



Maintaining Appropriate Insurance Coverage

NOVEMBER 2020: FAQs

Insurance coverage is a mandated operating cost, yet it does not provide an immediate tangible benefit—other than peace of mind. We generally hope to never have to use it. Yet, it would be imprudent and expose our staff, volunteers, and members to unacceptable risk if insurance was inadequate. Lack of proper insurance could put a community of faith out of business, or expose volunteers and staff to significant personal liability.

In 2020, both the cost and the availability of different forms of needed insurance are presenting challenges. Prices have escalated markedly by all insurers. And the availability of coverage is being restricted or subjected to new or additional administrative requirements. COVID-19 considerations are a factor in this, but not the only factor.

In addition, insurance companies will likely be inspecting more properties and making coverage conditional on additional assurances or warranties by the insured.

This overview document focuses on how The United Church of Canada–sponsored UCC Protect coverages apply. However, even if your ministry is not insured under UCC Protect, it is recommended that you ensure your coverage addresses the principles and issues outlined here.

Scroll down for specific information on what you need to do in order to

- obtain coverage
- make a claim
- request a certificate of insurance for an off-site event you are participating in
- request a certificate of insurance for an event you are hosting
- explore acceptable partial insurance options
- maintain coverage in vacant building situations
- use waiver forms as a risk management tool

GENERAL

Program Structure

- UCC Protect was established by The United Church of Canada General Council Office and has been administered by HKMB Hub International (“Hub”) since 2008. The program scope includes the United Church’s corporate operations as well as 1,200 congregations across Canada. Insurance coverage includes property/business interruption/boiler, general liability and umbrella, crime, abuse



indemnity, and Directors' & Officers' Liability. The current insurers are RSA and Northbridge. Please see [coverage highlights](#) and [policy wording](#).

- The annual average number of claims is 75, of which 76% are property related and 24% liability. The frequency of small claims are (1) slips and falls, (2) burglary, and (3) vandalism, and the severity of larger claims are (1) fire or (2) water/wind/hail damage.
- Congregations have access to a 0% monthly premium financing payment plan. Please see [RSA payment plan](#).
- As a free of charge service, RSA conducts required boiler and pressure vessel inspections. Please see [inspection form Ontario](#), [inspection form Quebec](#).
- To reduce overall costs, The United Church of Canada self-insures a \$50,000 per claim group-funded deductible applied to smaller claims under the property and general liability coverages to reduce the related cost-plus factors (insurer administration/profit loading, brokerage commission).
- The annual premium is \$6 million (excluding Directors & Officers liability, which is funded out of United Church surplus funds built up under the self-insurance element over the past 20 years).

Hub Service Model and Commitments

Main Phone: 416-597-3400 Toll-Free: 1-888-550-5458 E-mail: ucc@hubinternational.com

Fax: (647) 435-5228 Toll-Free Fax: 866-421-1962

- Renewal communication/documentation: distributed 45 days prior to renewal date
- Phone calls/inquiries: returned within 2 business days
- Certificates of insurance: provided within 2 business days
- E-mail inquiries: responded to within 7 business days

Claims Reporting

Please see [Claims Reporting Form](#) to provide claim general description and related information.

Direct: 416-597-5501 Toll-Free: 1-800-232-2024 Fax: 416-597-6811

E-mail: ucc@hubinternational.com

AFTER HOURS: Please contact Royal & Sun Alliance Insurance Company of Canada
Claims: 1-800-319-9993



Application Information/Process

Please see [Application Form](#).

- Leading into 2020/21 renewal dates and new business quotes, churches are being asked to complete an application to ensure that current records properly reflect current church activities and update property description/values and risk management processes/safety and emergency response plans.

