forced demolition of any undamaged portion of this building, following a loss.
- T**Demolition Cost - \$10,000 to cover the cost of demolishing any undamaged portion of a building covered under the policy, including the cost of clearing the site thereof.

**T**Increased Cost of Construction - \$50,000 or 5%, whichever is less, of a building's reproduction or replacement cost value immediately prior to loss covering the increased cost to either effect its repair or erect another building of like height, floor area and style and for like occupancy.

**T**Fire Department Service Clause - This covers the policyholder's liability, assumed by contract or agreement before the inception of the policy, for fire department charges, where a fire department is called because of a fire in, on or exposing property insured under the policy.

**T**Portable Fire Extinguishers - This covers the expense incurred by the policyholder in recharging portable fire extinguishers used to combat a fire.

### **Comprehensive Liability**

Pinnacle policies provide worldwide Comprehensive General Liability protection on an occurrence basis.

The company will pay awards and judgements which an insured becomes legally obligated for, resulting from the policyholder's operations and activities or from functions it sponsors on or off its property.

By definition, an "insured" includes:

**a)** Any Ordained Episcopal Clergy, employee, vestry member, wardens, member of the ward of governors, executive officer, director or trustee of the organization while acting within the scope of their duties as such; **b)** any church organization authorized by the named insured with respects to its operations on the premises; **c)** any person or organization while acting as real estate manager for the named insured; **d)** any member or volunteer of the Named Insured but only as respects his liability for activities for the named insured or activities authorized by and performed on behalf of the Named Insured.

Personal injury protection is included automatically. This covers, for example, libel, slander, invasion of the right of private occupancy, as well as mental anguish and mental injury arising out of bodily injury.

Coverage for Sexual Misconduct is offered in an amount of \$350,000 per occurrence and \$700,000 per aggregate.

At no additional cost, Pinnacle policyholders receive:

- TContractual Liability
- TLegal Liability coverage for both fire and water damage
- TAdvertising Liability
- TIncidental Medical Malpractice protection
- TPastoral Counseling Liability
- TEachers Liability, including corporal punishment
- THost Liquor Liability
- TProducts Liability

### **Medical Payments**

This covers an individual who is physically injured as a result of the policyholder's operations, activities and functions, or a condition in the policyholder's premises.

All reasonable expenses for medical, surgical and dental services, incurred within 2 years from the date of an occurrence, will be paid either to or for the injured person.

Volunteer workers are automatically covered. This includes their maintenance and repair activities as well as any construction work they perform, all on the policyholder's premises.

Individuals who are physically injured while participating in any athletic event or contest are covered too, provided the event or contest is not regularly scheduled or formally organized.

### **Umbrella Liability**

At one time or another, all of us have to answer the question "Can we afford to pay a liability loss by ourselves?" This question is invariably answered "No" after we have considered the cost of defending a law suit of the very real possibility that we could be found liable for damages.

As prudent individuals and church stewards, insurance programs have been established for property and liability, automobile, Workers Compensation, and other forms of legal liability insurance to protect our churches and other church related institutions we serve against a catastrophic loss resulting in financial ruin and bankruptcy.

The amounts of insurance we carry today, though, may be insufficient when one considers the huge awards and judgments being handed down by our courts and the fact that a single accident or occurrence can involve several persons, any one of whom could be awarded an amount that equals or exceeds the total amount of insurance in force. Also it is conceivable that no insurance coverage exists because a loss is excluded by the terms

and conditions of a given policy. Another possibility is that a loss exposure has been overlooked or did not exist when an insurance program was established or last reviewed and therefore is uninsured.

These ever present problems cannot be avoided. They can, however, be minimized by incorporating an Umbrella Liability into an insurance program. The Umbrella Liability Policy is designed to provide two-fold protection:

First, an insured receives excess, no deductible coverage immediately on top of the basic liability insurance in force at the time of an accident or occurrence. This increases an insured's level of protection in those areas where the risk of potential loss is known to exist.

Second, the contract provides an insured with "primary" liability insurance protection in those instances where a basic liability policy excludes coverage or there is no insurance in effect.

