

THE DEACON'S BENCH[®]



Practical risk management guidance
to help today's Christian ministries thrive



PRECAUTION

Identify the liability
in your property.

A CAUTIONARY TALE

It's a cautionary tale that Jonathon Norton likes to tell customers. Not to scare them, but to give them a reason to listen and take action.

Norton is an agent with American Church Group of Utah. The story he tells takes place at a church in his area. One icy evening, the church rented out space to an unaffiliated group for a meeting. When Norton got the call that someone fell in the parking lot, he started to jot down notes. After inquiring about the person's condition and details of the fall, he asked, "Did you salt the entryway? Did the group sign a facilities agreement? Did they give you a certificate of insurance?"

The answer was no — to all of it — leaving the church potentially vulnerable.

Risk Assessment + Risk Control

Incidences of slip and falls are common. Most are accidents: someone trips on their own feet, gets off-balance on a ladder, slips in an entryway.

But some injuries can come back on your organization to try to prove some sort of fault, such as negligence. And with negligence, a lawsuit can drive up the cost of an injury. Lapses in maintenance, failing to clear snow from sidewalks, leaving youth unsupervised — all can take a toll on ministry finances.

“There is an antidote to negligence,” said Thad Ford, senior claims adjuster with Brotherhood Mutual. “It’s risk assessment and risk control.” *Risk assessment* is knowing where you have vulnerabilities. *Risk control* is what you do to correct the issues.

And they’re not just concepts. Doing your best to protect your ministry and its people have actual benefits beyond the obvious. These actions help your ministry defend itself in a lawsuit. When you know you have a risk, like a baptismal, risk assessment considers what can go wrong and risk control counters it with layers of safety: non-slip mats, treads on the steps, and side railings.

Ford cautions against temporary fixes of a known issue. “Do what you can to fix it. Don’t go for half measures,” he said. An injured person may try to claim negligence if the ministry knew about a safety issue and did nothing about it. Any actions you take — or don’t take — may form a picture of your ministry’s level of commitment to safety. “You need to show that at least you tried.”

Paying for Slip and Falls

Most general liability policies have something called med pay or medical payments coverage, and it’s injury protection that’s included in your policy. When someone falls on your property, med pay kicks in to help with medical bills or deductibles. It’s no-fault coverage, meaning there’s no blame or admission of guilt attached to the payment for either the ministry or the injured person.

Ford says that some ministries are afraid to file a med pay claim; they don’t want the claim “on their insurance record.” Ford explains that sort of belief can come back to hurt the ministry. “Offering med pay is a proactive step that actually can help a ministry avoid costly litigation. It’s a way to keep good relations with your attendees and guests.”



EXAMPLE OF RISK CONTROL

A guest falls in your parking lot on a frosty winter morning. The person suffers a knee injury that requires surgery and physical therapy. The fall was simply an accident—no one’s fault, and your med pay policy kicks in up to the limit of \$5,000.* Even so, your ministry receives notice of a lawsuit.

You already have a good defense. Because your maintenance staff documents all its work, you can show that the lot and sidewalks were salted two hours before the service. Your parking blocks are highlighted with bright yellow paint. Your safety team responded and filled out an injury report (see page 5) and included statements from the injured person and witnesses. The team took photos of the scene at the time of the accident, including the person’s shoes. **Good risk control prepares you to respond well to an incident. Thorough documentation shows you make safety a priority.**

The other benefit to med pay is that it pays first before any Medicare payments.* “If you have a lot of elderly in your congregation, talk to your agent about your limit,” said Ford. And file your claim right away. “Insurance carriers have reporting requirements associated with Medicare. There’s things we must do right away that are crucial.”

For Norton’s customer, having the outside group sign a facilities use agreement is good risk control. “We don’t want insurance to be a roadblock to doing ministry, but the agreement is a simple step that doesn’t take up too much time,” said Norton. Even though this group was unaffiliated with the church and the fall was a simple accident, the group insisted the church cover the medical bills.

By performing a risk assessment analysis, the church could have found where they were vulnerable and beefed up their risk control for facility rentals. “The silver lining is that now all of my customers learn from this one church. That’s a blessing in disguise.” 🙏

*All coverage decisions and payment terms are subject to their terms, conditions, coverage limits, limitations, and exclusions. For precise detail of coverages and payment terms, please refer to actual policy forms.

