

October 2010

Attention: Board of Trustees Chairperson/Pastor
Re: Conference Wide Property and Casualty Insurance Program Announcement
From: Conference Board of Trustees

Dear Trustee Chair and Pastor:

At the 2010 Annual Conference the Conference Board of Trustees were authorized to move to a voluntary Conference Wide Property, Casualty and Workers Compensation program, effective January 1, 2011.

The Board is pleased to announce to the church leadership of the Indiana Conference that Church Mutual has been selected as the endorsed carrier for this program.

Church Mutual has been chosen because of its comprehensive coverage, attractive rates, and superior record of service. The company has received consistently high ratings from A.M. Best Company every year since 1952. Many of our member churches in the southern half of the state are already insured with Church Mutual, and have been very satisfied with their coverage, price, and service.

The purpose of this letter is to announce this change in a more formal manner and give information on how your church can take advantage of this program.

What are the benefits of a Conference-wide Property, Casualty and Workers Compensation Program?

A conference-wide program has the ability to purchase the highest levels of coverage from major church carriers at a lower cost. We say this because our experience tells us that we are able to provide coverage through this program that is unavailable to all churches in the Conference.

Coverage is also on a “guaranteed” basis, that is, all churches who are members of the Indiana Conference are eligible for coverage under the program and will not be refused coverage.

As of January 1, 2011, the program is truly voluntary. The choice to participate belongs to your Board of Trustees/Church Council. For those churches of the Former North Conference, this means that though you are required to insure with Church Mutual for the last quarter of 2010, you are able to invite other carriers to provide you with a comparison proposal for any date effective January 1, 2011 and later. Church Mutual is our endorsed insurance partner, and we hope that you will remain insured in the Conference-wide program, but you do have the ability to look elsewhere for insurance should you choose to do so.

Though the program is voluntary, the more Indiana UM churches who join, the stronger the program will be. The Conference Board of Trustees has obtained a three year rate guarantee on the program, whereby Church Mutual has agreed that unless you increase coverage exposure, your rate will not increase any more than 5% in any one year for the first three years of the program.

For those churches who decide to insure outside the program, there are minimum core coverage recommendations that the Conference Board of Trustees feels strongly about. Attached is a listing of the minimum recommended insurance coverage and limits. While this is not an exhaustive list of all insurance coverage, it does list those limits that specifically concerned the Board of Trustees. Higher limits may certainly be purchased, but we ask that no church buy limits lower than those reflected in the attached outline.

Some of the limits mirror those found in the program, while others are actually less than what you would receive while participating in the program. An example of such a limit is coverage for allegations of sexual misconduct and molestation. Inside the program, the applicable occurrence limit is \$3,000,000. We recognize that obtaining that limit of insurance may be a challenge. Therefore, the minimum recommended limit of insurance for any church deciding to insure outside the program is \$1,000,000 for sexual misconduct and molestation.

It is important to remember that when you are analyzing insurance proposals, do not assume that you are getting an “apples to apples” comparison. Please do not allow an insurance agent to perform a side by side comparison of their proposal to any other provider’s. Insurance policies, as we all know, can be complex and difficult to interpret. Insurance agents should argue only the strengths of their company and not try to point out weaknesses of another. Make your decision based on what you feel is the best overall value and return on your investment, while providing the coverage needed for your church’s ministry.

Other features of our Conference-wide program include a focus on pro-active loss control and risk management education, the possibility of earning up to a 20% dividend in exchange for favorable loss history of the program as a whole (an actual check returned to you), substantial savings on the cost of background screening, and a Church Mutual claims philosophy that gives the benefit of the doubt to the insured in first party claim situations.

As you can see, I’m personally excited about the features that our new program will offer and hope that you will give Church Mutual an opportunity to demonstrate their value to you.

When does Church Mutual take over the current North program and how do we get more information about 2011 rates?

The current carrier for the former North Conference program, UM – PACT, is changing carriers on October 1, 2010. The Conference was informed of this decision in July of this year. Church Mutual agreed to take over the former North program and is the carrier for the program effective October 1, 2010. This information was shared with former North churches in a July letter.

Capitol Insurance Center continues to do the billing for this last quarter and you will have already received a 4th quarter invoice and the ACH withdrawals will take place on October 8.

Church Mutual is the carrier effective October 1, 2010 for former North churches. Church Mutual agents visited all but a few of these churches during September to view the facilities and gather data for coverage and valuation decisions. Church Mutual will send 2011 rate information to former North churches in mid-November. At that time Church Mutual is prepared to answer all questions related to these rates and coverage by calling 800/554-2642. This is the number that you will call after January 1, 2011, as well for all service related and billing questions.

When will Church Mutual be ready to receive inquiries from churches that are currently covered by Church Mutual or wish to receive a visit and bid?

Church Mutual is ready to receive those calls now. You may contact Church Mutual by calling your current Church Mutual agent or by calling 800/554-2642. Church Mutual may even initiate contacts with your church, so don't be surprised if you receive a call.

What if I have general questions about coverage and cost, or just want to talk about other aspects of the program?

Call Church Mutual at 800/554-2642 and their customer service personnel will be happy to assist you.

What is the coverage that is offered under this program?

Enclosed with this letter is a list of the coverage under this program.

What is the Minimum Recommended Coverage that the Annual Conference asked the Conference Board of Trustees to provide, if a church wished to get an insurance bid from another agency?

The list of Recommended Minimum Coverage is included with this letter and can be used by church leaders to compare coverage and price on this program with other carriers?

Can the church choose to carry less coverage through the Conference program or through another carrier?

The Indiana Conference program carries the coverage which is enclosed with this letter. It is the minimum available with this program. Churches may work with the Church Mutual agent if

they wish to carry higher amounts of coverage in a specific area. We will not offer lower amounts in this program.

We recommend that churches first get a bid from Church Mutual. Then, if they so desire, churches can get a bid from other carriers using the list of coverage for the Conference program. A church can then make their decision. We think you will find that the Conference program has the best coverage at the best price.

Your church may be advised by other carriers that you do not need the level of insurance that the Conference is providing. This may be because their company cannot provide the coverage or because they want to give you a better price by providing less insurance. Review the information you receive carefully and make an intelligent choice. The purchase of insurance is not a short term decision which a church should use to save money. Insurance is a long term purchase to adequately protect your church's ministry for the future.

Who will bill the church for insurance in 2011?

Church Mutual will handle all billing beginning January 1, 2011. The company has several payment plans that should fit most church's budget needs. Your agent will provide you with payment options.

If our church is currently in the former North program what do we need to do for 2011?

If you are staying in the program for 2011, you only need to pay your premium to Church Mutual when billed.

We will assume that all churches are staying in the program for 2011, unless we receive a letter to the contrary, sent to Brent Williams, Indiana Conference UMC, 301 Pennsylvania Parkway, Suite 300, Indianapolis, IN 46280.

Note

We were recently made aware that Jim Howard, representing Assurance Company, has directly contacted many of our churches representing his program as a "Methodist" program. This program should not be confused with the Indiana Conference program being offered through Church Mutual. Mr. Howard's program was considered in our review, however, Church Mutual was chosen for the reasons listed in this letter.