In each of the two situations where The Company will respond as the "primary" insurer, the coverage provided under the Umbrella Liability Policy is subject to a deductible (i.e., a Self-Insured Retention). This Self-Insured Retention (S.I.R.) applies solely to awards and judgements handed down by the courts. Defense costs are borne entirely by The Company.

The minimum limit of liability under The Church Insurance Company's Umbrella Liability Policy is \$1,000,000. An minimum Self-Insured Retention is \$10,000 depending on the type of risk.

It is important to keep in mind that while no one policy or group of policies will provide total protection against all possible loss contingencies, extremely broad coverage is obtained through such a combination of primary and excess insurance.

It is our intent in this material to bring a specific type of legal liability insurance to your attention and to briefly describe the coverage provided under this contract. As space does not permit us to include policy provisions, conditions and exclusions, we recommend that our nearest regional office be contacted if you have any questions concerning this coverage, wish to review a sample policy or would like to receive a premium quotation.

### **Directors & Officers Liability**

Historically, the Episcopal Church has found it relatively easy to attract individuals who are willing to volunteer their time and energies to serve on the boards of Church corporations and the vestries of parish churches. Today, however, there seems to be a growing trend for business men and woman to view such invitations with considerable caution.

This change in attitude can be attributed in large measure, we believe, to the legal

environment in which corporate boards now operate. Directors and officers are being individually and collectively held far more strictly accountable by the courts for their actions or failure to act. They may therefore be exposed to substantial personal liability.

It is not uncommon to find prospective members asking pertinent questions concerning the operation of the organization in which they will serve as directors, including:

TTThe extent to which all of the organization’s operation will be revealed to the board.

TTThe likelihood new members of the board could be exposing themselves to liability because of pending developments not publicly disclosed.

TTThe provisions made by the organization for the indemnification or insurance protection of board members in the event of a lawsuit.

Directors and Officers Liability Insurance was developed to cover the potential risk of loss of those individuals serving as the directors and officers of an organization. Under this form of legal liability protection, an insurance company will provide the necessary defense and payment, on the behalf of directors and officers, either individually or collectively, judgements, awards and settlements resulting from claims involving “wrongful acts” committed by these persons. If an organization has an indemnification clause in its charter or by-laws, the insurance company will reimburse the corporation for payments it is required or permitted by law to make to its directors and officers resulting from their liability, imposed by the courts, arising out of a “wrongful act.”

By definition, a “wrongful act” means any actual or alleged error or misstatement or misleading statement or act or omission or neglect or breach of duty by directors and officers in the discharge of their duties, individually or collectively, solely by reason of their being directors or officers of the organization.

This policy, unlike other forms of legal liability insurance, is written on a “claims made” basis. It therefore responds, on behalf of directors and officers, only to lawsuits that commence during the term of the policy. The date on which a “wrongful act” is alleged to have been committed and which subsequently forms the basis for an action in law has no bearing in this matter.

The Church Insurance Company’s directors and Officers Liability policy has been designed especially for the Episcopal Church. Its definition of a director or officer therefore includes trustees, clergy, wardens, and members of vestries who were, now are or shall be associated with an incorporated organization, diocese, church or school.

It is important to note that this insurance is subject to a Self-Insured Retention, similar to a deductible clause, which is borne by either the organization or its individual directors and officers. Under The Church Insurance Company’s Directors and Officers Liability

Policy, the usual retention level for each director and officer is \$1,000. An organization that has an indemnification provision in its charter or by-laws will find its Retention generally set at \$5,000.

There are some policy exclusions. Among them are claims against directors and officers involving their gaining in fact any personal profit or advantage to which they were not legally entitled, claims alleging libel and slander, claims arising out of bodily injury, sickness, disease, or death of any person, and claims resulting from damage to any tangible property. (Bodily injury and property damage claims will generally be covered by a General Liability Policy.)

