

Understanding Commercial Policies for Places of Worship



This presentation does not provide legal advice.
You should discuss specific questions with your
trusted financial advisor or insurance producer.



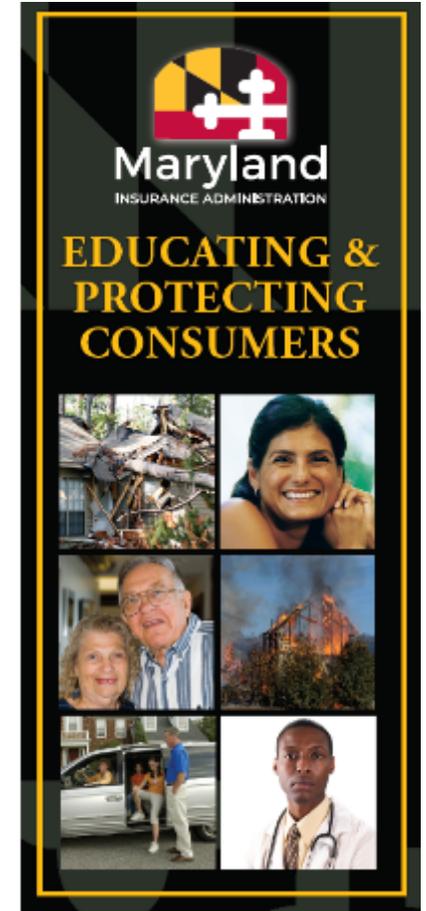
What is the Maryland Insurance Administration

The Maryland Insurance Administration (MIA) is the state agency that regulates insurance in Maryland. The MIA:

- Licenses insurers and insurance producers (agents or brokers).
- Examines the business practices of licensees to ensure compliance.
- Monitors solvency of insurers.
- Reviews/approves insurance policy forms. Reviews insurance rates to ensure rates are not inadequate, excessive or unfairly discriminatory.
- Investigates consumer and provider complaints and allegations of fraud.



[MIA Video and Webinar playlist](#)



What is Commercial Insurance for Places of Worship?

Commercial insurance policies for Places of Worship are insurance policies designed to protect the unique buildings and the unique liability risks Places of Worship face.

Wind blows, rain falls, pipes burst. Just as with our own homes and lives, Places of Worship face risks. Today we face more intense storms than we have seen in the past, and that risk is increasing. We often don't think a lot about insurance until something goes wrong, but having a policy that is designed to protect the unique risks of your organization is important.



What is Commercial Insurance for Places of Worship?

The prospect of being responsible for making insurance decisions for your Place of Worship can be intimidating. As a leader of your organization, you don't need to be an insurance expert to properly protect your building(s) and the liabilities you face, but knowing the questions to ask and working with an insurance producer you trust is key so you and the other leaders of your organization can have peace of mind and focus on your ministry.



Unique Risks – Places of Worship

Unique building structures have unique insurance needs. Places of Worship are often large, ornate buildings with large and complex roof structures. Places of Worship often house unique and valuable items like stained glass windows, pews, organs, any many others.



Unique Risks – Places of Worship

Places of Worship often house preschools, elementary schools, daycare centers, and food pantries. You may host community meetings, and other events designed to welcome and serve the public. With the kindness of opening your doors to your community comes risk, such as injury to volunteers who may not be particularly skilled for a task or injury to visitors, increased theft risk, or accidental damage to property. Each organization must take the time to carefully consider its own risks.



Common Parts of the Commercial Policy

- Building and Business Personal Property coverage
- Liability insurance coverage



What is a Peril?

A peril is a cause of loss. Your Building and Business Personal Property coverage is designed to protect you from loss due to covered perils.

Policies may be of the named peril type (fire, windstorm, hail, vandalism, theft, etc.), the open perils type (coverage for all causes of loss unless the cause of loss is specifically excluded), or a combination of both.

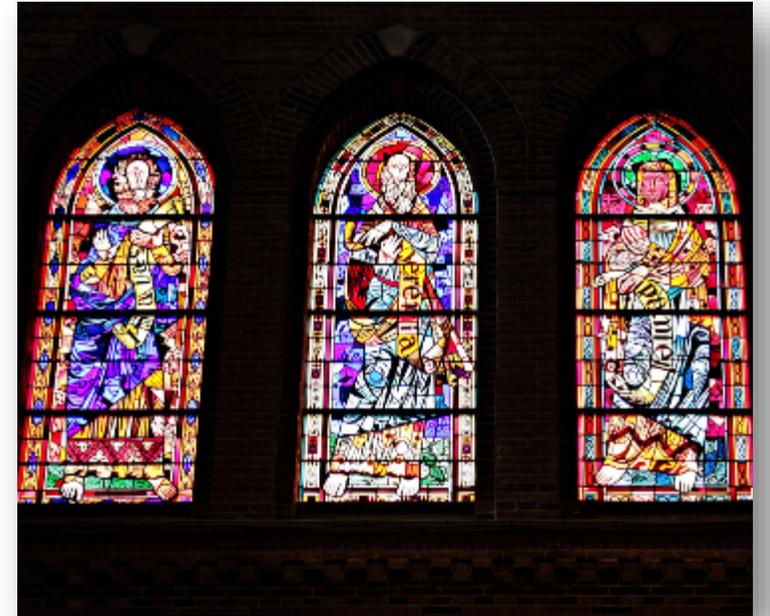
Certain perils rarely covered under a standard policy include flood, earth movement, mudslide, and earthquake.



