

Church Insurance Orientation: Types, Rationale, Coverage, & Prerequisites

Type	Rationale / Risk addressed	Coverage limit recommended	Deductible (Retention)	Likely Prerequisites
General Liability (may be bundled with types bulleted below)	Protects organization, employees, and volunteers against claims of negligence involving bodily injury and property damage to person while on church property; covers applicable medical expenses	\$1,000,000 / \$2,000,000		<ul style="list-style-type: none"> • Info on children/youth participation & facilities • Financial statements / info
• Directors & Officers / Management Liability	Claims of harm or wrongful acts committed because of governing decisions by insured, acting on behalf of the church. Covers defense costs; shields personal assets of directors & officers; protects church financial strength	\$500,000 / \$1,000,000 \$1,000,000 / \$2,000,000	\$2,500	<ul style="list-style-type: none"> • Conflict of Interest Policy
• Professional Liability (also called Errors & Omissions [E&O])	Liability for harm resulting from spiritual counseling by pastor or arising out of providing or failing to provide proper services in practice of a profession – i.e., clergy and counselors Coverage should equal General Liability limits.	\$250,000 / \$500,000 \$1,000,000 / \$3,000,000		<ul style="list-style-type: none"> • Info on staff type and numbers • Info on contracted counselors (insured info)
Umbrella / Excess Liability	Provides an extra layer of liability protection by (taking over) covering costs when other liability coverage limits have been reached.	\$1,000,000 \$2,000,000	\$2,500	
Commercial and personal property	Loss of or damage to building structure and church or personal contents due to natural disaster, fire, arson, theft, vandalism.	Replacement cost or actual cash value plus contents	\$1,000	<ul style="list-style-type: none"> • Info on physical space used (rented and/or owned)
Employment practices liability	Allegations of wrongful acts by supervisors and violation of employee's rights. E.g., wrongful termination; ethnic, disability, gender, age discrimination; sexual harassment. Liability for employee's actions. Covers defense costs and potential settlements or judgments	\$250,000 / \$500,000 \$1,000,000 / \$2,000,000	\$2,500	<ul style="list-style-type: none"> • Employee Handbook <ul style="list-style-type: none"> ○ <i>Performance evaluation</i> ○ <i>Discipline procedures</i> ○ <i>Grievance procedures</i> • Employment application • Sexual misconduct policy • Outside HR attorney
Sexual misconduct liability	Protect organization from legal liability and financial risk including defense costs arising from sexual misconduct by employees or volunteers. Assures protection apart from General Liability and Professional Liability coverage.	\$250,000 / \$500,000 \$1,000,000 / \$2,000,000		<ul style="list-style-type: none"> • Sexual misconduct policy and procedures • Child protection policy • Employment & volunteer applications

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				<ul style="list-style-type: none"> National criminal background checks Reference checks
Employee benefits liability	Coverage to an employer for errors or omissions in the employer's administration of its employee benefit program (i.e., health, life, retirement, etc.); e.g., enrollment, beneficiaries, premium payments	\$500,000 / \$1,000,000 \$1,000,000 / \$2,000,000	\$1,000	
<ul style="list-style-type: none"> Auto liability: Hired and non-owned (HNOA) 	Provides liability coverage for negligence and property damage and bodily injuries caused by employees while driving for work. "Hired" = rented; "non-owned" = employee-owned used for employer's purposes. Applied after employee's limit for personal insurance (which is primary) is depleted.	\$1,000,000		
Crime coverage	Dishonesty or theft of cash or securities by employee or third parties (courier, bank, forgery). Social engineering / impersonation / computer fraud.	\$100,000 - 500,000	\$250-2,500	
Inland marine	Losses for items not confined to one location, e.g., computers, musical instruments, property in transit or temporary possession	Replacement cost	\$500	<ul style="list-style-type: none"> Info on physical assets that can be taken/used away from fixed real estate
Workplace Violence	Recovery expenses after covered incident; could be church-sponsored activity; covers expenses of response coordination assistance, crisis management, employee counseling, temporary staff, security analyst, public relations.	\$500,000 - \$1,000,000		<ul style="list-style-type: none"> Workplace violence policy Employee background checks Employee complaint & grievance procedures
Religious Expression	Liability and legal defense protection due to personal claim of emotional injury if church's legitimate practice of religious liberty conflicts with individual (incl. non-member) interests.	\$1,000,000 / \$1,000,000		<ul style="list-style-type: none"> Should have proper bylaws, facility use & wedding policies, member covenant

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Workers Compensation	Pays employee medical and wage and rehabilitation expenses if injured or become ill “in the course and scope” of their job. Pays death benefits to families of employees killed on the job. Protects employer from lawsuits by workers injured while working.	\$1,000,000 / \$1,000,000 / \$1,000,000		<ul style="list-style-type: none"> Info on employee count, roles, and compensation
Cyber	Expenses incurred to respond to data breach: IT forensics; legal counsel; public relations; notifications; services to employees, donors, customers. Cyber extortion. Data and system restoration or re-creation. Identity recovery for qualified employees. Defense and liability coverage.	\$25,000-50,000 \$500,000 - \$1,000,000		
Terrorism	Covers damaged or destroyed property, losses from business interruption, and liability claims associated with a terrorist activities attack			

Coverage event triggers:

- Occurrence policy is triggered by an injury that occurs while the policy is in effect
- Claims-made policy is triggered by a claim that's filed during the policy period (need retroactive date)

Summary of needed supporting resources

Employee Handbook

- Employee complaint & grievance procedures
- Workplace violence policy
- Employee performance evaluation
- Employee progressive discipline procedures

Sexual misconduct policy and procedures

Child protection policy

Criminal background checks

Employment application

Volunteer application

Conflict of Interest policy