SLIP & FALLS 5 PROBLEM AREAS



WEATHER
ice, snow, water
in parking lots,
sidewalks



**RENOVATIONS
AND BUILDING
PROJECTS**
(hazards)
equipment,
materials,
holes



STAGES
stage edge,
stairs,
equipment,
cords



**BAPTISMS,
FOUNTAINS,
ENTRYWAYS**
wet floors



**ELEVATION
TRANSITIONS**
step up/down from
sidewalks, ramps

5 Things You Can Do This Week

- 1** **Be a visitor.** Walk around your property like you've never been there, at various times of day. For example, glare from a rising sun can obscure a step. Observe how people move about. Do attendees cut through grass? Use side doors you didn't intend as entrances? Brainstorm how you can increase safety in some areas and limit access in others.
- 2** **Paint.** Paint concrete parking bumpers bright yellow to increase visibility. Paint a yellow strip on step and curb edges. Check with your local street department for any applicable code requirements before painting.
- 3** **Check, repair, and install rails.** Test the stability of stair railings, inside and out. Tighten up if loose. You may need to install a railing in the middle of wider steps, like those leading up to your front doors. Check with your local building department for any applicable code requirements before starting.
- 4** **Invest in non-slip mats + caution signs.** Place non-slip mats around your baptismal. If the newly baptized walk from the baptismal to a side room or bathroom, install mats the entire length. When an entrance area is wet from attendees tracking in rain or snow, place caution signs in the vicinity.
- 5** **Create a maintenance log.** It's important to show consistency. Develop protocols for how you document maintenance, like the date and time you cleared sidewalks of snow or plowed lots.



An Injury Report is Worth the Time

A timely injury report does three things: it shows you are proactive in taking care of attendees, preserves the scene, and reduces fear.

An injury report is a snapshot — a facts-only document that:

- Creates a written record at the time of the injury.
- Preserves unvarnished statements from the injured person and witnesses.
- Lists physical symptoms that can help medical personnel determine treatment.
- Helps law enforcement with an investigation in cases of abuse or neglect.
- Speeds up the claims process and helps fulfill a timely Medicare filing.

A responding safety team member or staff member should complete the form. The more details, the better. Investigators rely on injury reports to begin the claims process. If possible, ask the injured person open-ended questions, like “how did you fall?” and “were you carrying something?” Ask witnesses similar questions, like “what did you observe?” and “what did the injured person tell you?” Try to write down the person’s exact response.

The following information also is crucial:

- **Physical attributes:** Does the person use a walker or cane?
- **Familiarity:** Is the person a regular attendee or a first-time guest? Did the person leave the same way he or she came in? Did the person enter a restricted area?
- **Environmental:** Were the sidewalks wet from rain? Was it snowy, foggy, or dark when the injury took place?

Make it visual. Take photos or video at the time of or right after the injury for two reasons. First, it records the actual scene where the injury took place. A good litigator can argue that the injury took place elsewhere, where it’s easier to prove negligence. Second, it gives you the opportunity to physically inspect the area and consider if safety is an issue. 📷



Photo tip: Take a picture of the person’s shoes. What a person was wearing is often an important detail. Documenting shoes and clothing can make a big difference to your claim.



Fill out a report, even if the person refuses medical care. It may take several days for a person to seek medical treatment. By then, witness statements may be hard to track down, and a victim’s memory of the incident may be fuzzy.



Contact your agent. Once you learn the person has sought medical treatment, your documentation procedures come in handy, and you are ready to file a claim. Turn over the report and your photos to your Brotherhood Mutual agent.



Lock ‘em up. Injury forms often contain personal information protected by privacy laws. Keep completed forms in a secure place, like a locked file cabinet or a password-protected e-file.



Facilities Use

Many ministries are choosing to maximize their existing facilities by either renting space to outside groups or by creating separate businesses, such as fitness centers or daycares. Your venture into the rental and for-profit spaces may help you reach people and fund your mission, but it also could have a big impact on your ministry's assets, tax-exempt status, and reputation.



Loaning Facilities

Christian ministry is all about community, so inviting others to use your church or school building is commonplace. But allowing others to use your facility also invites the potential for lawsuits and damage claims. Before you loan out your facilities, take these three steps to protect your ministry.

