

Board of Trustees
Upper New York Conference
Minutes of Conference Call Meeting
November 12, 2014

The following persons attended and participated in the meeting:

Trustees: Patricia Brown, Diana Cordes, Travis Dann, Wendy Deichmann, Colleen Delcore, Essie Harding, John Jackson.

Staff: Ted Anderson, Wayne Butler, Kevin Domanico, Christine Doran, Beth Dupont, Bill Gottschalk-Fielding.

Consultants: Scott DelConte, Tom Clemow.

The President John Jackson called the meeting to order at 1:00 pm and opened with a prayer led by Patricia Brown.

Minutes of October 6th Meeting

The minutes were approved as presented.

Resignations of Ted Foss and Nu Helgager

Resignations of Ted Foss and Nu Helgager were unanimously accepted with regrets.

Insurance Plan for 2015

Deb Byers and Beth Dupont presented proposed changes to Church Mutual policy. .

The issues to be resolved include: Umbrella coverage - limits and exploration with CM to find a more complete umbrella, verification of adequate bonding for the Conference Treasurer and Conference Pension and Benefits Officer, verification of adequate crime loss coverage for all certificate holders, consideration of cyber crime coverage, and any clarifications surrounding making auto coverage through Church Mutual mandatory. Also, we will follow up as necessary with other conference leadership to establish and implement a uniform policy for Workers Compensation coverage for pastors.

Motion passed, asking for board approval of the changes proposed in the provided document (attached), with the committee authorized to resolve certain issues.

Assistance

The 2014 Assistance Program awarded grants to 90 churches, totaling \$62,164. Most awards were for two thirds of the premium increase experience by the church. The following proposals were made and unanimously accepted:

- That the Insurance Committee set financial eligibility guideline and a firm deadline be sent for applications.
- Churches which received grants last year will be eligible for up to 1/3 of increase in premium between the premium charge in 2013 and the premium charge in 2015.

- First time applicants will be eligible for up to 2/3rds of the increase in annual premium between that charged in 2013 and that charged in 2015. These applicants may be eligible for an additional 1/3 grant in 2016. The following modification was proposed for 2015.
- Evaluation Disputes
Motion carried that churches will pay for the cost of independent evaluations if they come in higher than that of Church Mutual and churches will be reimbursed for independent evaluations lower than that of Church Mutual.

Indemnification

Deb Byers proposed and Colleen Delcore seconded that Trustee Indemnification resolution be amended to include the word “knowingly.” Scott DelConte suggested a presentation of this resolution at Annual Conference Session 2015.

Revolving Loan Fund

Proposed Policy and Procedure will be carried out in the Treasurer’s office

Emmaus UMC

Immigration and Refugee community with ongoing after-school program, feeding and shelter programs with the help of volunteers is seeking assistance to replace boiler in its education wing. They acquired 2 bids with the lower one at \$16,000.

Status of Headquarters

Wendy Deichman provided an update – good progress in negotiation. Contract will not be finalized until environmental evaluation is concluded.

Committees

Steve Butler and Travis Dann have agreed to chair the property and financial resources committees, respectively.

Other Business

Bishop Webb and cabinet are working diligently with nominations to fill three recently vacated Trustee positions.

Adjournment with a prayer at 3:25 pm.

Respectfully submitted:
Essie Harding, Secretary

Attachment:

PROPERTY AND LIABILITY INSURANCE RECOMMENDATIONS
From the Insurance Committee
to the
UPPER NEW YORK CONFERENCE BOARD OF TRUSTEES
for 2015

November 12, 2014

After addressing many of the problems encountered with the Conference insurance plans initiated with the formation of this conference, the Insurance Committee approached planning for 2015 with three main objectives: build upon improvements achieved in 2014, find ways to reduce premiums for local churches, and assure appropriate protection throughout the Conference.

The trustees have carefully considered many options for coverage, including having congregations find their own. Because of concerns about liability protections and how those cover the connection, we have been advised that liability must be part of a Conference wide plan. We also have been advised that most insurers will not sell property insurance by itself; they generally sell package coverage including property, liability and other policies as needed. However, if individual churches can get an insurer to provide a quote for property coverage only that meets the standards of the Conference plan for a lower amount of money, we encourage those churches to talk with us about how that might be implemented.

This summary is a general outline of the proposed changes to the current Church Mutual Property Insurances, General Liability (all Multi-peril), Umbrella Coverage, and Worker Compensation.