The following has been copied from the Church Pension Group website: [www.cpg.org](http://www.cpg.org)

## **Church Insurance Policies**

Especially for Episcopal Church institutions

### **The Pinnacle Policy**

The Pinnacle Policy is **multi-peril property and liability insurance** especially designed for Episcopal churches and church institutions, and underwritten by the Church Insurance Companies.

You may **insure your buildings and contents** for the cost of repairing damage to property, replacing it, or for the actual cash value of what's lost.

This policy also **protects your church against liability** in its operations and activities, as well as functions the church sponsors on or off its property.

Most churches choose an extended all risk policy that significantly expands coverage to automatically include:

- stained glass windows and art objects
- organs, carillons, and bells
- altarware
- and any other object of fine art

The policy covers losses from:

- burglary and theft, up to the policy limit
- glass breakage, without limitation
- flood and other forms of water damage. (Most policies exclude this coverage.)
- landslide, mud flow and earth movement not caused by earthquake
- system breakdown

### **Liability protection**

Liability coverage includes personal injury protection covering libel, slander and invasion of the right of private occupancy, as well as mental anguish and mental injury arising out of bodily injury.

In addition, your church may purchase **protection against sexual misconduct suits** covering up to \$1 million per occurrence, with \$2 million total coverage for all occurrences.

The Pinnacle policy also protects against liability for:

- legal obligations for fire and water damage
- advertising
- incidental medical malpractice
- pastoral counseling
- cemetery (including columbaria)
- teachers, including corporal punishment
- host liquor
- products
- employee benefits liability
- directors' and officers' liability

The Pinnacle Policy provides **medical payments** when a person is physically injured in a church activity or because of a condition on the property. The policy covers all reasonable expenses for medical, surgical and dental services within two years of the date of the injury. Volunteer workers are automatically covered, including any maintenance, repair, or construction work they perform on church premises.

## Basics: Property Insurance

### Types of coverage

Property insurance protects your organization's assets against loss from direct damage to property.

**Tip:** Find out what perils your policy covers and which are excluded.

Damage from fire, wind and water are among the most frequent **perils**, or causes of loss, for many churches. But these are only a few of the potential threats facing church property daily. Two kinds of property insurance policies are generally available:

The **"Named Perils"** contract insures only against specifically-listed perils, such as fire and lightning; windstorm and hail; vandalism and malicious mischief; sudden and accidental smoke damage; building damage by burglars; and others.

The **"All Risk"** contract insures against all perils except those that are specifically excluded. Unlike a Named Perils policy, common causes of loss include burglary and theft of property; glass breakage; and water back-up from sewers and drains.

## Fidelity

**Fidelity Liability Insurance** protects your church's funds against dishonesty by employees, directors, trustees or volunteers inside the church, as well as forgery and fraud by those outside the community. Since such dishonesty can lead to serious financial loss, Canon law requires that all Episcopal churches have adequate fidelity coverage.

This low-cost insurance protects against losses from:

**Checking and other accounts** a treasurer or other employee may handle.

**Contributions**, including donations and plate collections.

**Payments** from any source under church administration (such as school, day care tuition or fees and thrift shop receipts).

Because the cost of Fidelity Liability insurance is so reasonable under our special group program, we encourage you to cover your highest total exposure to risk.

### Two types of coverage

**The Employee Dishonesty policy** protects against dishonest acts by employees, directors, trustees or volunteers. Coverage is for loss from any one occurrence, after a deductible amount.

**The Forgery & Alteration policy** protects against loss resulting from forgery or alteration of checks, drafts or promissory notes made by those who are not employees, directors or trustees. No deductible applies.

### Minimizing the risk of loss

You can reduce temptation and help prevent financial loss by:

Conducting an annual audit by an outside CPA.

Assigning the task of reconciling accounts to someone who does not have check signing authority.

Countersigning checks of \$1,000 or more.

Making sure at least two people count collections.

In fact, your organization **must** follow these steps to qualify for immediate coverage.

### Activating Your Policy

Coverage is effective on the date you request it or the date the Church Insurance Agency receives a properly completed application.