Common Parts of the Insurance Policy

Building and Business Personal Property coverage

- Building and items permanently attached to the building
- Other structures on property
- Completed additions
- Signage
- Glass windows and their protective coverings, including stained glass
- Sound equipment
- Fixtures



Common Parts of the Insurance Policy

Building and Business Personal Property coverage

- Permanently installed machinery and property, such as steeples and pews
- Outdoor furniture
- Appliances
- Personal effects owned by clergy
- Clergy residence. If rendered uninhabitable from a covered peril, may receive benefits for Additional Living Expenses (ALE)
- Newly acquired buildings or newly constructed and personal property for 180 days may be available
- Business personal property of your officers, trustees, church heads, and employees at or away from the premises

Your particular policy may or may not include all of these standard items, and may include others. It's important to thoroughly read and understand your policy, and work closely with a insurance producer to make sure your policy meets your needs.



Common Parts of the Insurance Policy

Liability Insurance coverage – protection from claims of injury or property damage caused by your negligence

General liability coverage – liability coverage may be available for staff, church members and/or volunteers.

Other liability coverages to consider:

- Ministers and Pastors liability – clergy, church leadership
- Employment practices liability – wrongful termination and other employment issues
- Directors, officers and trustees liability
- Religious Freedom liability (protection from discrimination suits)
- Sexual misconduct liability
- Church activities off-premise liability
- Daycare and preschool liability



Carefully consider the activities of your unique Place of Worship and the associated risks with your trusted insurance professional.



General Exclusions and Policy Limitations

These risks are generally excluded, though many can be purchased separately or as an endorsement

- Flood coverage – while some policies offer private flood insurance coverage, you generally need to purchase coverage for flood insurance separately
- Employment practices
- Foreign travel
- Money and securities
- Animals
- Cost of excavations and grading
- Piers and docks
- Underground pipes
- Cost to research, replace and restore information on papers and documents



General Exclusions and Policy Limitations

These risks are generally excluded, though many can be purchased separately or as an endorsement

- Vehicles
- Structures or personal belongings not owned by church or clergy
- Wear and tear
- Boilers, except due to explosion
- Building ordinance coverage
- Earthquake
- Mudslide
- War and military action
- Loss of use
- Business income during loss of use of the building, including rent and school tuition



General Exclusions and Policy Limitations

In general, many of the separate parts of your commercial insurance policy for your Place of Worship will have separate coverage limits.

For example, you may have you may have \$100K for clergy personal property, and \$5K in coverage for your signage. Make sure your limits meet your organization's needs.



Other Protections to Consider

- Commercial Auto Insurance for Places of Worship owned and/or non-owned vehicles
- Workers compensation
- Umbrella insurance
- Active shooter
- Cybersecurity insurance
- Coverage for accounts receivable records – money owed to your organization and unrecoverable because of loss or damage to your accounts receivable records
- Coverage for Fine Art
- Private structures used as dwellings, not parsonage units
- Theft/vandalism (and rewards for information)



Pay Attention to your Deductibles

Your insurance company will pay only that part of your loss over the deductible amount stated on the declarations page for any one occurrence, so it's important to pay close attention to the deductibles you choose.

Your policy may include more than one deductible. It's important to understand your deductible or deductibles, and when they apply. If an insurer isn't offering a deductible or deductibles that you consider to be manageable by your organization, you should consider shopping around and obtaining quotes from other insurers for the same coverages. If your policy includes a deductible that is written as a percentage, make sure you understand when this deductible applies, and how much this will cost your organization.

How do I get Started

Speak to other Places of Worship for insurance agent and broker recommendations.

Many insurers will visit your Place of Worship in an effort to help you understand your insurance needs, and may offer ideas about how to maintain your building and lower your insurance risk – which can ultimately save you premium dollars. They may have ideas about large maintenance issues, or smaller ones, like stairwell lighting. They may be able to help you understand how to make the activities you provide safer for your staff, volunteers and your guests, and help you understand the value of items your organization owns.



How do I get Started

Ultimately, you are looking to purchase enough insurance to put your organization back to its original position should an occurrence happen, but not more insurance than you need. Instead of thinking about the lowest premium, ask your producer to go through everyone line of coverage available to Places of Worship, so you are certain you end up with exactly the insurance coverage that will properly protect your organization.



Final Note

Your commercial insurance policy for your Place of Worship includes a duty to notify the insurer when you are first aware of a potential claim. Report all potential claims to your insurer or insurance producer as soon as possible. For property damage claims, mitigating your losses early is key. Contact the insurance company, agent, or broker as soon as possible.



Contact Information

Maryland Insurance Administration

 800-492-6116 or 410-468-2000

 [insurance.maryland.gov](https://www.insurance.maryland.gov)



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Questions?

