



# Insurance Questions & Answers

## for

### The Texas Annual Conference UMC

#### **What's going on with insurance at TAC?**

Current insurance markets have made it difficult for many churches to obtain property and liability insurance coverage at reasonable prices and under reasonable terms. In March 2024, The Texas Annual Conference formed a Task Force in response to church requests for help. The Task Force studied plans proposed by several insurance brokers and selected McGriff to assist TAC in arranging group insurance policies. It is intended these policies will cover many, if not all churches for property and liability insurance.

#### **What type of insurance is this going to be?**

The General Council on Finance and Administration provides a list in the ***United Methodist Church Minimum Insurance Requirements***. McGriff will be soliciting quotations for all the types listed including property, general liability, pastoral liability, auto liability, workers' compensation, and others. Some churches will require coverage that may not be required for all churches. Churches operating schools, day schools, cemeteries, for example will be covered for those operations.

#### **What is the benefit to our church if we participate?**

The expected benefit of participation is reduced cost of risk, both in insurance premium costs and in deductible costs. Under the anticipated arrangement, participating churches will leverage purchasing power to push down premiums for all lines of coverage. Participating churches should also expect to reduce insurance costs by purchasing less insurance and sharing a single, larger deductible amount with the other churches. The deductible or self-insured retention will become shared risk, rather than insured risk.

### **How much will our church have to pay?**

An equitable allocation of premium will be calculated for each church based on various parameters that define the size of the church and the corresponding size of its risk compared to the size of the overall risk. Those calculations will be provided for all participating churches when insurance quotations are presented.

### **We don't feel like our church is experiencing an insurance crisis. Why should we participate?**

The larger the group is and the more geographic diversity it has, the more attractive the group will be for underwriters. With a large, diverse group, there will be opportunity to reduce insurance costs for local churches across the Texas Annual Conference and focus more resources on church missions.

### **But is it fair for our church to share risk and insurance with churches closer to the coast?**

The challenge for many TAC churches is related to the limited availability, the price, and high deductibles for property insurance along the coast. It may be helpful to think of participation as part of UMC Disaster Response. Churches near the coast are suffering the consequences of natural disasters which have driven up the cost of their insurance. But, insurance premiums for all our churches have been driven up by natural disasters across the state.

### **How will I know my claims will be paid timely and correctly?**

Under the anticipated arrangement, a licensed, third-party claim adjusting firm (TPA) will be contracted by TAC to work for TAC. When there is a claim, the TPA will establish the amounts owed by the insurance companies and the deductible amounts. McGriff will assist TAC in selecting the TPA and monitoring the TPA activities. McGriff will advocate for TAC churches and assist in pursuing payment from the insurance companies. Funds needed to cover deductibles will be allocated to the participating churches in an equitable, pre-determined, shared calculation. In addition to allocating and collecting premiums from churches, TAC will allocate, collect, and hold funds to pay the deductible amounts for the churches filing claims. McGriff will assist with these calculations.

### **What is the course of action to get to a decision point?**

McGriff will gather information to submit applications to insurance underwriters. Each church will receive a set of electronic applications to be filled out and returned. McGriff has created a set of applications in spreadsheet format so that the churches' information can be compiled into a single application for The Conference. Instructions will be provided as well as contact information to get assistance from McGriff. We anticipate this process will be completed by July 31, 2024.

McGriff will compile and submit applications to underwriters, negotiate coverage terms and present a proposal to TAC and to all participating churches. We anticipate this process will be completed by November 15, 2024.

### **What kind of information will be needed?**

The information will be much the same as the information gathered by your current insurance agent to apply for individual church insurance policies. It will be helpful to refer to the documents prepared for the last policy renewals. Most or all those documents would have been signed by a church leader or

administrator. We recommend obtaining copies of the applications from your current agent if you do not have copies in hand.

There is a lot of detail involved, as anyone involved in insurance at the church level will understand. McGriff encourages providing complete information so that underwriters will feel comfortable they have a clear, accurate picture of the risks they will be covering. Otherwise, underwriters will be cautious and price their policies conservatively. In some cases, they may decline to offer coverage if the information is not complete.

**What about our current insurance?**

Once The Conference secures commercial insurance policies for the churches, the corresponding individual church policies will no longer be needed. Care will be needed to make sure the end of the individual church policies jive correctly with The Conference policies. McGriff will provide additional information when the time comes and will be available to assist in making the transition correctly. The Conference policies will have a single effective date that will not match the expiration date of all existing church policies. The individual church policies can be cancelled when needed but be aware that a penalty may apply. The return premium may not be the entire unused portion of the annual premium. Your current insurance agent should be able to tell you how much premium will be returned if the policy is cancelled on any date prior to the expiration date.

**Will our current insurance agent need to do anything?**

You will need help from your current agent in this process, particularly to obtain claim history information the underwriters will insist on having. The agent will obtain that from the insurance companies that have insured your church for the past several years. If you do not have copies of the previous insurance applications which would have been signed by a member of your church, the agent should have those available.

We should be sensitive and recognize the successful placement of insurance for your church by The Conference will result in a loss of business for your current insurance agent. Most agents have had to work hard to renew or replace insurance in the current market. An expression of appreciation may be helpful.

**What if my church agrees to participate in the evaluation and analysis phase and it projects our church will experience unacceptable cost increases?**

Our intent and goal are for each participating local church to experience better terms and lower costs. The success of the project will be more likely to achieve our goal the more churches that participate. With a lower commission and a group buy with a shared deductible, we hope we can achieve lower costs for churches in various categories. We recognize that in the end, it is the best interests of each local church to determine what their church should do.

**Who are the TAC people involved in this effort?**

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## **Who is McGriff?**

McGriff is one of the largest commercial insurance brokers in the U.S. with offices in Houston, Dallas, San Antonio, and Texarkana. They have vast resources and experience serving churches around the country and working with conferences in AR and LA. TAC has formally engaged McGriff to assist with this project and McGriff has set up a team of people to work with TAC and the TAC churches. This team is led by André Comeaux. He and his wife, Angie are long-time members of Asbury UMC in Lafayette, LA.

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