

# United Methodist Church Minimum Insurance Requirements

Rev. November, 2019

*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<br>\$3,000,000       | Occurrence | \$1,000,000 | Aggregate |
| • Pastoral Counseling Liability<br>\$3,000,000      | Occurrence | \$1,000,000 | Aggregate |
| • Hired and Non-Owned Auto Liability<br>\$3,000,000 | Occurrence | \$1,000,000 | Aggregate |
| • Employee Benefits Liability (EBL)<br>\$1,000,000  | Occurrence | \$1,000,000 | Aggregate |
| • Medical Payments                                  |            | \$10,000    |           |

- Sexual Misconduct Liability\*

Church Membership of 500+ \$2,000,000	Occurrence	\$1,000,000	Aggregate
Church Membership under 500 \$500,000	Occurrence	\$250,000	Aggregate

\*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