

Church Insurance

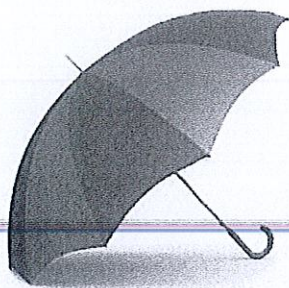
An update on progress. Representatives of the Church Insurance Working Group have met four insurance companies; three with experience in church insurance – the Ecclesiastical (0345 777 3322), Trinitas (01483 462 870), Congregational and General (01274 700 700), and one new to the church market - Zurich Municipal.

As has been explained before, all are keen to work with us. During our investigations, we discovered one diocese which employs a broker to negotiate diocesan and PCC policies. This ensures that the cover is comprehensive and that full market testing is regularly undertaken. The Finance Committee gave their approval to explore a similar arrangement and we have followed this up.

Our guidance is to seek at least two quotes and review the excess (many excesses are particularly low e.g. less than £1000). Ecclesiastical is selling its ParishGuard policy which ties PCCs into a 5-year long term arrangement. This can be broken mid-term with the payment of a penalty (ParishPlus ties PCCs in to a three-year term with no escape and our guidance is that this should be avoided). Note that Trinitas, which is backed by Aviva, offers annual policies. Always ensure your cover is continuous if you move from one insurer to another.

Questions have been raised when comparing the cover offered by the EIG and that of Trinitas since it seems in many cases Trinitas undercuts EIG by some margin. The C of E's Parish Buying organisation has undertaken a comparison of two EIG products, ParishGuard and Parish Plus, with Trinitas's ParishCare policy. This is attached.

James Halsall
September 2017



Buying Guides: Insurance

Insurance is one of the two highest spend areas for parishes, so it's important to make good decisions when buying cover. This Buying Guide, produced by the National Procurement Group*, aims to help you consider some key areas for decision-making.

Parishes are advised to ensure that they are appropriately insured for the range of risks that the PCC faces – risks to both property and to liability. As such, it is prudent for parishes to purchase a specialist church policy which provides an adequate range of cover. Parishes should discuss their requirements direct with potential providers. We are currently aware of two companies that have developed policies specifically designed for Church of England parishes:

- **Ecclesiastical** (www.ecclesiastical.com/churchmatters) was established in 1887 and is a specialist church, charity and heritage insurer. In June 2016, Ecclesiastical introduced a new parish policy, **Parish Plus**, with a number of changes compared to their Parishguard policy. Ecclesiastical is wholly owned by a charity, Allchurches Trust Ltd. Surplus profits are distributed to Allchurches, who in turn make donations back to the Church.
- **Trinitas Church Insurance's** (www.trinitaschurchinsurance.co.uk) ParishCare policy is underwritten by Aviva and has been developed after discussion with the Church of England to meet the typical needs of parishes for buildings, contents and liability risks associated with parish activities. Trinitas and Aviva are commercial companies, but will cap their profits with any surplus profits being returned to participating parishes.

We will endeavour to update this Buying Guide as and when we become aware of any other insurance products which may be of particular interest to parishes.

Why not get a quote from both and compare what they have to offer?

This guide helps you to consider four significant decisions to ensure that your insurance cover meets your needs. However, making choices on insurance provider can be complex, and there are a range of factors to consider alongside price and cover - factors relating to the company, its ethos, service and its claims handling, for example. Information on these factors is best provided by the companies themselves.

An important area which parishes may not find easy to consider is cover for any safeguarding claims. The Church of England is keen to ensure that any insurance company that might end up managing claims brought against any part of the Church arising from a safeguarding complaint is committed to handling them in a sensitive manner that treats survivors of abuse with consideration and compassion. The Church has worked with both Ecclesiastical Insurance and Trinitas Church Insurance to agree protocols on handling safeguarding claims which do this. These may be viewed by following these links for [Ecclesiastical](#) and [Trinitas](#).

Decision One: What cover do you require?

It is important to ensure that the policy you take out provides the cover that you need. An independent consultant's report highlighting some differences between the cover provided by Ecclesiastical's Parish Plus and Trinitas's ParishCare policies is provided in the appendix below.

* The National Procurement Group supervises the Parish Buying service, and is made up of representatives from dioceses and the national Church. Its purpose is to help parishes purchase more effectively.

