

## **PAROCHIAL INSURANCE**

It is important that Select Vestries keep parochial insurances under regular review. Not only should the level of cover provided for parochial buildings etc. be kept up to date but the Parish should also be aware of any exclusion clauses in their policies e.g. does full cover continue even though a rectory may be unoccupied for a long period during a parochial vacancy? Is there cover for malicious or terrorist damage? The text of a document from the Representative Church Body on Parish Insurance Policies is reproduced is below.

It is also essential that each Parish ensures that its Select Vestry and other officers are adequately protected against Third Party Legal Liability claims which could prove to be very substantial. Assumptions should not be made about any aspect of insurance policies e.g. personal accident indemnity for parishioners is rarely included in a parochial scheme; insurance companies often require to be advised in advance of any event likely to affect their level of risk, such as family fun days etc.; non-parochial activities may not be covered.

Select Vestries should also be aware that, during a vacancy in a parish, the parochial insurer usually requires to be informed that the rectory or curatage is going to be vacant for a period. Full indemnity might be prejudiced otherwise.

Where a Select Vestry has a query about any aspect of its parochial insurance it should contact the insurance company or broker to seek professional advice.

### **PARISH INSURANCE POLICIES**

The Representative Church Body wishes to draw your attention to the important matter of Parish Insurance and would ask that the following be noted by the Select Vestry:

#### **1. Advice**

It is essential that an Insurance Professional with experience in Church Insurance is engaged to provide advice and assistance. Where a Broker is used, it is essential that the company is regulated by the Financial Services Regulatory Authority in the relevant jurisdiction.

It should be noted that where the Broker is considering alternative insurance quotations, they are obliged to point out the key differences in cover, both positive and negative before placing cover.

#### **2. Insurer Financial Security**

As well as being authorised to trade by the Financial Services Regulatory Authority in the relevant jurisdiction, the Insurer Security should be rated by an independent Rating Agency such as Standard and Poors.

The standard market practice of reputable brokers is that Insurers with a Standard and Poors rating of "A-" and above should only be considered when any form of liability protection is being purchased.

### 3. Cost

Whilst a competitive insurance premium is important, the primary concern for a Select Vestry should be the extent of the insurance cover provided.

### 4. Type of Insurance Policy

The main Insurance Companies offer a "combined" policy, which grants a broad level of protection under a single Contract.

At the very least, insurance cover should provide the Parish with protection against:

- **Material Loss or Damage to Property**
- **Consequential Loss**
- **Employers' Liability**
- **Public Liability**
- **Products Liability**
- **Damage to Glass**
- **Loss of Money**
- **Theft of Money by Officials/Employees (Fidelity Guarantee)**
- **Personal Accident to Employees or Authorised Volunteers**
- **Professional Indemnity and Trustee (Officers) Indemnity**

### 5. Property

- Some Policies will apply "**Average**". **It is important that where possible, these policies should be avoided** to ensure that the widest protection possible for the Parish is in place, particularly if a church property is not insured for its full reinstatement value. An example of the effect on an insurance claim where "Average" is applied under a Policy is set out hereunder:

**Professional Valuation of Church and contents 1 August 2008: £2,000,000**

**Insurance renewed by Parish on Church/contents 1 February 2009:  
£850,000**

**If a catastrophic fire occurred subsequently with the building and contents being subject to a condition of "average" this would mean that the property was underinsured by 57.5% and would result in the Parish receiving only £361,250 (42.5% of £850,000).**

- Vacant premises should be declared to Insurers as restrictions may be applied.
- Maintenance Work or Building Projects may require additional insurances. Refer to your Broker/Insurer.

## 6. Important Points to Note

- The insurance Policy chosen should be flexible enough to be able to be expanded as and when required (and within reason).
- Any internal Policy Limits should be identified and assessed to ensure that the needs of the Parish are met.
- Small print should be read carefully. In Northern Ireland due to the restrictions of Criminal Damage Legislation, the perils of Riot & Malicious Damage should not be excluded. If in doubt, independent advice should be sought.
- The level of Excess under the Policy should be acceptable to the Parish.
- Policy Conditions and Exclusions. For example, in respect of vacant premises, some insurers automatically restrict cover.
- Loss or Damage to property cover should include all types of accidental damage and should not be restricted to fire and a small number of contingencies.
- High risk valuables should have Theft Cover which is not restricted to forcible and violent entry or exit from the premises.
- Portable equipment such as Video Recorders/Overhead Projectors which could be moved from building to building should have cover "whilst in transport".
- Employers' Liability should include all Employees and Volunteers.
- All organisations of the Parish should automatically be included within the Public Liability Section of the Policy.
- Indemnity Agreements - if asked to sign one - don't. Refer to your Broker/Insurer.
- Generally events such as Church Fêtes are considered non-hazardous and are therefore covered automatically. If however, the likes of a Bouncy Castle/Rock Climbing are to be used at an event, then your broker/insurer should be consulted.

January 2010