SUMMARY OF PROPOSED CHANGES TO CM POLICY

CHURCHES

PROPERTY AND CONTENTS COVERAGES

1. MAINTAIN THE CURRENT 90% BLANKET COVERAGE based on Full Replacement Value (FRV)
2. GIVE CHURCHES THE **OPTION** TO initiate a change to 80% specific coverage (CM does not offer an 80% BLANKET – only 80% Specific)

This option can save churches between 3%-9% of their property premium.

3. We considered and DO NOT RECOMMEND the following:

- a. Raise the DEDUCTIBLE: (Currently \$1,000). Next deductible level is \$2,500 and the premium savings would only be approximately 1-2% for churches. The structure of the insurance program is that ALL churches have to have the same deductible. **RECOMMEND: NO CHANGE IN THE DEDUCTIBLE.**

- b. Allow local churches to adopt either Actual Cash Value (ACV). ACV, based on a depreciated full value, with a maximum depreciation is 50% (insurer determines the depreciation amount)

costs ~ \$100 - \$150 less than FRV, but covers up to only the face amount of the coverage for total loss or the % of coverage in case of partial loss (ex. a partial loss at a site with a 50% ACV will pay only up to approximately 50% of the claim.) MRV is based on an agreed upon value that can be as low as 26% of FRV, but it costs more than ACV and provides less coverage. Neither achieves enough cost savings to be worth the risk!! **RECOMMEND: DO NOT OFFER ACV or MRV COVERAGE for active churches at this time (POSSIBLY 2016 FOR SOME CHURCHES with Conference administrative oversight).**

4. **INLAND MARINE**

GIVE CHURCHES THE **OPTION** TO DROP THIS COVERAGE COMPLETELY.

Inland Marine covers Fine Arts, Antiques, Collectibles, irreplaceable pieces of equipment, and equipment/other that is moved and used off-site.

Churches which continue this coverage will be advised that they should work with CM to develop a schedule of covered items.

Dropping this coverage can save churches \$55-\$69 per church.

LIABILITY COVERAGES

1. INCREASE THE GENERAL LIABILITY LIMITS TO \$2,000,000 PER OCCURRENCE AND \$5,000,000 IN THE AGGREGATE. (Currently \$1M/occurrence, \$3M aggregate)

This change will result in an increased premium ranging from \$30 per church to \$130 per church for a very large church.

2. Leave Sexual Misconduct and Molestation at \$1,000,000 for each occurrence and \$2,000,000 in the aggregate. (highest offered by CM, limits in addition to GL limits)

(SEE UMBRELLA DISCUSSION BELOW FOR ADDITIONAL CHURCH SAVINGS IN LIABILITY.)

MEDICAL EXPENSES (not liability)

RAISE THE COVERAGE FOR MEDICAL EXPENSE PAYMENTS TO A MAXIMUM OF \$15,000 PER PERSON WITH NO AGGREGATE LIMIT. (Currently \$10,000 per person)

This will result in an additional cost of approximately \$3-\$8 per church.

EMPLOYER BENEFITS LIABILITY (EBL)

CHURCHES WILL HAVE THE **OPTION** TO DROP THIS COVERAGE COMPLETELY.

This coverage provides liability insurance in the event that an employer commits an error in the management of employee benefit programs. Since generally the only benefit programs available in the Conference are managed at the Conference Level (Benefits Team), this may be unnecessary.

If a church is large enough to have a benefits program for employees and uses benefits other than those offered through the Conference Office of Pension and Benefits, the church should keep this coverage. (e.g.. any church which operates a Day Care program should keep this coverage).

This option can save churches ~\$65 - \$90 per church.

UMBRELLA COVERAGE FOR CHURCHES

1. REMOVE LOCAL CHURCHES FROM SHARED \$1,000,000 UMBRELLA POLICY

As the policy is written now (2014), there is a \$1,000,000 SHARED Umbrella Policy for all the churches AND the conference.

We suggest that the umbrella policy covering local churches be removed, as it is costly with very limited promise of any coverage. The proposed increased limits within the General Liability policy provide more coverage for a lower premium.

This change will result in a savings of \$150 per church.

Any church that houses or runs day care or owns and operates vehicles should be strongly encouraged to have their own umbrella.

CONFERENCE

Currently, the Conference Office, District Offices, District Parsonages, Vacant Properties, CAMPS, and the Bishop's Residence **are insured as one** entity sharing one set of General Liability limits (1M/3M).

