



INSURANCE

Information for Parishes and Dioceses

The below is a brief guide for dioceses and parishes to raise awareness on the importance of having the correct and adequate insurance in place for parish properties and activities.

BACKGROUND

Insurance permeates all areas of parish life and the consequences are too great not to be taken seriously. It is incumbent on the select vestry as the trustees for the parish (please see Parish Resources/Select Vestries/Trusteeship for further information) to ensure that they carry out a risk review as part of the duty of care imposed on them by the Church of Ireland Constitution, Common Law and charity legislation and regulations (Charities Regulator (R of I) <https://www.charitiesregulator.ie/en> or The Charity Commission for Northern Ireland <https://www.charitycommissionni.org.uk/>).

In recent years, there has been an increased focus on insurance and in particular a greater appreciation of parish's insurance cover both in terms of physical property and that of its people – clergy, volunteers, staff, members and visitors.

Examples of risks that should be considered include faulty electrics, public liability where a member of the public attends activities run by a non-parish organisation or liability where a member of the public falls while present at non-church events held on church premises.

GENERAL MATTERS REQUIRING CONSIDERATION

Advice

When considering insurance cover, a parish should always use an insurance broker that has experience in dealing with church insurance and who is approved by the relevant Financial Services Regulatory Authority. It is important to note that the broker, when providing information about the cover available from different insurers, is obliged to point out the key differences, both positive and negative, in cover. The RCB recommends that parishes only engage insurance companies which have a risk rating of A minus or greater from an independent rating agency such as Standard & Poors.

Cost, Cover & “Average”

The cost of insurance is always important, but it should not be the primary consideration when comparing insurance cover. The primary consideration should be to ensure that the cover sufficiently addresses the identified risks. Consideration should be given to whether “average” is applied to the property element of the policy and the principle of averaging should be avoided where at all possible to provide the widest protection possible, unless you can be sure that the church property is insured for its full reinstatement value. The following example illustrates the principle of “average”:

In August 2018, a church and its contents were valued professionally at €2,000,000. At renewal date the following year, 1 February 2019, the parish renewed the church and its contents for €850,000. Subsequent to this, a catastrophic fire occurred and the insurance policy had “average” applied. This meant that given the property was underinsured by 57.5% compared with the professional valuation of €2,000,000, the parish only received €361,250 in compensation (42.5% of €850,000).

Reinstatement Value

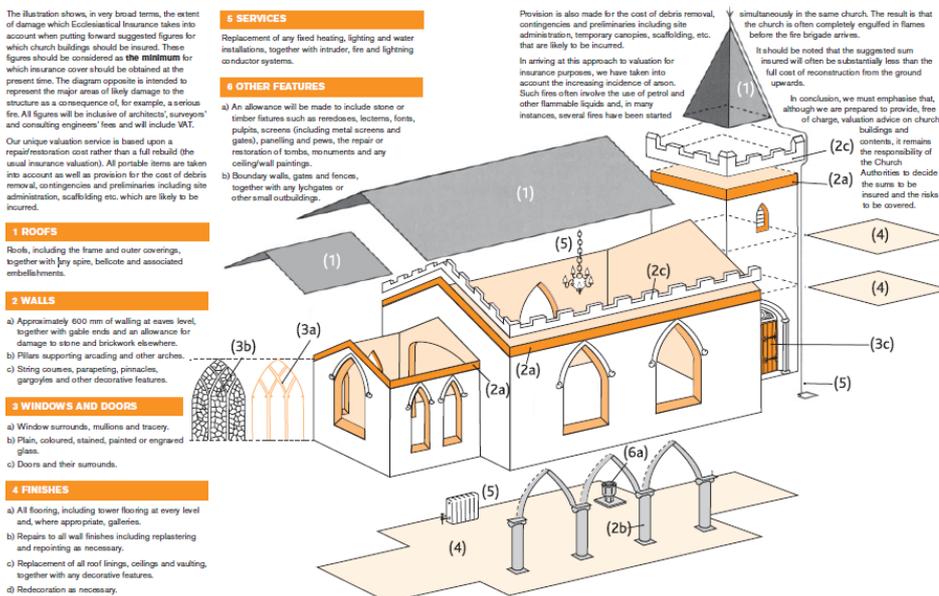
We advise that the reinstatement value is determined by a professional advisor and it should be noted that the reinstatement value will have a significant bearing on the cost of an insurance premium. There are two values that

are taken into consideration when the cost of a premium is being calculated. These are *Property Market Value* which is the amount received when a property is sold. The second is the *Reinstatement Value* which represents the cost of demolition and rebuilding the property. If a parish was to rely on the market value of a property for insurances purposes, the property could be under insured. In order to get an accurate reinstatement value a number of factors should be considered and assessed. These include –

- The unique features of the property.
- Possible presence of asbestos - this will add considerable cost to any work required.
- Property location - the nature of demolition work may be dependent on the site topography.
- Regional differences: costs differ in different regions of the country.
- Property design: modern buildings may be constructed cheaply but repair may be more expensive.
- Listed buildings/protected structures: may require specific techniques or materials for reconstruction.

One insurance company uses the following method to value church buildings:

Insurance valuation for churches



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Cover – the Type of Insurance Policy

Most insurance policies are “combined” which provides a broad level of protection under a single contract and very often these contracts are structured to suit a business need; for example education insurance, church insurance, heritage insurance, fine art insurance or charity and community insurance.

