

Insurance Board

Mid Council Financial Network - 2018
Timothy Harris, CPCU
President & CEO

Our insurance serves you so you can serve God.
Serve God



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- WHO ARE WE
 - WHAT DO WE DO
 - WHAT'S OUR VALUE PROPOSITION
 - RESOURCES AVAILABLE
 - #METOO
 - CLAIM TRENDS



WHO ARE WE?

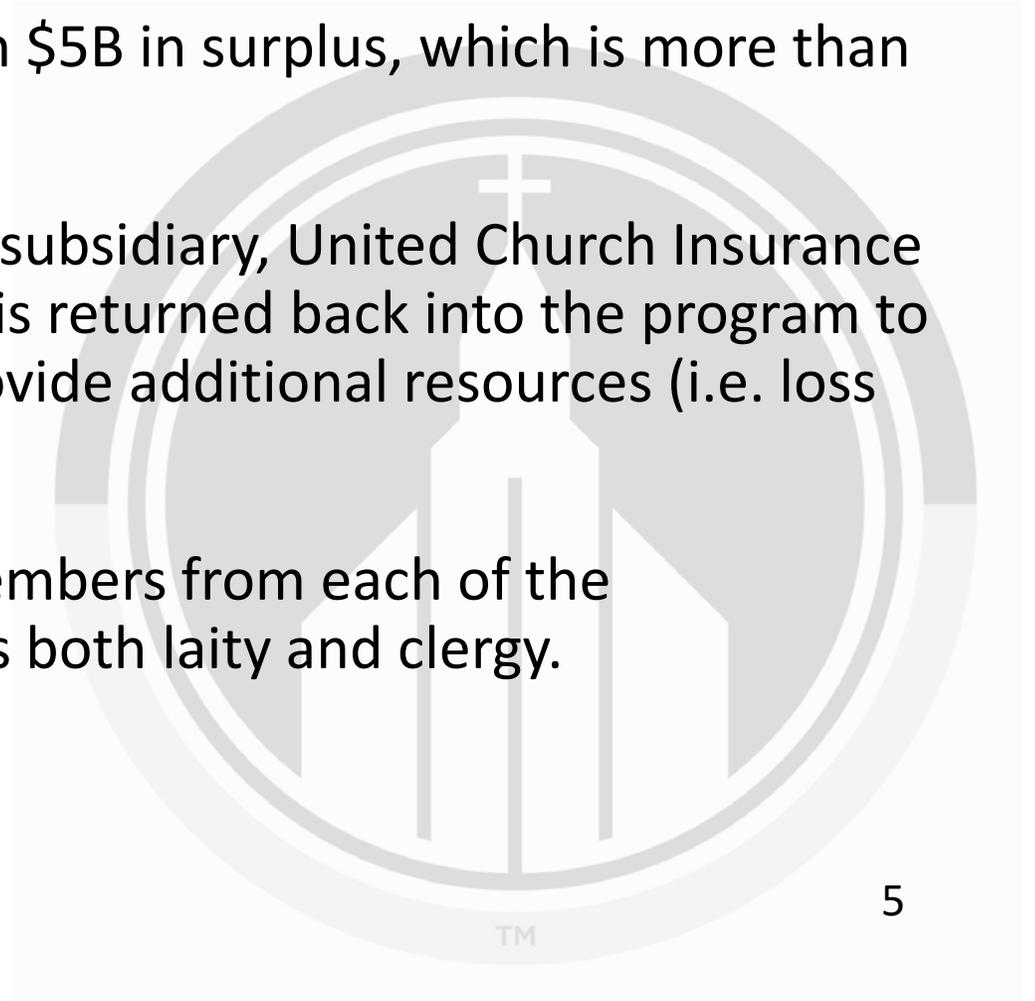
United Church Insurance Association dba Insurance Board

- Administers a Property, Liability, and Risk Management insurance program for churches of the United Church of Christ, Christian Church (Disciples of Christ), Presbyterian Church (U.S.A.), as well as the Alliance of Baptists communities. New this year are the Evangelical Lutheran Church in America (ELCA) and the Reformed Church in America (RCA).
- Founded by participating conferences of the United Church of Christ in 1981 and incorporated in 1985, for UCC churches. Expanded to include the Christian Church (Disciples of Christ) in 1991 and the Presbyterian Church (U.S.A.) in 2009. Currently more than 1,200 PCUSA churches, presbyteries, synods, and affiliated ministries.

