



SafeChurch®

How to Select a Church Insurance Company

Because every church can face a variety of potential dangers, such as a fire, burglary, lawsuit, employee or congregation injury, or other type of loss, it is critical to have insurance protection to safeguard your church against potential risks. Imagine how devastating it would be if your church experienced a loss and didn't have insurance to cover it? Depending on the loss, it could ruin your church or severely disrupt your ministry for quite some time.

But, how do you know if your church is properly protected against risks and if you are working with an insurance company that provides the coverages to best meet your needs? The following are several key areas that you should consider when evaluating and selecting an insurance company.

- **Types of Insurance Companies** – You can purchase church insurance from several different sources, but since the risks that churches face are unique, consider obtaining insurance from a company that specializes in the church market. Companies that focus on insuring religious institutions will have church-specific products, knowledge, experience and a better understanding of your organization's needs.
- **Coverage Options** – A high-quality package policy designed specifically for churches will include comprehensive property coverage, as well as general liability coverage. A reputable insurer also should offer a variety of optional liability endorsements and special add-on policies, such as non-owned and hired auto; directors, officers and trustees; employment practices; sexual misconduct; employee benefits; medical; business auto; umbrella coverage; and workers' compensation.
- **Determine if the Company is Established** – To find the insurance company that will best meet your church's needs, it is important to do some research. Accessing company Web sites and annual reports is a great place to start, but it's also recommended to contact your state's Insurance Department to look into the company. Another great resource is to access the A.M. Best Web site at www.ambest.com. A.M. Best has developed an extensive rating process, which uses a variety of criteria to grade, or rate, each insurer. The rating system takes into consideration the company's balance sheet strength, operating performance and business profile, while evaluating both qualitative and quantitative data to determine a grade. Another reliable and credible rating system that may help when selecting an insurance company is Standard & Poor's, which also is an independent agency that rates insurers through a similar process.
- **Company Endorsements** – When an insurance company receives an endorsement from a large denomination, it is similar to a "seal of approval," which means they recommend the company. If an insurance company has multiple endorsements, it is safe to assume the carrier is established and reliable. For more information about a specific company endorsement, contact your denominational headquarters.
- **Customer Retention** – One of the best ways to evaluate a company's past performance and customer service is by asking for its customer retention rates. These rates measure how many existing customers choose to renew their policies on an annual basis. In the insurance industry, a retention rate above 90 percent is excellent, while one below 90 percent means customers are leaving the company.



- **Check References** – When talking with an agent or representative from a particular insurance company, ask them to provide you with a list of customer references, including contact names at the churches and their phone numbers, so you can ask them how satisfied they have been with the company. You may even want to ask for names of customers who have filed claims. You can often gain valuable insight by talking with other churches about their experiences with service and claims.
- **Risk Management Services** – In addition to standard packages and policies, church leaders should consider additional services offered by a company. Some important services that should be included are those that offer risk management. Risk management helps churches identify potential risks and take precautions to prevent losses, such as accidents, injuries, lawsuits and more. Risk management training materials, seminars, onsite inspections, access to risk management professionals and other resources can help your organization avoid a host of problems from occurring.
- **Price** – When most organizations shop around for insurance, they try to find the lowest rate. But, the lowest rate doesn't always mean the best protection. Economizing on insurance could be a very costly mistake if a major claim is filed that exceeds your limits. Similar to most important purchases, you get what you pay for with insurance. Generally, the more coverage a policy provides, the more it will cost. When reviewing competitive quotes, don't focus on price alone. Instead, determine which company offers the best overall value, which includes the combined benefits of high quality coverage, church expertise, personal agent assistance, risk management and other additional services.

Selecting an insurance company is one of the most important things you can do as a church leader. After all, churches are meant to be safe havens, so why wouldn't you want to do everything possible to protect your facility and congregation members from potential risks? Evaluating church insurance companies can be a big task, but it doesn't have to be if you weigh the above categories to help your church determine which insurance company is best suited to meet your needs.