Step 1. Start with a written agreement, signed by you and the renter. Make sure your agreement includes the following components, as well as any others that may be recommended by your local attorney:

- Borrower has a public liability insurance policy with at least \$1 million limits of liability coverage. The policy should also contain premises medical payments coverage with at least a \$5,000 limit. Each scenario may require a different amount of liability coverage. Speak with your agent about appropriate limits for your specific situation.

- Your church or school is named as an “additional insured” on the borrower’s policy for liability damages arising out of its activities on your premises. Make sure the borrower’s policy is primary, and your ministry’s policy is secondary.
- Obtain a certificate of insurance before the event. This certificate demonstrates the borrower has obtained adequate coverage and that your church or school is named as an additional insured.
- Include a hold-harmless, indemnity, and defense clause in favor of your ministry for any liability claim arising from the borrower’s activities on your premises.

Step 2. If you advertise portions of your campus available for rent, you can take an additional step by prominently posting your use expectations and belief statements on promotional materials, on any webpages about rental options, and on your facilities use agreement.

Step 3. If lending or leasing facilities, it's a good idea to require that facility use be tied to your organization's religious mission and purpose. This step may help avoid being classified as a place of public accommodation.

Mixing Ministry and Business

Your mission to preach the gospel is tax-exempt, but a for-profit business is not. There are some specific rules to follow in order to maintain tax-exempt status. Miss these important steps, and your ministry could be subject to fines, loss of tax-exempt status, or even lawsuits. In some situations, your ministry may be subject to Unrelated Business Income Tax (UBIT). Make sure you check with a local attorney or CPA to see if UBIT may apply in your situation.

What is your corporate structure? If the ministry's business operates as a profit center, you may consider setting it up as a separate entity. It's also important to create a distinct organizational structure, including a separate board and separate assets. If possible, set up the business entity as a separate legal entity. If that's not feasible for your ministry, you'll need to consider your risk appetite and decide if the ministry is willing to take the risk. It's important to work with a local attorney who can help you determine which structure is best for your ministry.

Are you a place of public accommodation? When a ministry undertakes an activity that invites the general public onto its property, there is the risk that the ministry would lose its exemption from complying with public accommodation laws. This could mean that an after-hours fitness center operated by a Christian school, for example, would need to comply with accommodation laws, including ones that went against its sincerely held religious beliefs. If lending or leasing facilities, it's a good idea to require that facility use be tied to the organization's religious mission and purpose. This should be broadly communicated on documents, public websites, social media, and anywhere else the service is advertised. This step may help avoid being classified as a place of public accommodation. 🏠



Protect Ministry Assets

Brotherhood Mutual offers **broad religious freedom coverage** that provides innovative protection to religious institutions in relation to their belief-based decisions and communications. This covers emotional injury claims that result from alleged discrimination, religious communication, or religious activities. The endorsement also offers funds to help respond to targeted actions by government agencies, as well as challenges to your tax-exempt status. Finally, this specialized coverage provides reimbursement for legal actions that your ministry may initiate to protect its right to pursue a belief-based decision or practice.*

* Coverage determination is made at the time of the claim, subject to all policy terms, conditions, and exclusions.

** There could be tax ramifications, including challenges to tax-exempt status, if no fee is charged to a for-profit entity. Ministry leaders are encouraged to work with a locally licensed attorney and/or tax professional when developing any policy or procedure to ensure compliance with all applicable laws.

Facility Use Continuum

As you consider ministry operations that could operate more like a business, this chart can help you understand the risks involved with certain decisions.

LEAST SAFE

- No Agreement
- No Belief Statement
- Market Rate Rental Fees
- Open/Advertised to Public

LESS SAFE

- No Agreement
- Belief Statement
- Below Market Rate Rental Fee
- Open/Advertised to Public

MODERATELY SAFE

- Facility Use Agreement
- Belief Statement
- Below Market Rate Rental Fee
- Users Connected to the Ministry

MORE SAFE

- Facility Use Agreement
- Belief Statement
- Costs Only
- Users Connected to the Ministry

MOST SAFE

- Facility Use Agreement
- Belief Statement
- No Fee**
- Open to Staff, Members, Faculty and/or Students



Instruments

Literature/Books

Computer Equipment

Count What's Inside

Property inventory: you can't insure what doesn't exist

It was a Monday morning when Zach Mize, an insurance agent with American Church Group of Texas, received the call. One of the ministries he serves had severe storm damage. The roof collapsed, and a deluge of rainwater poured into the building. Almost everything was damaged or destroyed, from furniture to computers. Mize sprang into action and helped the mission organization's business manager file a claim.