WHAT DO WE DO?

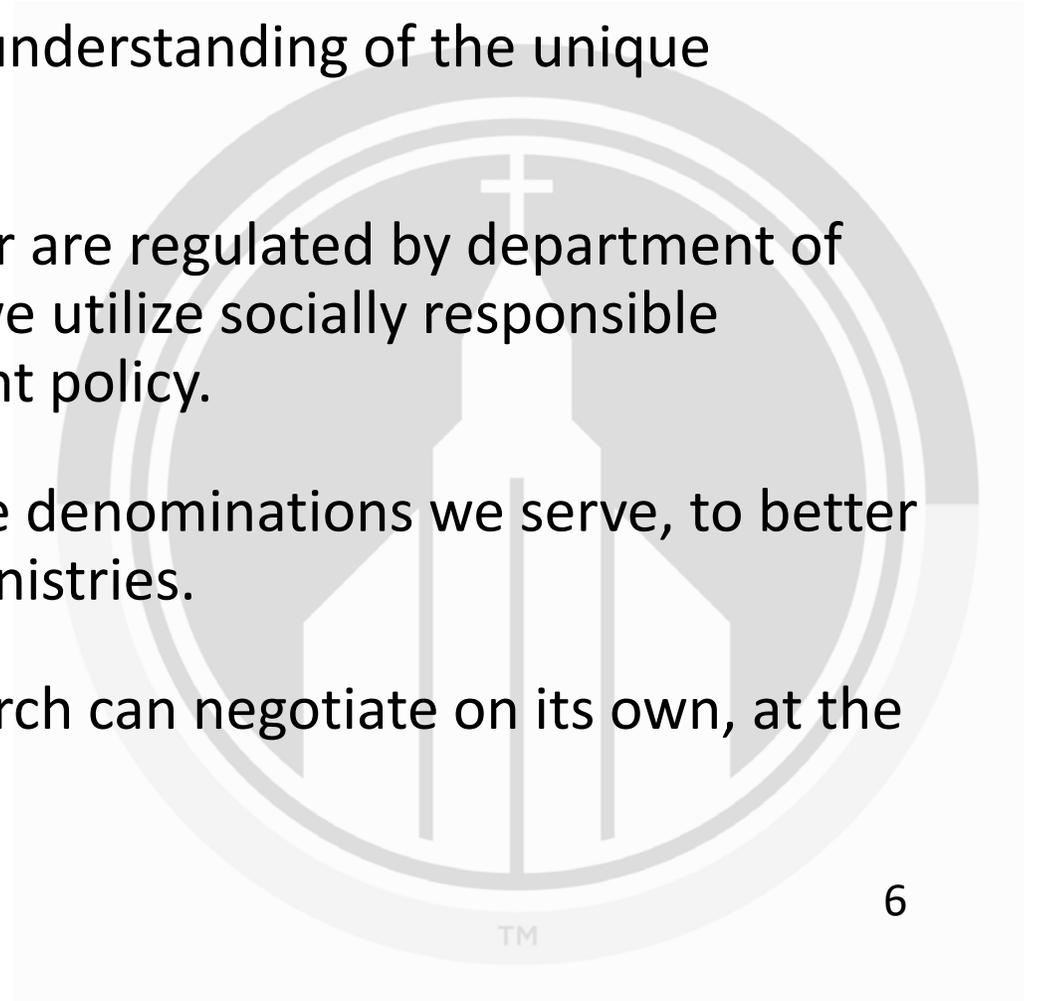
- Works and negotiates with 'A' rated insurers on behalf of program participants, **and** retains a level of risk on behalf of program participants through its own insurer, **United Church Insurance Company**.
- **United Church Insurance Company** reimburses (reinsures) the insurance carriers on the program for the first dollars of losses, up to certain limits (varies by coverage line).
- The lead insurer on the program, Lexington Insurance Company, is rated 'A' Excellent by A.M. Best (the leading insurer rating agency). Lexington is a subsidiary of AIG, which has policyholder surplus of more than \$20B.

