

Property Insurance

Church property must be maintained and adequately insured

The Book of Order in Chapter 16 states that the Church Council is responsible for the management and administration of all property of the congregation. It must do everything necessary or appropriate for the use and management of all property associated with the life, worship and the mission of the congregation including:

- (a) the care and maintenance of all property
- (b) the provision of adequate insurance cover on all property.

Basic principles that apply

The Church's First Principles acknowledge that everyone who makes decisions about property or finance within the Church is a "trustee" and that these decisions must keep faith with the long-term interests of the whole Church. Parishes must always bear in mind that we are a Church with a common ministry and should not focus exclusively on local concerns.

Because insurance decisions can impact the whole Church, it is important when thinking about insurance to consider:

- being able to reinstate Church property after a disaster; and
- protecting the value of a property for both the parish and the Church as a whole.

The Book of Order requires the Trustees to ensure the proper management of congregation property and assets by Church Councils in accordance with the rules of the Church. These rules are set out in the Book of Order and various other handbooks and guidelines. This includes the proper management of property in a way so as to maintain the value of the resources for both current and future use and benefit of the whole Church.

Managing risk is protecting the future

Managing risk through insurance is an important part of the proper management of a congregation's property and assets. Under the Book of Order, a congregation must have adequate insurance on all its property.

The Trustees consider "**adequate insurance**" as that which covers all normally insurable property and contents risks, including fire and natural disaster (which includes earthquake), at **replacement value**. Full replacement cover is required throughout the insurance period and during any period of reconstruction following an incident. This should also include cover for demolition costs. Contract Works Insurance will usually be required during any period of building or major alterations.

Insuring for less than replacement value requires special permission

A decision by a Church Council to insure a building for less than replacement value requires the approval of the Trustees. As with any property-related matter, the decision must be supported and approved by the congregation and Presbytery before being submitted to the Trustees for approval. The Trustees, will consider specific variations to the requirement to insure at full replacement on a case by case basis. Applications for the Trustees' approval must be received well in advance of the commencement date for the proposed insurance arrangements.

When considering an application the Trustees will look at:

- the long term value of the building to the congregation; and
- the value of the building to the Church as a whole if it was sold.

For this reason, the Trustees are unlikely to approve less than replacement value insurance for church buildings that have material value, simply because the current parish cannot afford the replacement insurance premium.

Any approval by the Trustees to insure a building for less than full replacement value will be valid for a period of 5 years. Further approval will have to be obtained if the reduced cover is to continue beyond that period so that both the Parish and Presbytery are aware of this decision.

Who can provide your insurance cover?

While the Trustees recommend using Crombie Lockwood Limited, they will accept alternative insurance cover arranged by parishes, provided the arrangements (i.e. cover type, agreed cover amounts, deductibles, policy terms and insurer) are approved by the Trustees.

These insurance responsibilities also apply to Presbyteries that take over Church properties due to the dissolution of parishes and to campsite committees in respect of their buildings.

Money received from substantial losses covered by insurance claims will be held by the Trustees in parish PIF property accounts. Insurance claim settlement proceeds will be available to the congregation to pay for reinstatement works (where appropriate) or otherwise for an approved purpose in accordance with the Supplementary Provisions.

Presbyterian Church Insurance Collective (PCIC)

The Church operates an insurance collective known as the Presbyterian Church Insurance Collective (PCIC) for the placement of all insurances applicable to congregations and the Church

The PCIC provides congregations with access to insurance cover for properties on terms acceptable to the Trustees and, given the purchasing power of the congregations as a combined purchaser, at competitive rates.

THE PCIC is managed by a registered charitable trust known as The Presbyterian Bureau Services Trust Board (PBST). The trustees of PBST are appointed by the Trustees. The PBST operates under the oversight of the Trustees and an advisory group appointed by the General Assembly.

Participation by congregations in the PCIC is not mandatory. The decision as to the cover to be taken and the insurer lies with the Church council (subject to satisfying the Trustees that the cover taken is adequate). Premium payment options offered through the Church's insurance brokers, Crombie Lockwood Limited, may assist parishes with cash flow issues.

However participation in the PCIC is strongly recommended as the 'one for all' ethos underpinning the PCIC does allow congregations to acquire insurance cover on good terms over the medium to longer term. The PCIC also provides a level of risk-sharing that allows cover to be placed at reasonable rates and, following a good year, allows surpluses to be carried over as a subsidy for subsequent years' premiums.

The PCIC also arranges liability and other insurances for the Church which includes public liability and professional indemnity covers which are arranged on a whole-of-Church basis.

Property cover for full replacement value taken through the PCIC does not need the Trustees' approval. Property cover taken through the PCIC for less than full replacement only requires the Trustees' approval as to the type and/or amount of cover taken.

Property cover taken outside of the PCIC needs Trustees' approval as to all aspects of the cover including cover type, agreed cover amounts, deductibles, policy terms and insurer.

Insurance Checklist

If all property is insured for full replacement:

- Are you certain **all** your property (buildings and contents) is included?
- Are you insuring through the PCIC?

If the answer to both of the above is yes, nothing further is required.

If you are insuring all your property for full replacement but not through the PCIC:

- Are you certain **all** your property (buildings and contents) is included?
- Have you sent the alternative policy details to the Trustees for their approval at least one month before the placement of cover is required?
- Have you received Trustees' approval?

If the answer to each of the above is yes, nothing further is required. If not, these checkpoints must be attended to.

If you are not insuring all property for full replacement:

Have the following approvals been obtained:

- Congregation Presbytery Trustees
- Are all these approvals less than 5 years old?

If the answer to each of the above is yes, nothing further is required. If not, these checkpoints must be attended to.