How to Obtain Certificates of Insurance

- If your community of faith is using outside facilities for an event (municipality, meeting venues, other community space), you will often be asked to provide “proof of insurance.” This is intended to ensure that the actions of external users and any claims arising are covered off first by separate insurance. This reduces the risk and the likelihood of premium increases for the host entity.
- Similarly, if you are hosting an event or have regular tenants, it is prudent to require proof of insurance.
- E-mail HUB (ucc@hubinternational.com) including details:
 - a) Who is the certificate holder (name, address)
 - b) Reason for certificate (e.g., mortgagee location, financed equipment, event location, etc.)
 - c) Duration (dates) required

Risk Management Services

- Advice related to eliminating or mitigating risks for claims is available in different forms:
 - a) [Self-inspections template](#) focusing on locations (sanctuary/chapel/Sunday school/meeting rooms/utility and storage rooms), fire safety equipment, and congregation safety
 - b) **Tips:** roofing systems and exterior openings, drainage, plumbing, and emergency preparedness
 - c) **Insurer inspections:** select locations have been identified to conduct inspections to assess potential hazards relating to property and life safety. An infrared scan will be conducted on electrical components at the building, looking to identify potential hot spots on circuit breakers, plugs, and other components.



PROPERTY COVERAGE ISSUES

Replacement Cost vs. Stated Amount Property Valuation

HUB offers a database tool that will calculate an updated building replacement cost valuation based on (a) square footage of space above ground and in the basement, (b) construction type (e.g., masonry vs. frame, traditional or contemporary or educational wing), and (c) regional location. This tool is used to verify values reported at the insurance renewal date to assure adequate protection for UCC Protect program participants. This approach provides an option so that churches do not need to incur the cost of a formal third-party evaluation that can range between \$1,000–\$5,000. If a recent formal evaluation does exist, it will serve as the most accurate assessment.

There is an option for congregations to purchase a “stated amount” insurance limit that is less than the replacement cost value—this applies when a congregation would not rebuild the same size and/or type of building in the event of severe damage to the existing property. When processing the insurance renewal, the option of obtaining a “stated amount” limit can also be pursued. UCC Protect has been listening to member feedback requesting an option to the traditional approach of insuring church buildings on the comprehensive “replacement cost” basis, searching for an alternative to confirm a lower valued amount that in turn will reduce the annual property premium. This need stems from the fact that a growing number of churches are realizing that they would not rebuild the same size building in the event of a substantial fire or weather damage, reflecting that the community requirement has reduced. Replacement cost valuation is what most churches require to assure adequate insurance reimbursement in the event of a catastrophic claim. Some inferior competitor policies apply a co-insurance penalty.

Note: Moving to a stated amount of insurance will require local board and regional council approval.

Replacement Cost vs. Cash Value Settlement

In the event of a total loss, replacement cost only applies if you are replacing the building; otherwise payout reverts to actual cash value, taking into consideration depreciation.

Vacant Property Guidelines

Just as is the case with our own homes, special procedures apply for maintaining insurance situations where a building is unoccupied or vacant for extended periods of time. Vacant buildings are at much greater risk of vandalism or property damage that might have been limited had someone been onsite.

Generally, if a vacancy arises, the insurer should be notified, and quite often additional premium will be levied. Unoccupied locations are covered for the duration of the



COVID-19 temporary closure on the condition that the below guidelines are complied with.

Please note, a vacant location is defined as: no intention for operations beyond 60 days. In situations such as these, congregations must communicate with HUB for a case-by-case review with the insurers, who will consider issuing a policy endorsement confirming ongoing coverage.

- a) The Insured will conduct two weekly visits to the property to ensure that everything is in order. The condition of the building and property will be maintained in good repair. Any damage or deterioration is promptly remedied to prevent further damage.
- b) For sprinkler buildings, the sprinkler system will be properly maintained and remain functional, including:
 - i. Underwriters Laboratories of Canada (ULC) listed monitoring station full sprinkler service
 - ii. Sprinkler inspection, testing, and maintenance contract in accordance with National Fire Code and NFPA 25
 - iii. For sprinkler buildings with wet pipe sprinkler systems
- c) Nominal heat will be maintained in the building to prevent pipes from freezing during the winter. Building temperature will be above 10°C for locations without sprinkler system and above 18°C for locations with sprinkler system.
- d) In the event of heating failure there will be access to approved portable gas heaters.
- e) Combustibles will be kept at least 8 m (25 ft.) away from non-masonry and blank exterior walls of the building.
- f) Access routes to the building will be maintained free and clear of any obstructions to enable fire department access to the building.
- g) Physical protection of the building will be increased with quality padlocks or deadbolt locks on the doors and barricading of all accessible openings. Interior doors separating building sections will be locked.
- h) Fire and burglar alarms, if present, will be maintained.
- i) Property will be adequately illuminated at night. Lighting will be maintained in working order.