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- AIG's subsidiary, Lexington, has more than \$5B in surplus, which is more than our next largest 3 competitors combined.
 - United Church Insurance Association and subsidiary, United Church Insurance Company, are non-profits; all net income is returned back into the program to stabilize rates, enhance coverage, and provide additional resources (i.e. loss control).
 - Our board of directors is comprised of members from each of the participating denominations, and includes both laity and clergy.

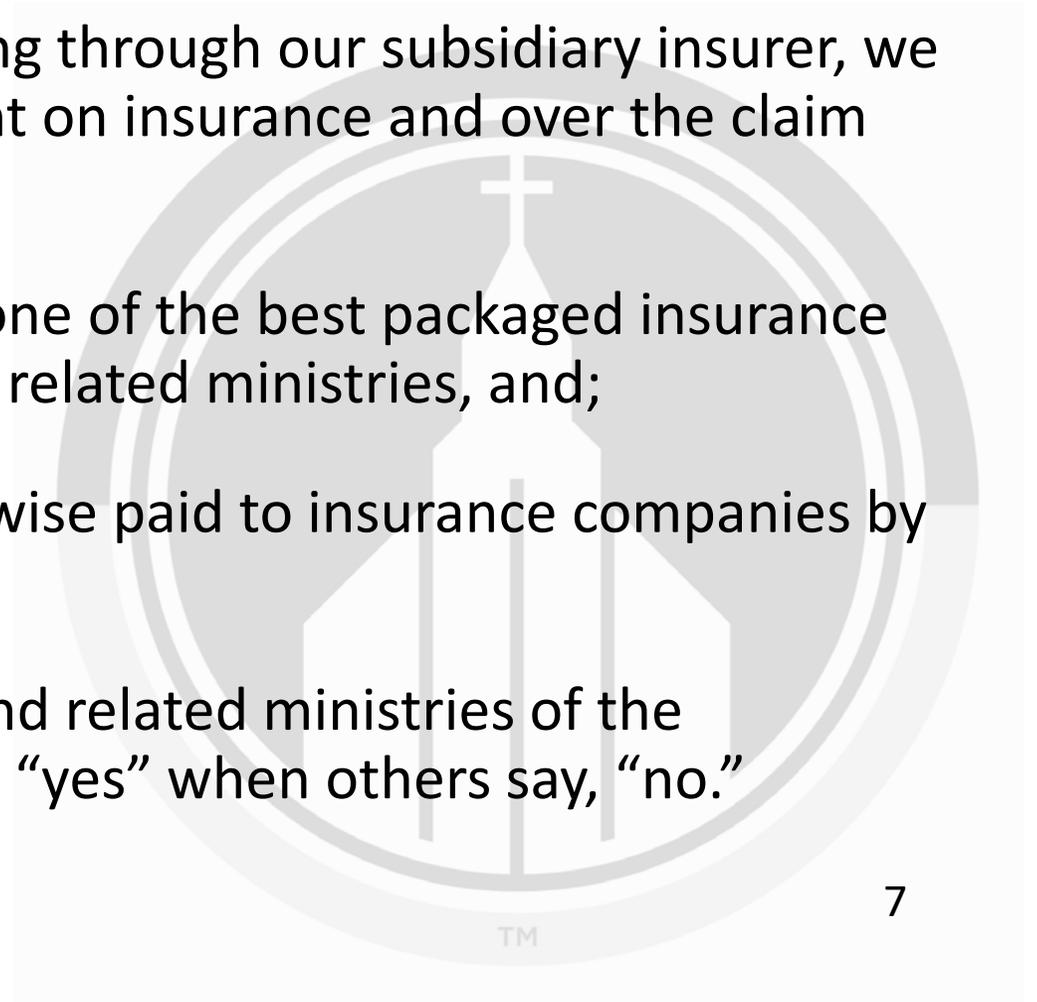


VALUE PROPOSITION?