Decision Two: Do you need additional cover beyond that provided in the standard policy?

Both insurers provide some cover extensions at additional cost. You should consider whether the activities of your parish mean that it is appropriate to extend your cover.

Decision Three: What level of excess will you choose?

Insurers will usually offer a discount on the buildings and contents element of the insurance premium if a parish opts for a higher level of excess (the portion of any claim that you will need to meet). The higher the excess, the larger the premium discount potentially available. A parish that is unlikely to make many claims could benefit financially from having a higher excess. We understand that the above two companies can provide pricing options based on different excesses.

If you increase your excess, you might consider setting your first year's savings aside as a designated fund to cover the increased excess in the event that you do need to claim.

Decision Four: What level of buildings cover do you require?

Don't assume the answer is necessarily 100% of the valuation. What you would do in the event of a major disaster is an important strategic decision. In particular, though your building is loved and cared for, would you rebuild/restore it in the same way in the event of a major loss?

You should be aware that Ecclesiastical's church valuation advice (and the basis of settlement for claims under its church policies) reflects the costs of **restoration and repair only** rather than the full costs of rebuilding from the ground upwards. Trinitas have informed us that cover through them can be based on a church's current valuation figure. In all cases it is ultimately the responsibility of the PCC as trustees to determine the adequacy of the buildings sum insured that they will insure their church for.

In most cases parishes will wish to set the buildings sum insured at 100% of valuation, but there may be circumstances, mainly for buildings which are not listed, when a church would not be restored, or not in a like for like way, in the event of a major fire. In such cases a lower percentage might be appropriate and you should discuss this with your insurer.

If you wish to consider insuring below 75% of the valuation, you would need to discuss this with your insurer and with your Archdeacon. Valid claims would still be met in full up to the sum insured. For the majority of churches, the cost of site clearance or making a ruin safe in the event of serious damage is likely to be at least 25% of the valuation.

If insuring at less than 100%, the PCC's decision should be made at a full meeting of the PCC, and recorded in the minute book.

Unlike some policies, such as normal domestic buildings and contents insurance, where if you insure at a level below 100% only that proportion of any claim will be paid, both the Ecclesiastical and Trinitas policies will meet the full cost of approved buildings claims up to the sum insured. Technically speaking, it means that the policy does not have an "underinsurance" or an "average" clause. Because of this, the discount that you will receive from not insuring at 100% will be smaller than you might expect as the insurer is still fully liable for all claims up to the cost of the sum insured.

Insurance Guide 3.4, Jan 2017

Disclaimer: This guide is designed to provide you with general information only. The National Procurement Group does not recommend any particular insurer or insurance product, nor does it give advice on what types or levels of insurance cover are appropriate for your parish's individual needs



Report for Church of England Central Services

Comparison of Ecclesiastical *Parish Plus* and Trinitas *ParishCare* wordings

The purpose of this report is to compare cover provided under the new Ecclesiastical Parish Plus and Trinitas Parish Care policies.

The two policies are written in different ways which can make it hard for a lay person to compare them. The Ecclesiastical policy covers "Named Perils" where what is insured is that which is specifically stated, whereas the Trinitas policy is on an "All Risks" basis which covers all risks unless they are specifically excluded.

My key conclusion is that the Trinitas (Aviva) wording is fully comparable to Ecclesiastical and has clearly been drawn up as specific for the Church of England.

The main areas of cover where there appears to be a difference are:-

- The Trinitas policy, when paid by direct debit, provides continuous cover which can be terminated at any time. The Ecclesiastical policy is a traditional annual policy but offers a discount for a Three Year Long Term Agreement. However the conditions of this binding contract are set out in detail in paragraph 9 of the General Conditions on pages 11 and 12 of the Policy Document, and Trustees should make certain that they understand these before agreeing to them.
- The Ecclesiastical policy provides a combined building and contents loss limit which is usually higher than the valuation, but sometimes the same as valuation. The Trinitas wording provides for an automatic uplift of 20% of the building sum insured if the valuation is insufficient, where 100% cover level is taken.
- Ecclesiastical offer Professional Counselling as an optional policy extension. Trinitas offer it as a separate policy but the cover provided by both is broadly similar.
- The Trinitas standard cover for Fraud and Dishonesty is wider than Ecclesiastical but has a long list of policy conditions that must be complied with. Trinitas have a helpful summary of these. Ecclesiastical can extend their cover for an additional premium.