LIABILITY COVERAGE ISSUES

Liability Coverage: Occurrence vs. Claims-Made Basis of Coverage

There are four core commercial liability coverages that most businesses purchase to protect themselves against third-party liability suits alleging negligence relating to

1. **General liability/Umbrella:** bodily injury and/or property damage from operations
2. **Abuse:** physical or mental distress
3. **Directors & Officers:** failure to render oversight
4. **Cyber/Privacy:** network security breach

Coverage Area 1, representing risks that are usually quite definable in terms of amount and time period, are insured on an “**occurrence**” basis with the insurance policy responding to claims relating to activities that took place during the annual insurance policy term regardless of when the allegation is made (subject to statute of limitations).

In contrast, Coverage Areas 2–4 represent situations that can be more complex, where related allegations often manifest themselves over a prolonged period and are also impacted by a changing legal environment, and are insured on a “**claims-made**” basis with the insurance policy responding only to claims reported during the annual policy term. In an effort to maintain comprehensive coverage, this approach enables insurers to adapt their products/pricing to evolving exposure dynamics. In this regard, in order to ensure full protection without gaps, there are related responsibilities for churches to do the following:

- Report all potential incidents that might give rise to a claim during each annual policy term.
- When changing insurers, advise the new insurer of the date the church first purchased such claims-made insurance to arrange for the go-forward insurance to reach back to cover potential incidents that may have happened but are not yet reported (commonly referred to as “nose” cover).
- If a church entity is closing business down, speak to the current broker/insurer to purchase an extended reporting period (commonly referred to as “tail” cover) to address the potential risk related to unreported incidents.
- Maintain copies of policy documentation for as long as possible, recognizing that occurrence form coverage applies to claims that might possibly exceed statute of limitations.



Incorporated vs. Unincorporated Ministries: Directors & Officers Liability Coverage Clarification

Directors & Officers liability insurance has been arranged within an umbrella structure for the United Church corporate operations and congregations. If a ministry is separately incorporated, it is required to place its own independent policy, which can be arranged through Hub.

Contractual Agreements between Church and Other Corporations

The objective is to clarify legal independence between the Corporation and Church Parties. The core objectives from an insurance protection standpoint are

1. Clarity of responsibilities (past, present, and future)
2. Parties **indemnifying and holding harmless** the other for their own negligence (related to liability issues)
3. Naming each other as an **Additional Named Insured under each other's insurance policies** (which provides financial backup for 2., above)
4. Directing a party as a **Loss Payee in the event of a claim** (this language is typical in a property policy tied to legal ownership of such property)

Third-Party Events/Meetings and Sports Activities

Effective January 1, 2019, UCC Protect clarified a streamlined process (please see [Risk Activities overview](#)) for insuring third-party activities taking place on church premises. Low-risk exposures as defined are automatically covered at no additional premium, medium risks for an additional premium ranging from \$25 to \$100, and for higher risks Hub has established an online portal and program partnership for third parties to purchase their own coverage directly.

Waiver of Liability Agreements

- Commonly referred to as “waivers,” these agreements as drafted by lawyers are another type of defence. Like insurance, waivers are a risk management technique that involves transferring liability for injuries from one party to another by means of a written contract. Waivers are most common in shared facilities, high-risk activities, and contact sports, and in some instances will be a requirement of insurance coverage. It is generally accepted under Canadian law that an individual consents to the physical risks of an activity or sport simply by participating willingly and voluntarily. Legal risks, on the other hand, can only be consented to by means of a written agreement or contract such as a waiver.
- Suggestions:
 - a) Good waivers must be well-written, clear, and unambiguous.



- b) The waiver should include not only the physical risks as described above but also the legal risks associated with negligence. The word “negligence” should appear in the waiver.
- c) Plan to sign the waiver at a convenient time and place well in advance of the activity to which it applies.
- d) Have the waiver signed in front of you and witness the signature.
- e) Don’t have waivers signed when or where alcohol is being served.

The only way to know whether a waiver will work is to have it tested in a court of law. If the waiver does hold up in court, it provides a defence against liability.