

November 9, 2018

To Rectors, Vicars, Treasurers, and Administrators in the Diocese of California:

New Approved Insurance Companies and Required Minimum Insurance Limits

Colleagues: I am pleased to inform you that your diocesan Finance Committee today approved two additional insurance companies, Church Mutual and Brotherhood Mutual, as insurers qualified to do business with the congregations of the Diocese, effective immediately. Church Insurance, our longtime insurer which, as the captive insurance company of The Episcopal Church is the only insurance company dedicated exclusively to insuring Episcopal churches and institutions, is also an approved insurer of diocesan congregations.

Because we are opening the field to additional insurers, the Finance Committee also set required minimum insurance limits, which you will find listed in the attached resolution adopted unanimously today by the finance committee. There is much important information in the resolution and I encourage you to read it carefully.

These three carriers all specialize in church insurance, which includes some very specialized coverages, such as for proper treatment of human remains, with which commercial insurers are not familiar. Consequently, the finance committee does not expect to approve other carriers.

Today's insurance company approvals and required minimum coverages were carried out pursuant to the canon amendment approved at last month's diocesan Convention, which you may read here:

diocal.org/blogs/convention-resolutions/insurance

The finance committee wishes to note that required minimums are standard practice in Episcopal dioceses around the country. Our diocese had not promulgated minimums because historically all our congregations apart from Grace Cathedral were insured by Church Insurance and shared de facto minimum limits, and, importantly, shared in the diocesan blanket coverage whereby all congregational properties were covered up to the limit of the diocesan blanket, regardless of the property insurance limits purchased by the congregations.

With the discontinuation of the diocesan blanket coverage at the end of 2017, a compelling argument for all congregations to insure with Church Insurance ended. However, the Diocese is typically named as a co-defendant when congregations are sued in liability cases. It is therefore in the interest of the Diocese and all its congregations that we set minimum liability coverages for congregations. You would not want to see the Diocese financially wounded because one congregation was underinsured.

Allow me to add a few words about changes Church Insurance is making for 2019 renewals.

Following the discontinuation of the diocesan blanket policy last year, which provided congregations additional property coverage above their own property insurance limits and thereby lessened the

importance of their own limits, I contended that the valuations Church Insurance was using for church properties were too low given current permitting timelines and local construction costs in the Bay Area.

In response, Church Insurance promised to reappraise all diocesan properties. They have completed that task, and as a result are raising the appraised values of congregational properties and contents by an average of 15% (individual buildings will see higher or lower increases). Of even greater importance, Church Insurance for 2019 will offer congregational blanket coverages to all our congregations with more than one building. It remains the responsibility of each vestry and bishop's committee to determine for itself that property, contents, and blanket limits are adequate for your properties.

A final note to anticipate a possible question: the resolution does not include the diocesan corporation or the corporation sole for technical legal reasons that Christopher can explain better than I. However, the Diocese is currently insured by Church Insurance, is highly satisfied with its relationship with Church Insurance, and will continue to be insured with Church Insurance for the foreseeable future. Church Insurance's special commitment to Episcopal congregations and institutions has proven very valuable through the years when difficult claims situations arise.

If you have other questions about the attached resolution, please address them to both Christopher Hayes, our diocesan chancellor, and me via email at christopher.hayes@borowsky.com and tomf@diocal.org. Thank you in advance for sending your questions to both of us at once, which will greatly expedite our reply.

Best regards,

Tom

Tom Ferguson
Chief Financial Officer
The Episcopal Diocese of California