A couple of days later, Mize received a phone call that he remembers well. With their operations in tatters, the business manager was concerned about being able to continue their operations due to the damage and loss of income. Mize reassured the mission organization that their robust building and contents coverage, as well as coverage for lost earnings and donations, would fill the gap.

Within days, they received their first of several insurance payments.* A few weeks later, Mize received a phone call he'll never forget. "They'd just received a large check from Brotherhood Mutual for their contents and property damage claim. The business manager told me that the insurance payment was going to help them keep their doors open."*

Property Inventory

The immediate aftermath of a large building loss can be confusing and overwhelming. It can be difficult to process the impact to your ministry. Trying to remember all the contents inside your ministry, their quantity, value, make, and model numbers only adds to the stress and can prolong the claims process.



Furniture/Seating

Audio/Visual Equipment

To get back to ministry operations as quickly as possible, you need a thorough, up-to-date property inventory. Not only does this help your ministry know what it needs to replace in case of damage, but you'll know how much contents coverage you need. "Ministries are almost always surprised by the value of their building contents," said Tom Lichtenberger, assistant vice president of property claims at Brotherhood Mutual. "Proper contents evaluation ensures you have the insurance coverage you want. Without it, your ministry may not have adequate limits to replace all of its inventory."

Know What You Have

To help make the claims process as smooth as possible, Lichtenberger recommends having an updated contents inventory. While it might seem overwhelming to inventory the entire contents of your building, it doesn't have to be done all at once, and it can help speed up recovery after a loss. "It's impossible to overstate the significance of a current contents inventory. The day you file a claim isn't the day you want to find out you didn't have enough contents coverage," said Lichtenberger.

1. Where to begin? Mize recommends breaking the inventory down into smaller, more manageable steps. "Start with one room every week. What's important is knowing what you have by recording the items, model numbers, serial numbers, value, and quantity," said Mize. To get started, take video or photos of each item, making sure to capture the model and serial numbers. Then, add each item to an inventory list. Store the images and inventory list in an offsite location so it doesn't get destroyed by fire or water.

continued...



When taking video or photos:

- Take one overall image.
- Get an image of the model/serial number.
- Look it up and provide a value.

Even if you don't think your ministry needs full coverage for a total loss, it's still important to know what you have and its current value. This gives you a baseline contents value, allowing you to work with your agent to adjust limits based on current needs.

2. Don't go it alone. Enlist the help of others to complete your inventory. Have your youth leader or youth group assist with their area of the building. Ask your worship leader to inventory things like instruments, audio/video equipment, sound mixers, or other related equipment. Ask others to work through each area of the building until you have a complete inventory. For schools, have the various stakeholders inventory their area. And don't worry if you don't capture every item. What's most important is that you inventory items with high value or high quantity.

3. Keep up with your contents. Tell your agent when you purchase something of value. For example, if you purchase a new piece of landscape equipment, think about if you want to make sure it's covered by insurance. This goes for other equipment, too, like computers, audio/video, or instruments. Once you've performed a full inventory, adding new pieces of equipment becomes much easier.

Mize works closely with the ministries in his care to help them understand how much contents coverage they need. "Thankfully, this mission organization had appropriate coverage. They were able to continue their ministry and keep everyone employed immediately following the storm," said Mize. "Their insurance coverage made them whole again."* 🏰



Don't Forget About Personal Property of Clergy and Others

Your policy's contents coverage may pay to replace items owned by the ministry, but it may not fully cover items owned by your pastors, staff, or congregation.* "If I see a pastor has a large collection of books in the church office, I want to make sure it's protected," said Mize. **Organizational Personal Property coverage** helps pay for damage or loss of items personally owned by ministry employees or the congregation. Your Brotherhood Mutual policy provides some coverage for property owned by clergy and others. Additional coverage can be considered if needed. Work with your insurance agent to verify if you have enough coverage to replace items owned by your people.