- Owned by and for churches, we have an understanding of the unique exposures inherent in church operations.
- Much of the invested assets of our insurer are regulated by department of insurance rules. To the extent possible, we utilize socially responsible investing screens as part of our investment policy.
- In this way, we are better aligned with the denominations we serve, to better service our participating churches and ministries.
- We offer a product that no individual church can negotiate on its own, at the cost we provide it.



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- By balancing risk transfer and risk financing through our subsidiary insurer, we have greater control over the dollars spent on insurance and over the claim process, and;
 - We can design, influence, and negotiate one of the best packaged insurance products in the industry for churches and related ministries, and;
 - We can recoup some of the dollars otherwise paid to insurance companies by owning our own insurer, and;
 - We endeavor to take as many churches and related ministries of the denominations we serve; we look for the, “yes” when others say, “no.”

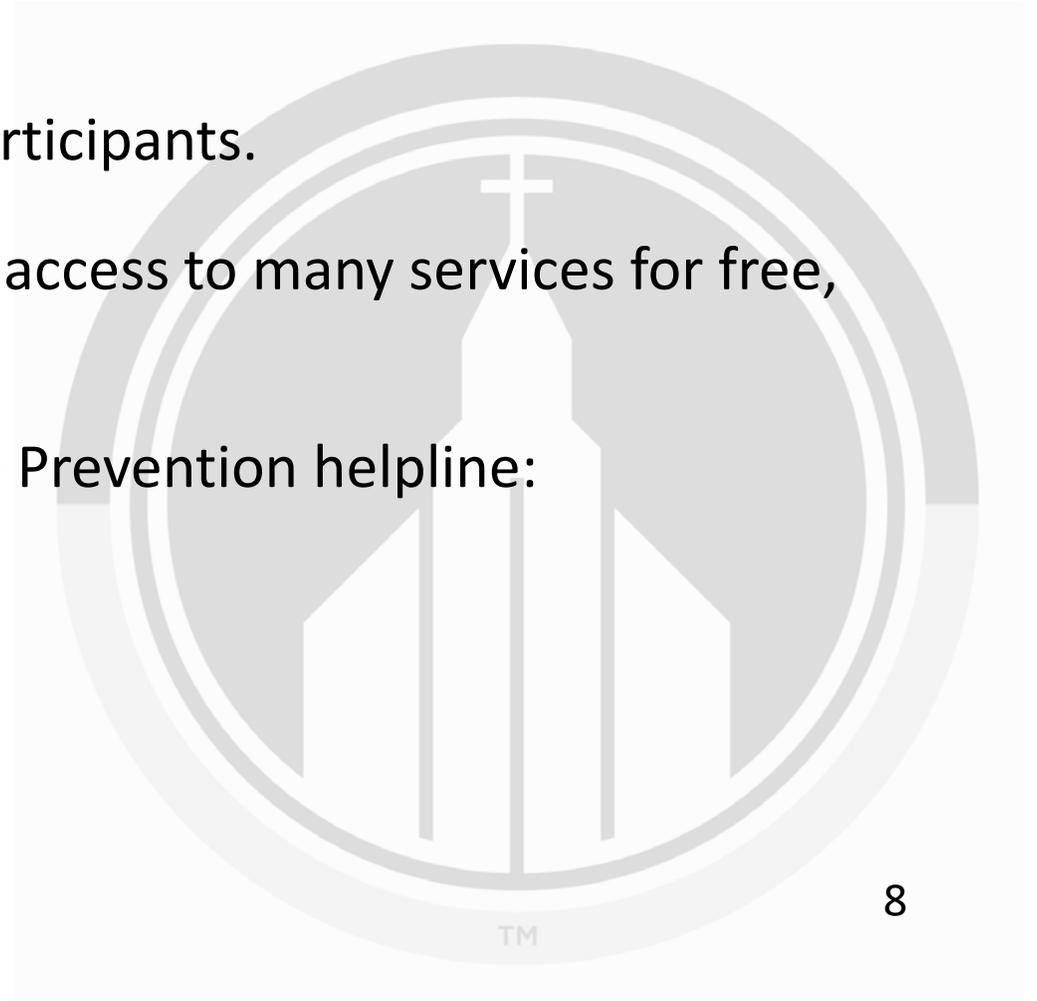


RESOURCES

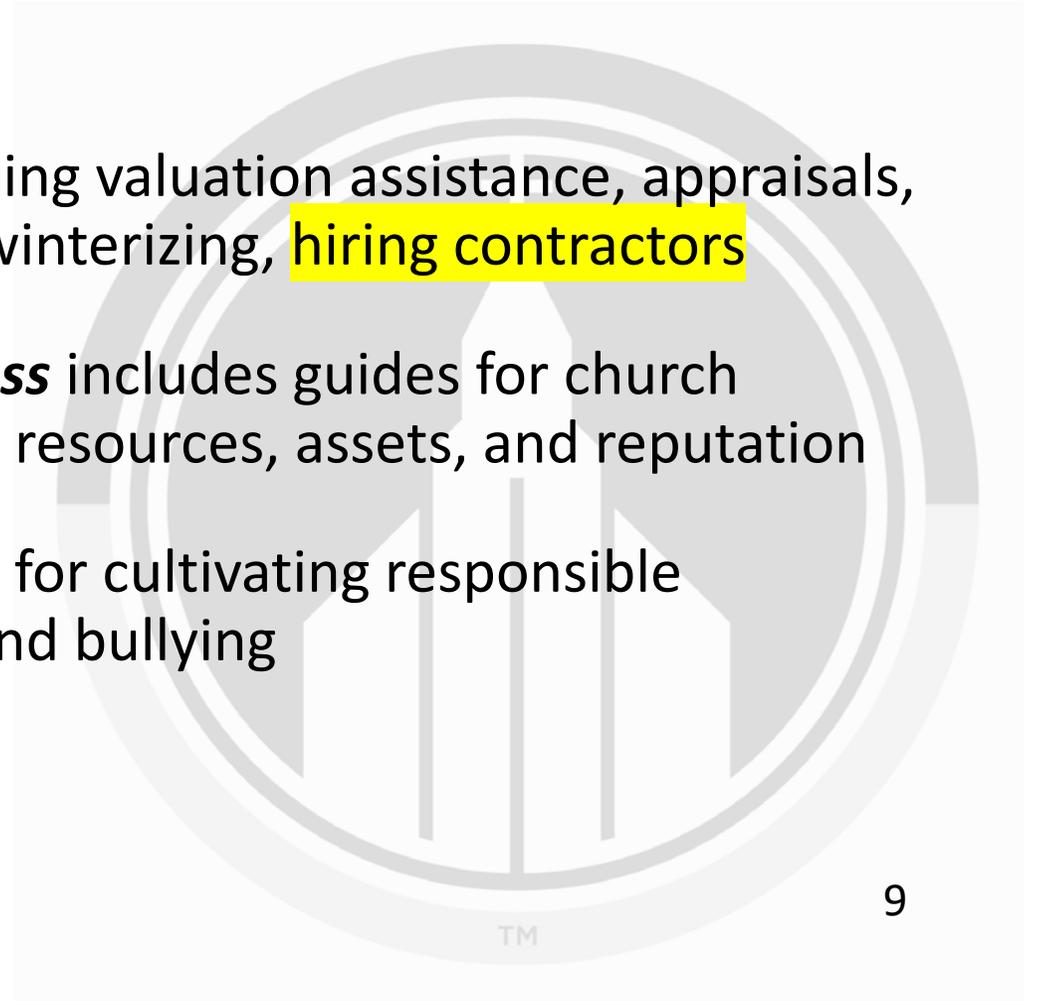
Loss Control Services

- Most services are free or subsidized to participants.
- Members of the denominations still have access to many services for free, even if not purchasing insurance.
- Service includes dedicated 24 hour Abuse Prevention helpline:

866-607-SAFE
- Other services include:



