

## **Insurance Requirements for Parishes 2013**

Explanation: National church canon, title 1, canon 7 and our diocesan canon 7 section 7 (2) and canon 13 (8) specify insurance requirements for the diocese, parish and missions. Experience has indicated that the diocese will most likely be a defendant in any sizable liability claim involving a parish. Pursuant to its authority under canon 13 section 8 the Diocesan Council has approved the following minimum requirements for congregations.

The insurance company insuring the parish must be licensed in New York State and have a financial rating by Best of “A” or better.

1. **Property insurance:** the church, the rectory and other buildings, and parish-owned contents must be insured for “replacement cost”. If more than one building and the contents are blanketed, “replacement value” will be required.

Alternatively, with the permission of the diocese insurance committee, an “Actual Cash Value” policy may be approved. (Actual Cash Value is replacement value less depreciation).

In appropriate cases, “Functional Replacement Cost” basis policies are allowed. “Functional Replacement Cost” is lesser protection than replacement cost. To get this type of coverage, a congregation must request such coverage from the Insurance Committee, obtain a current professional appraisal, adopt a plan which would involve surrender of its current premises in the event it were significantly destroyed and demonstrate the financial ability that it can pay the cost of loss not covered by the insurance carrier. If a congregation’s space and financial qualifications are met, the Insurance Committee will ask the Diocesan Council to approve insurance at Functional Replacement Cost.

A deductible of \$1000 property deductible is considered cost effective. Greater deductibles may be selected with the approval of the Insurance Committee for congregations who can demonstrate they can pay for the loss not covered by insurance.

2. **General liability** must include pastoral counseling, personal injury and products liability. The limit must be at least \$1,000,000 per occurrence. No less than a \$1,000,000 limit on sexual misconduct must be included. If there is an aggregate limit it must be at least \$3,000,000 for premises and operations liability
3. **Umbrella Excess Liability** – coverage must be at least \$1,000,000 as excess over underlying coverage.
4. **Automobile liability insurance** must be provided on owned and non owned vehicles, the limit of liability should be at least \$1,000,000 combined single limit. If there are no owned or leased vehicles, Automobile Non-Ownership and Hired Car Liability insurance must be provided to protect the Diocese and the Parish

when an employee, member or volunteer uses his or her car on church business. This can be a separate policy or included in a church package policy.

5. **Directors and Officers liability** must be provided at a limit of \$1,000,000. Protects the Vestry and Clergy in their capacity as Parish Governing Body.
6. **Fidelity (dishonesty of employee) insurance** is required on all employees and volunteers who handle money, checks, financial records, collections and other funds. A minimum limit of \$500,000 is required.
7. **Workers compensation and employer's liability insurance** must include clergy.
8. **Additional Insured**, the Protestant Episcopal Diocese of WNY must be included as an additional insured on all forms of Liability Insurance.
9. **A certificate of insurance** must be on file in the Diocese office prior to each effective date a copy of the policy can be requested.
10. **Employer's Practices Liability** must be carried in an amount of \$ 5,000,000 with a retained limit of no more than \$2,500. However, a congregation not insuring under the diocesan group plan may increase the retained limit to \$7,500 with the approval of the Insurance Committee by demonstrating financial ability to fund the entire retained limit.
11. **Earthquake Coverage**: Coverage at less than full replacement value must be approved by the Insurance Committee.
12. **Flood Insurance**: \$50,000 coverage at all locations. The diocese encourages churches in flood zones to carry additional coverage through FEMA.

If there are questions on the Episcopal Diocese Insurance plan please call the Foreguard Coyne Stahlka Agencies, Tom Michaels 716-662-2230 x 507 or Anna Werner at x 504. (Out of the 716 area code, phone 1-800-927-2230).

Approved by the Diocesan Council: February 2013