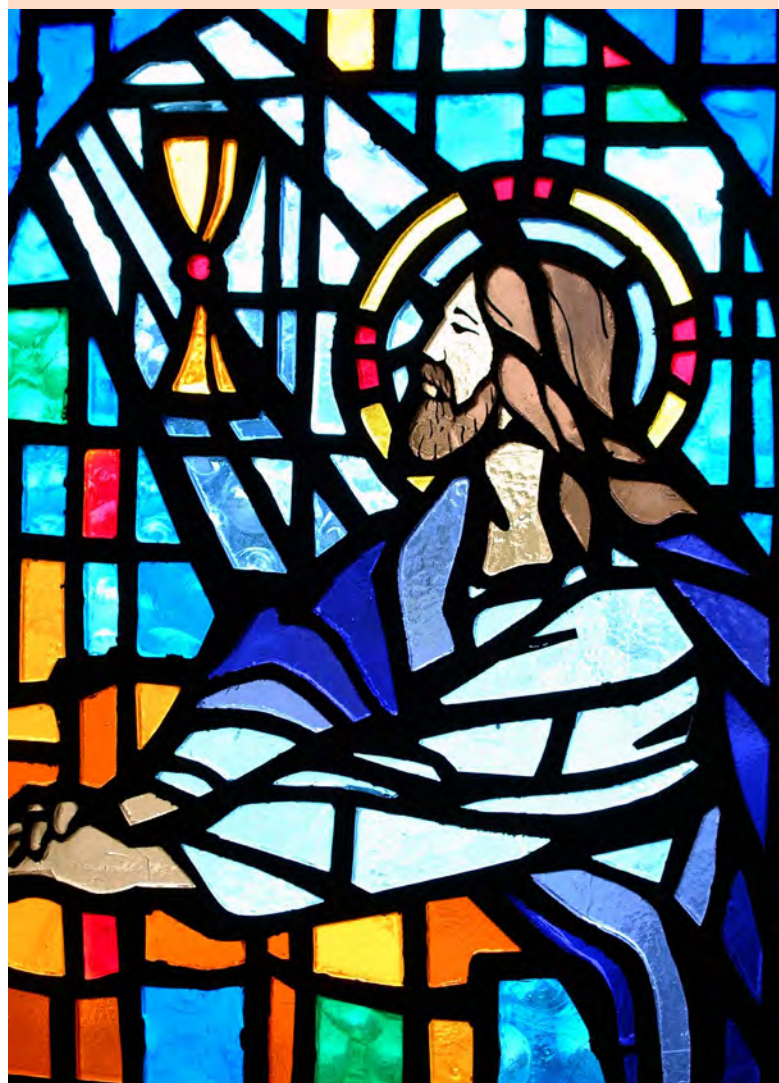
* All coverage decisions and payment terms are subject to their terms, conditions, coverage limits, limitations, and exclusions. For precise detail of coverages and payment terms, please refer to actual policy forms.



Stained glass is considered part of your building, not its contents, but it's a feature unique to Christian ministries and one that requires special attention.

It can be difficult to know how much value stained glass adds to your building. There are many types of stained glass, which makes it difficult to assign a value. "It also depends on whether a ministry wants a direct replacement in case of damage or if an item of lesser quality would be acceptable," said Brandon Lemberg, claims manager with Brotherhood Mutual.

Lemberg recently helped a ministry with a property claim for \$1.25 million, and that was just for the stained glass. Talk to your leadership and your agent about how or to what degree you would like to insure your stained glass. If your ministry's building includes stained glass, you may want to consider receiving a professional evaluation to determine the true value of your stained glass. Having the conversation before you're faced with a loss can help ensure that you have the coverage that's best for your ministry.





6400 Brotherhood Way
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Ministry Routing List

- Pastor
- Administrators
- Office Staff
- Board Members
- Other

PRECAUTION Identify the liability in your property.

WHAT'S INSIDE

In this issue of *The Deacon's Bench*, you'll discover best practices for taking the liability out of your property.

Your ministry property is an asset that enables you to spread the gospel message. But sometimes, what happens on your property can become a liability. Slip and fall accidents can lead to lawsuits alleging negligence. Low contents coverage can slow or halt recovery after a large claim. Leasing or lending property can lead to lawsuits or loss of tax-exempt status. Taking precautionary steps now can help reduce the chance of a large, unexpected expense in the future.

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