If a CPA does not audit your finances, explain your auditing and control process in writing when you apply. For example, who reviews your financial statement? Is that person a parishioner? Independence is an important factor in a financial review.

**Note: The rector's discretionary fund** is covered only if it is audited annually by an outside CPA.

### **How much insurance?**

Generally, you should not buy more fidelity coverage than your annual revenue from all sources. At the minimum, 25% of total annual revenues is recommended. Situations vary, so please call 800-223-6602, weekdays 9 a.m. to 5 p.m. ET, or use the Contact Us button on this page to send us an e-mail.

## **Basics: Commercial Crime**

Protect against dishonesty

Commercial Crime insurance protects your organization's assets against loss attributable to dishonest acts. The policy may provide several types of protection within a single contract:

**Employee Dishonesty (Fidelity)** protects the organization against loss of money, securities, or other property arising through the dishonest acts of an employee. (The term "employee" may be expanded to include directors, trustees, and volunteers.) When Fidelity insurance is underwritten on a blanket basis, it applies to all individuals, without name or position specified.

**Forgery or Alteration** protects the organization against loss arising from third-party forgery or alteration of checks, drafts, promissory notes, or similar instruments made or drawn by the policyholder or its agent.

Protection may also be available against:

theft,  
disappearance and destruction of money and securities (inside or outside the premises),  
and  
robbery and safe burglary (inside or outside the premises).

**Tip:** Fidelity losses often involve more than just petty cash on hand. Consider the value of assets such as bank and investment accounts, and valuable property vulnerable to pilferage. A common rule of thumb suggests an amount of coverage equal to five percent of total assets.

Some commercial multi-peril policies include protection against loss of money or securities, rendering that coverage unnecessary.

Finally, reliance on computers and electronic data transfer as a financial transaction medium has led to the introduction of computer and wire transfer fraud protection.

Church Insurance Policies

### **Directors' & Officers'**

Today, church leaders, employees and volunteers are as vulnerable to lawsuits as secular professionals and institutions. Plaintiffs often see the courts as a way to punish priests, wardens, vestry members or others who they believe have acted improperly. Whatever the outcome of a case, a church's costs for legal services alone can be ruinous.

**The Directors' and Officers' Protector<sup>sm</sup>** policy protects Episcopal institutions and their employees, trustees, vestry members, and volunteers against civil liability for "wrongful acts" for acts in the organization's service. This policy is available to Episcopal institutions covered by the [Pinnacle Policy](#).

Most Episcopal churches are able to participate in one of two blanket policies purchased by Church Insurance Agency at fixed coverage and rates through 2003.

Our program simplifies the application and protects participants from possible coverage and price changes in this fast-developing risk area.

The Directors' & Officers' Protector<sup>SM</sup> policy is underwritten by National Union/AIG.

## Basics: D&O

Directors' and Officers' Liability insurance

**Tip:** Find out who is protected by your D&O policy, and remember that rank-and-file employees and volunteers may be exposed to risk.

Directors' and Officers' Liability insurance protects an organization and its agents against civil liability for "wrongful acts".

Church organizations generally purchase D&O insurance to protect clergy, church officers, vestry and chapter members in their actions on behalf of the church.

The coverage also applies to boards and leaders of other church-related institutions.

Most D&O policies designed for not-for-profit institutions protect:

**The corporate entity**, both in its own right, and directors and officers indemnified in its by-laws.

**Its directors and officers**, as defined within the policy.

Some newer policies also cover employees and volunteers. In all cases, coverage for individuals applies only to their actions on behalf of the organization.

The Directors & Officers policy available through Church Insurance also provides coverage for Employment Practices Liability. This coverage is typically written under a separate policy and includes protection against claims or suits involving sexual harassment, discrimination and wrongful termination.

Church Insurance Policies

## Non-Owned Auto

Using her own car, a parish volunteer drives youth group members to their weekly service project at a local soup kitchen. They have an accident on the way. What if the parishioner's car insurance isn't adequate to cover the damages?

Church Insurance Company's **Automobile Non-Ownership Liability** policy protects churches and church organizations from suits involving accidents caused by negligence when they occur in vehicles used for church business but not owned by the church.