The main types of cover include –

Property Damage & Loss	Business Interruption	Equipment Breakdown
Employers’ Liability	Public & Products Liability	Hirers’ Liability
Trustees’ & Management Liability	Reputational Risks	Legal Expenses
Money	Personal Accident	Fidelity

It is recommended that when considering employers' and public & product liability that the minimum limits should be set at €13,000,000 and €6,500,000 respectively in the Republic and £10,000,000 for both covers in Northern Ireland. It is also important to remember that Employers' Liability insurance should cover both employees and volunteers and all parish organisations (see more about types of organisations below) should be covered by Public Liability insurance.

Other important points that should be noted are to ensure that the policy is flexible enough to be expanded when and as required, say, to cover extraordinary events such as a big flower festival or another event that involves activities that would not normally be considered part of the parish's regular activities. Loss or damage to property should include all types of accidental damage and not just fire or a small number of contingencies. Policy excess levels should be acceptable to the parish; as with any internal policy limits, these should be identified and assessed to ensure parish needs are met. Consideration, too, should be given to policy conditions and exclusions; for example some policies restrict cover on vacant premises: the parish should consider any high risk valuables to ensure they are covered by Theft Cover that is not restricted to forcible or violent entry/exit from the premises. The small print is very important and can vary depending on the jurisdiction the parish is in – if in doubt, seek independent advice.

SPECIFIC INSTANCES REQUIRING CONSIDERATION

Hiring or Letting of Premises (or part of)

Organisations or people using parish property, whether a parish hall or the church building fall into two broad groups. The first group are parish organisations such as the Mothers Union, Sunday Clubs or Scouts and these are covered under the parish insurance policy. The second group are third party organisations, sometimes commercial entities such as crèches or dance schools for example, or community based organisations such as Active Retirement or a Men's Shed. It is this second group that require special attention and are the focus of this section.

Third party organisations, irrespective of their purpose and composition, commercial or voluntary/community based, all should have their own insurance cover that is tailored to suit their own particular circumstances and includes both public liability and if applicable, employers' liability. It is the select vestry's responsibility to ensure that any third party organisation using parish property is covered by their own insurance, and to satisfy themselves of this by requesting a copy of the current insurance policy in force to be kept with parish records in respect of the specific arrangement (and if the policy expires during the period of use, that a copy of the new policy is obtained).

In conjunction with the above requirements for insurance, it is both RCB policy and good practice that for any third party letting arrangement for premises held by the RCB in trust for a parish there is a written legal agreement in place, signed by both parties, that sets out each party's responsibilities and obligations. Depending on a number of different factors, such as the length of the arrangement, whether the organisation has exclusive use of the whole property, or if use is limited to part of the property or to specific times, the type of agreement will be different and advice should be sought from the Property & Trusts Department of the RCB, remembering to give as much time as possible so that the various approval processes can be accommodated.

Churchyards & Graveyards

Churchyards and graveyards deserve a special mention in terms of insurance, both from the perspective of location and that of features. Churchyard and graveyard walls form part of the curtilage of the church and as such are the responsibility of the parish, even if they form party boundaries with another property. It is important to note that in the event of a wall collapse, unless the collapse can be linked to a recent catastrophic event, be it environmental or man-made, any damage will generally not be covered by insurance and repair may be very expensive particularly if it forms part of a heritage structure. In this case, prevention through regular maintenance is the best policy. For further information about churchyard and graveyard maintenance, please refer to the Churchyard and Graveyard Maintenance Guidelines which is available on the Church of Ireland website under Parish Resources/Land & Buildings.

In terms of location, those churchyards and graveyards that are distant from churches in use and may be several kilometres/miles away, and not regularly visited, should be included in the annual review of parish insurance. There may be older churchyards and graveyards no longer used for burial which contain former parish churches or ruins: often neglected, overgrown and forgotten, it is important to remember that they still form part of the parish property portfolio and should be included in the public liability section of the insurance policy. Parishes may be approached by well-intended, community groups or individuals offering to tidy up and maintain these properties on a voluntary basis, and it should be noted that the advice given in the section on Hiring or Letting of Premises above should be applied in these circumstances.

New Constructions or Renovations

If a parish is intending to carry out any construction, renovation or refurbishment work on any parish property, irrespective of whether the project is small or large, they should contact their insurer to ascertain what they need to do so as not to invalidate their insurance and ensure they are covered for any eventuality while the works are going on.

Insurance Valuation & Inspection Surveys

These are usually instigated by the insurance company as part of a periodic review or if, as sometimes happens, there have been a number of claims on a policy. These will be carried out by specially qualified personnel and a report will be drawn up and recommendations made, which the parish must act upon within specified timeframes. Failure to do so could result in either a reduction in cover and/or stringent conditions being attached to the policy, or, in some cases, the removal of cover.

Special Events

In the course of parish life, most events such as the summer fête or the Christmas bazaar are covered by the normal parish insurance policy; but if it is intended to have something that could pose a risk, for instance, a bouncy castle or a mobile climbing wall, then it will be necessary to check that they are covered under the insurance policy. Most likely, they will not be and it will be necessary to get extra cover. It would also be wise to confirm with any supplier/operator what insurance cover is provided by them, if any.