Peter Heap

Ark Risk Consulting

November 2016

Standard Cover Limits

The insurers have standard limits for each main section of the policy cover. Each of these sections has extensions of cover with lower limits. The limits can normally be increased by individual parishes if required.

The standard limits are generally not detailed in the policy wording but are shown in the schedules provided with quotations. However many of the cover extensions are detailed in the policy wordings. Each parish has the option of choosing higher limits as needed and the quotation will reflect the level of cover requested.

Parishes should make sure that when the schedules are issued, these show the correct levels of cover requested.

Examples of the standard limits are shown in the table below. This is not a complete list and parishes are advised to refer to the schedules as necessary. Generally, Ecclesiastical is offering their new Parish Plus policy to existing ParishGuard policyholders, and so the standard cover limits for the ParishGuard policy are included below for ease of reference.

Policy	Ecclesiastical ParishGuard	Ecclesiastical Parish Plus	Trinitas ParishCare
Buildings	Sum insured shown on schedule	Loss limit shown on the schedule which is usually higher than valuation. Loss limit increased by 20% to meet local authority conditions made under the Planning (Listed Buildings and Conservation Areas) Act	Sum insured shown on schedule +20% free uplift if there has been an under-valuation, on condition that the sum insured is 100% of valuation.
Contents	Sum insured shown on schedule	Loss limit shown on the schedule which is usually higher than valuation, but for larger churches it may be equal to valuation.	Sum insured shown on schedule
All Risks Extension (items away from premises)	£5,000 total (£100 single item, £100 Excess)	£10,000 total (£2,500 single item), subject to normal excess for Contents	£10,000 total (£2,500 single item), subject to normal excess for Contents
Buildings – basis of claim settlement	Cost of repair or the provision of a modern building	Cost of repair or the provision of a modern building	Cost of replacement or repair of the property destroyed or damaged to a condition as good as before the damage
Capital additions to buildings	None	£250,000	£500,000
Minor Contract Works	£150,000	£150,000	£250,000
Loss of income/business interruption	£50,000	£100,000	£100,000
Special limits on metal theft (if forensically marked)	£5,000 any one period of insurance	None in most cases	None
Money	£5,000 subject to excess	£5,000 subject to excess and conditions	£5,000 no excess subject to conditions

Appendix: Independent Consultant's Report

Policy	Ecclesiastical ParishGuard	Ecclesiastical Parish Plus	Trinitas ParishCare
Public Liability against a range of liability claims, including safeguarding	£5 million	£10 million	£10 million
Hirers' indemnity	£2 million up to 3 hires per year per hirer	£2 million up to 3 hires per year per hirer	£2 million except for commercial or business hire, or regular weekly/monthly hirers
Employer's Liability	£10 million	£10 million	£10 million
Trustees' liability	£100,000	£250,000	£250,000
Legal expenses/ Commercial Legal Protection	£100,000	£250,000	£250,000
Errors & Omissions	£100,000 per period of insurance Independent examiner £25,000 per period of insurance	£250,000 per period of insurance Independent examiner £25,000 per period of insurance	£500,000 any one claim Independent Examiner £25,000 per period of insurance
Personal Accident	£10,000 for death of insured person over 16	£10,000 for death of insured person over 16	£10,000 for death of insured person over 16
Theft by Officials	£10,000 limit with £1,000 excess	£10,000 limit with £250 excess	£25,000 limit with £250 excess

How long is your contract for?

Although the standard period of insurance for domestic purposes is a year (e.g. motor or home insurance), there are a range of options and incentives that can be provided by insurers in the commercial market. Parishes are recommended to read terms carefully.

Policy	Ecclesiastical Parish Plus	Trinitas ParishCare
Contract	10% discount provided for a Long term contract of 3 years. The underlying rates applied by the insurer will be unchanged, but premiums can rise due to the insurer's assessment of inflation.	The policy may be terminated at its anniversary without notice, or at any other time with 30 days' notice. Continuous cover is provided without the need for annual renewal where premiums are paid by monthly direct debit.