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- Quarterly newsletter, *The Steward*;
 - Resources around church property, including valuation assistance, appraisals, important building considerations when winterizing, hiring contractors
 - *Your Church: Employer and Small Business* includes guides for church management, including managing human resources, assets, and reputation
 - **SafeConduct**TM Workbench includes tools for cultivating responsible leadership and preventing sexual abuse and bullying



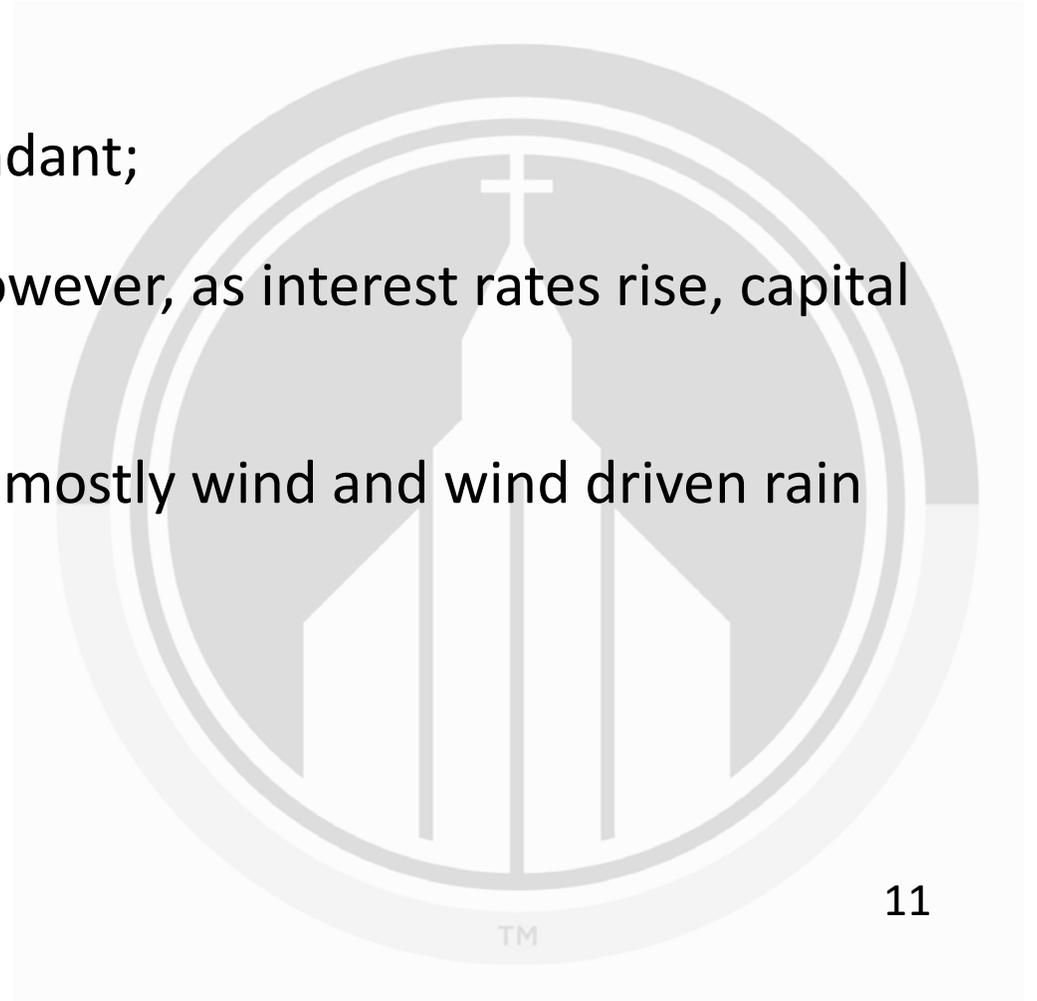
MARKET UPDATE

Hurricanes Florence, Michael, Lane update

- Florence was the wettest tropical cyclone in the Carolinas (eighth wettest overall in the contiguous U.S.)
- Michael was the third most intense hurricane (by pressure) to make U.S. landfall, and strongest by maximum sustained wind speed since Andrew ('92);
- Lane was the wettest tropical cyclone on record in Hawaii and second wettest in the United States behind Hurricane Harvey in 2017!