Evaluate whether to establish each camp as a separate certificate holder and evaluate whether each other Conference location should be separate, combined according to type (offices, residences, vacant property), or treated as one.

PROPERTY AND CONTENTS COVERAGE

1. MAINTAIN THE CURRENT 90% BLANKET COVERAGE based on Full Replacement Value for all Conference owned properties including camps.

2. CONSIDER ACV or MRV FOR VACANT PROPERTIES on a case by case basis dependent on the value, condition, vulnerability, and salability of the property. (The more valuable the building, the more coverage it would require).

3. CONSIDER REMOVING INLAND MARINE COVERAGE ON A CASE BY CASE BASIS

LIABILITY COVERAGE

GENERAL LIABILITY FOR CONFERENCE ENTITIES

1. INCREASE THE GENERAL LIABILITY LIMITS TO \$2,000,000 PER OCCURRENCE AND \$5,000,000 IN THE AGGREGATE. (Currently \$1M/occurrence, \$3M aggregate)

2. We have not choice but to leave Sexual Misconduct and Molestation at \$1,000,000 for each occurrence and \$2,000,000 in the aggregate.

EMPLOYMENT BENEFIT LIABILITY

MAINTAIN UNCHANGED at Conference level

MEDICAL EXPENSE COVERAGE

INCREASE TO \$15,000 PER PERSON WITH NO AGGREGATE

UMBRELLA COVERAGE FOR CONFERENCE

INCREASE UMBRELLA POLICY COVERAGE TO \$15,000,000 to cover all conference owned property and operations including camps. (Currently, ALL Conference properties, camps, and Churches share a \$1,000,000 Umbrella). As noted above, we propose excluding local churches, as the increase in their General Liability limits provides more coverage than the current umbrella at a much lower cost. This approach provides more appropriate coverage across UNYAC with costs applied accordingly.

Approximate Cost: \$37,092 (pending approval of Church Mutual to separate camps into their own account and allow the Conference to share this Umbrella coverage with the camps)

DIRECTORS & OFFICERS LIABILITY

1. MAINTAIN CURRENT SHARED LIMIT OF \$1,000,000 for ALL local churches and Conference operations. (Risk at the local church level is considered minimal because most decisions covered by such a policy are shared in such a way that precludes charges of negligence.)

2. PURCHASE ADDITIONAL COVERAGE to \$5,000,000 FOR CONFERENCE PROPERTIES AND OPERATIONS, INCLUDING DISTRICTS AND CAMPS

Approximate Cost: \$27,244

3. OFFER EACH CHURCH THE OPTION TO INCREASE D&O COVERAGE

Costs would range from \$150-\$550 per church, depending on assets and liability limits.

REMAINING ISSUES

WORKERS COMPENSATION INSURANCE

NYS Law does not require that pastors be covered by Workers Compensation Insurance.

Across the conference, some local churches pay this for pastors and some do not, creating confusion around billings and with changes in appointments.

The Insurance Team proposes that those in charge of Clergy Compensation at the Conference level develop a policy about this and obtain approvals as necessary. When it is approved, the Trustees and the Conference Treasurer will align the insurance package and communications to support the policy and its implementation. Communication about this also should accompany clergy compensation forms that are to be completed by local church Staff Pastor Parish Relations Committees.

AUTOMOBILE POLICIES

Currently, we offer policies, but we understand some local churches and other entities obtain their own coverage. Our Chancellor believes this sets up the same liability complications that would be created by separate overall policies. We are recommend mandating liability coverage through Church Mutual, allowing existing church policies to expire.

SUMMARY OF RECOMMENDATIONS

1. Maintain current FRV, 90% Blanket Coverage for all churches and Conference properties
2. Allow local churches to choose an 80% Specific approach.
3. Allow churches and Conference owned properties to drop Inland Marine Coverage. If they retain it, urge development of a schedule showing covered items.
4. Switch to ACV or vacant churches under trustee management on a case by case basis.
5. Increase General Liability Limits across the board to \$2 Million per occurrence and \$5 Million in aggregate.
6. Remove local churches from shared Umbrella. Purchase additional coverage for Conference entities to increase Umbrella to \$15 Million.
7. Increase Medical Payment coverage across the board to \$15,000 per person.

8. Drop Employment Benefits Liability at local church level (unless there is day care or other staff covered by non-Conference managed benefit plans) and maintain at Conference level.

Maintain shared \$1,000,000 Directors & Officers Liability coverage for local churches. Purchase additional coverage for Conference operations, including camps and districts increasing limit to \$5, 000,000.