

Do You Know How to Select Church Insurance?

16 questions to help select and retain your church's insurance.

by Jeff Hanna

Use the following checklist to gauge how your church is selecting insurance.

| HOW ARE WE DOING | YES | NO | WORKING ON THIS |
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| Does someone in the congregation have a working knowledge of church insurance coverage and terminology? | | | |
| Have we considered the AM Best rating of our insurance carrier? | | | |
| Do we receive regular risk-management information from our insurance company regarding steps to make our facility, people and resources safer? | | | |
| Do we get a property appraisal done every few years to determine our property's value? | | | |
| Do we have an inventory of all church-owned contents stored off-premises in case of a total loss? | | | |
| Does our property coverage adequately insure us at the value of replacing our facility and its contents? | | | |
| Do we have adequate general liability coverage compared to other churches our size and with similar ministries? | | | |
| Do we have a separate sexual misconduct policy with sufficient limits? | | | |
| Have we discussed with our board and insurance agent the need for directors and officers coverage? | | | |
| Have we discussed pastoral professional liability insurance with our agent? | | | |
| Do we understand our state's workers' compensation laws and have adequate coverage to protect our workers and our organization? | | | |

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| Do we have at least a \$1 million umbrella liability policy to cover us beyond our general liability coverage? | | |
| If our pastor lives in a church-owned residence, do we have a minister's personal liability coverage policy? | | |
| To protect us in the case of theft or embezzlement, have we discussed with our agent the need for employee or volunteer dishonesty coverage? | | |
| If we own or rent vehicles for church business, do we have sufficient auto liability, non-owned and hired, and physical damage coverage for rented vehicles? | | |
| Have we adequately discussed the need for employment practices liability insurance for our church? | | |

Why Learn about Insurance

True story: A pastor arrived at his church property only to witness the entire building burning in flames. It was a total loss. The following morning, as he wondered where the church would meet, and whether they had enough coverage to rebuild, he found out the church was underinsured. It would cost well over \$1 million to rebuild what they had lost. But with only \$700,000 in coverage, what were their options?

True story: After carefully performing reference and background checks, a church hired a part-time youth pastor. One year later, when he admitted to engaging in inappropriate behavior with students, he was arrested and charged. It was determined that there was prior knowledge of an incident, but no action had been taken. When the church was sued by parents, the church—without separate sexual misconduct coverage—quickly reached its general liability limit and was forced to find money from reserves, donations, and loans to pay the judgments.

Regardless of good intentions, inadequate church insurance can lead to significant and permanent losses. Some churches never recover. Though nearly every church has insurance coverage, many church leaders lack confidence in their understanding of their policies and the terminology associated with them.

So let me encourage you: You are not alone. Guidance is available, and you're already taking important steps in receiving it. As you gain a better understanding of church insurance, as well as your church's specific needs, you are making progress toward better safeguarding your ministry.

When it comes to church insurance, you must be informed. Get to know your insurance agent. And purchase only from a company that offers not only good prices, but good service, claims coverage, and specific knowledge of church insurance issues.