Insurance Board Impact

- Capacity (supply) of insurance is still abundant;
- Insurance is still attracting new capital, however, as interest rates rise, capital may find alternative vehicles;
- For us, slightly more than a dozen claims, mostly wind and wind driven rain



#MeToo

Movement that spread across social media in 2017;

Focused on raising awareness about sexual harassment and sexual abuse;

Gained notoriety around allegations in Hollywood; shortly afterwards, notoriety spread into other industries, including religious institutions;

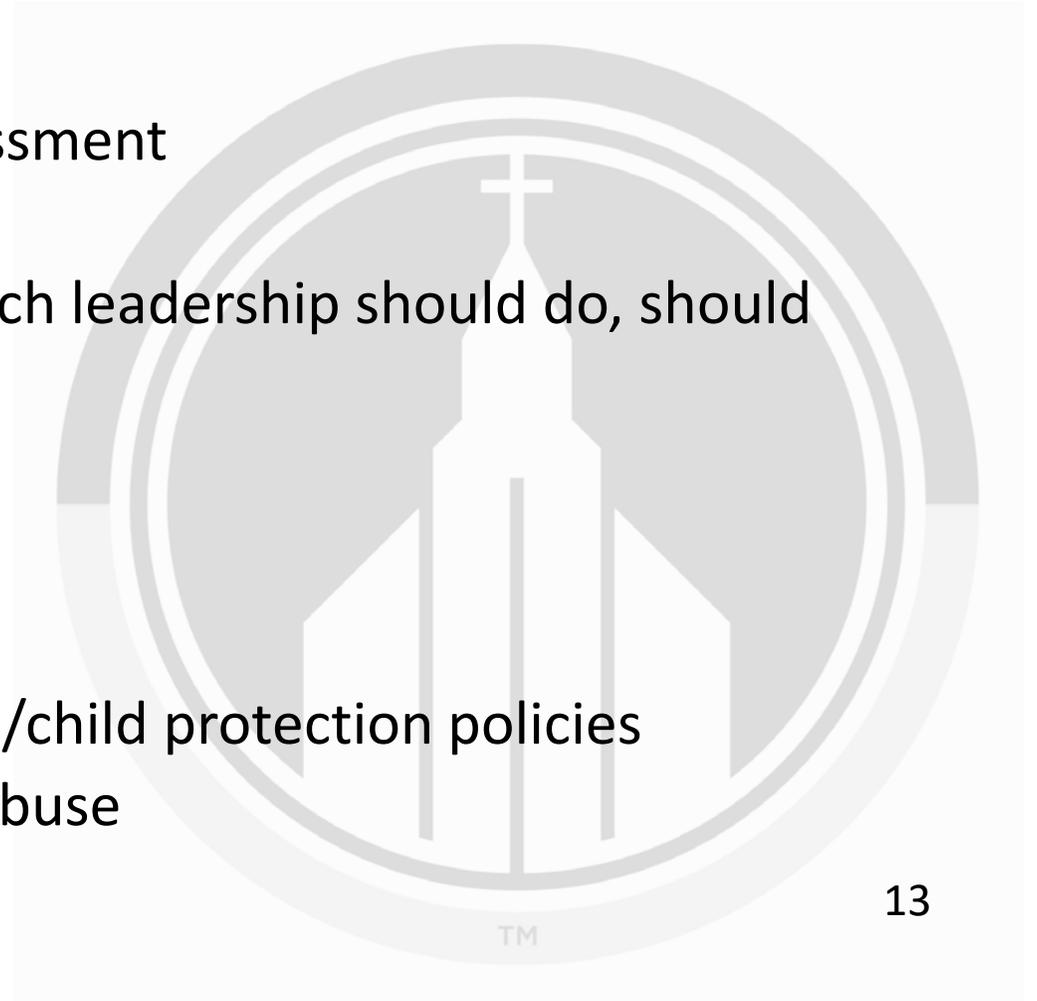


How does this impact YOU?

