

United Methodist Church Minimum Insurance Requirements

Rev. December, 2021

The Book of Discipline requires local church trustees to annually review and report on the adequacy of local church property and liability insurance coverage “to ensure that the church, its properties, and its personnel are properly protected against risks.” Since 1797, the *Book of Discipline* has provided that the property and assets of local churches are held in trust for the benefit of the denomination. Inadequate insurance puts local church property and assets at risk, including the denomination’s trust interest therein. Therefore, in representing the denomination’s trust interest, the following minimum insurance requirements are adopted for local churches:

COMMERCIAL PROPERTY & LIABILITY PACKAGE POLICY, to include the following minimum limits:

Property

- ✓ Buildings, Pipe Organs & Contents - Insured to Replacement Value, “Special Risk” Coverage
- ✓ All Church buildings should have an updated replacement cost valuation every five (5) years.
- ✓ The replacement cost valuation must be updated within 180 days if additional square footage is added.
- ✓ A Church building may be insured on an actual cash value basis where replacement cost valuation is not an option available to the Church. The Church should understand that it is being insured on an actual cash value basis and use its best efforts to complete the necessary upgrades and renovations required to qualify for replacement cost valuation coverage.
- ✓ A church building may be insured on a functional replacement valuation basis where it is a desired option on the part of the church or conference. **The church should understand it may only do so with the written approval of the conference.**

Liability

• Commercial General Liability	Occurrence	\$1,000,000	Aggregate	\$3,000,000
• Pastoral Counseling Liability	Occurrence	\$1,000,000	Aggregate	\$3,000,000
• Hired & Non-Owned Auto Liability	Occurrence	\$1,000,000	Aggregate	\$3,000,000
• Employee Benefits Liability (EBL)	Occurrence	\$1,000,000	Aggregate	\$1,000,000
• Medical Payments		\$10,000		
• Sexual Misconduct Liability*				
Church Membership of 500+	Occurrence	\$1,000,000	Aggregate	\$2,000,000
Church Membership under 500	Occurrence	\$250,000	Aggregate	\$500,000

***A lower limit of liability may be selected in the event that a state or other jurisdiction places a legally binding limit on the damage awards for sexual misconduct that is lower than the above referenced per occurrence limit. The limit selected may not be lower than the maximum damage award set by the state or other applicable jurisdiction.**

- Crime / Employee Dishonesty Occurrence \$25,000

DIRECTORS' & OFFICERS / EMPLOYMENT PRACTICES LIABILITY, to include the following minimum limits:

- Directors' & Officers \$1,000,000
- Employment Practices Liability – Option 1 \$1,000,000 (including Sexual Harassment)
 - Required for churches with 500 or more members or any church with a preschool, school, or camp
- Employment Practices Liability – Option 2 \$250,000 (including Sexual Harassment)
 - For churches with fewer than 500 members that do not have a preschool, school, or camp

UMBRELLA / EXCESS LIABILITY An Umbrella / Excess Liability policy is suggested for all churches and required for those with a membership of five-hundred (500) or more.

If applicable, this excess policy must extend over Commercial General Liability, Pastoral Counseling, Employee Benefits Liability, Owned Auto, Hired & Non-Owned Auto and Workers Compensation. A higher per occurrence limit may be appropriate based on specific risk characteristics such as church size and/or scope of operations and ministries.

WORKERS' COMPENSATION / EMPLOYERS LIABILITY INSURANCE, as required by state law:

- Bodily Injury by Accident Each Accident \$1,000,000
- Bodily Injury by Disease Policy Limit \$1,000,000
- Bodily Injury by Disease Each Employee \$1,000,000

COMMERCIAL AUTOMOBILE LIABILITY, applicable only if the church owns an automobile; to include the following minimum limits:

- Limit of Liability \$1,000,000

SUPPLEMENTAL INFORMATION FOR CONGREGATIONS WITH FEWER THAN 250 MEMBERS

Employee Benefits Liability

This coverage **may not be required** if any of the following are true:

- The church does not administer any health, life, and accident benefits, or
- The church uses a third party to administer its benefits.

Directors and Officers

Lower limits of coverage may be purchased if the combined value of the church's property value and its annual revenues do not exceed \$1,000,000. The limits can be decreased to (\$100,000 per occurrence and \$300,000 aggregate).

Employment Practices Liability

Lower limits of coverage (\$100,000 per occurrence and \$300,000 aggregate) may be purchased if:

- The church has fewer than three volunteers or employees,
- Has not terminated an employee in the past year, and
- Has no plans to terminate an employee in the next year.



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TIPS FOR OBTAINING BONDING FOR THOSE HANDLING CHURCH MONEY

1. Bonding is insurance coverage to protect the church in the event money is lost or stolen by a person assigned responsibility for the church's money such as the Treasurer, Financial Secretary, and/or Counters.
2. Although the Book of Discipline calls for Bonding to be provided for the church officers responsible for the handling of the church's money, this coverage is now more commonly called Crime / Employee Dishonesty coverage.
3. The minimum recommended Crime / Employee Dishonesty (Bonding) coverage is \$25,000 per occurrence.
4. Churches should review their current property and liability coverage to ensure Crime / Employee Dishonesty coverage is not already included in its coverage package.
5. If Crime / Employee Dishonesty coverage is not already included in a church's insurance package, this coverage is commonly available from property and liability insurance carriers.
6. It is recommended that the Crime / Employee Dishonesty coverage language be for all church persons handling money within the church. If the carrier requires a more specific listing of those covered, list the church positions included in the coverage. It is not recommended to list each person's name due to the persons in the positions changing or someone needing to step in the event of an absence.
7. If a church has additional question or is having difficulty obtaining Crime / Employee Dishonesty coverage, they can contact Scott Ransom, the Conference Risk Manager at scott.ransom@usi.com. If unable to reach Scott, please contact the Conference Treasurer, Jamion Wolford, at jwolford@wvumc.org or 304-344-8331 Ext. 35.
8. Additional Denominational insurance information can be found at the following link: <https://www.gcfa.org/resource/umc-minimum-insurance-requirements>