Basics: Auto Liability

## Autos covered

To be covered, an auto involved in an accident must be either a class of vehicle or a special automobile designated in the policy declaration. The types of vehicles that may be insured include:

**Owned autos**, including those on long-term lease.

**Specifically described** (scheduled) autos listed on the policy by make, year, model and serial number.

**Rented** (hired) autos other than those obtained from the insured organization's employees,

partners or members of their households.

**Tip:** To protect your church organization against liability involving employee or volunteer use of rented or personal cars for church activities, arrange for hired and non-owned automobile liability coverage.

**Non-owned** autos, neither owned, leased or borrowed—including those of the insured organization's employees, partners or members of their households—**used on behalf of the insured.**

Church Insurance Policies  
Workers' Compensation

### **Workers' Compensation and Employer's Liability insurance**

All states require employers to carry Workers' Compensation insurance to protect employees against the costs of workplace injuries or diseases. Benefits vary from state to state.

For details about our policies, call  
800-223-6602, weekdays 9 a.m. to 5 p.m. ET

### **Basics: Workers' Comp**

Workers' Compensation and Employer's Liability

This insurance provides state-mandated benefits for injured workers and protects organizations against common law liability for workplace injuries.

The policy contains two separate and distinct types of coverage:

**Workers' Compensation**, a form of insurance that states require of employers to compensate workers injured on the job. Coverage applies on a no-fault basis and typically includes medical, wage loss, rehabilitation and death benefits—all as prescribed by state labor law.

**Employer's liability** is protection against civil liability for work-related injuries. When workers are either exempted from Workers' Compensation or are otherwise not eligible for benefits, this insurance covers settlements, judgments, and costs of defending claims they bring under common law. As with other types of liability insurance, Employer's Liability coverage is triggered by a claim of negligence (in this case, against the employer), and the claimant must prove civil liability.

### **Limits of Liability**

Unlike most insurance coverage, Workers' Compensation has no limits except those on benefits prescribed by state law in the state where the claim is made.

On the other hand, Employer's Liability provides standard policy limits of \$100,000 per employee for bodily injury by accident; \$100,000 per employee for bodily injury by disease; and \$500,000 for the policy as a whole for bodily injury by disease.

## Basics: Umbrella Liability

Your safety net for catastrophic loss

### What you need to know

Excess or Umbrella Liability insurance protects your organization and its people against catastrophic civil liability.

The policy protects the same parties insured by the primary, or underlying, insurance policies. This generally includes:

- The corporate entity (the Named Insured),
- Its subsidiaries and affiliates,
- Their executive officers,
- Their employees, and
- Their volunteers...

...for their actions furthering the organization's business.

Church-related policies may specifically designate clergy, wardens, vestry members, and other leaders as additional types of insured parties.

## Basics: Travel

Travel Accident & Sickness insurance

### Coverage for campers and others participating in offsite activities

This coverage protects travelers and participants of day schools, camps, and off-site athletic or recreational activities against the medical expenses of becoming accidentally injured or sick while participating in such programs.

### Who is insured?

Accident & Sickness policies protect individuals directly when they are enrolled in travel, school, camp, or athletic and recreational programs sponsored by your organization.

A typical Accident & Sickness policy covers:

**Emergency Medical Expense** up to a policy limit for this particular coverage. The policy may include a modest deductible or provide coverage after other valid and collectible insurance, such as group health insurance, is exhausted.

**Accidental Death & Dismemberment (AD&D)** up to a policy limit for particular coverage. The policy may include a schedule of AD&D benefits that vary according to severity of injury.

**Tip:** Find out whether your Emergency Medical Expense coverage applies automatically or is triggered only after an individual's health coverage is exhausted. For most buyers, the Emergency Medical Expense benefit is the main reason to have this insurance, because it deflects claims away from the organization's General Liability policy. The AD&D benefit is a token addition, especially if the coverage is modest. If insuring the value of participants' lives is a significant concern, consideration should be given to increasing the AD&D benefit.