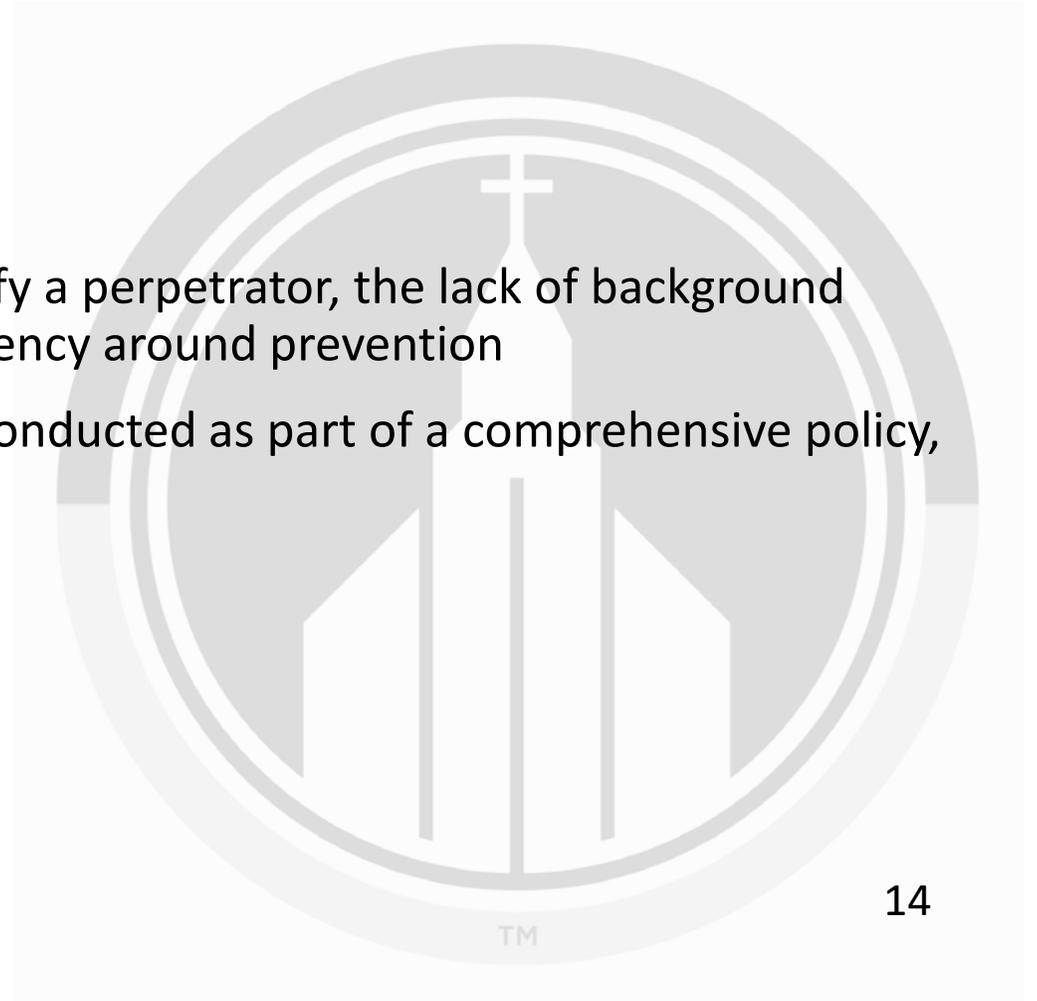
- Heightened sensitivity to abuse and harassment
- Increased frequency of reporting
- Increased expectations around what church leadership should do, should have known, or shouldn't have done
- Increased verdict potential

What can you do?

- Maintain and adhere to abuse prevention/child protection policies
- Address/report incidences of suspected abuse



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- Ask questions!
 - Be consistent in your approach
 - Do background checks
 - While background checks don't always identify a perpetrator, the lack of background checking may suggest an attitude of complacency around prevention
 - The knowledge that background checks are conducted as part of a comprehensive policy, may dissuade or deter potential perpetrators
 - Use resources available to you
 - Remain Vigilant!



www.InsuranceBoard.org

