

MINIMUM INSURANCE STANDARDS

The following is an outline of the basic minimum insurance coverages required by the Diocesan Synod of Fredericton:

Property Insurance

Limit of Liability - Building, Contents and Stained Glass	
All Risk	
Replacement Cost	
90% Co-Insurance	
Sewer Backup	
Electronic Data Processing Equipment.....	\$ 25,000
Extra Expense	\$100,000
Pollutant Clean up & Removal	\$ 25,000
Flood coverage	
Earthquake coverage	

Boiler and Machinery

All Risk

Loss of Income

Loss of Religious Institution Income	\$100,000
--	-----------

Crime

Employee Dishonesty	\$ 25,000
Inside/Outside Holdup coverage	\$ 25,000

Comprehensive General Liability (per occurrence)

Commercial General Liability	\$5,000,000
Pastoral Counseling Services	\$5,000,000
Non-Owned Automobile	\$5,000,000
Physical & Sexual Abuse	\$2,000,000
Defense Cost	\$ 50,000
Tenant's Legal Liability	\$1,000,000
Pollution Liability Coverage	\$1,000,000

Adopted 09 November 2005

[Addendum 1](#) Discretion in Respect of Replacement Cost Coverage for Building and Contents

[Addendum 2](#) Requirement for Compliance with Established Minimum Standards

Insurance Glossary

Replacement Cost: Valuation of property according to the cost of replacing it with property of a like kind and quality; cost to replace property at its current price with no deduction for depreciation.

All Risk: Coverage against loss or damage from all perils except those specifically excluded.

Water Exclusion clause: A provision in most property insurance policies excludes loss resulting from flood, backup of sewers or drains this coverage can and should be purchased or included back into your policy through sewer backup coverage which provides coverage for water that backs up through sewers or drains or that overflows from a sump.

Extra Expense: Property insurance coverage for necessary additional expenses of continuing business operations after damage to insured premises from a covered cause of loss; the reasonable cost of expediting repairs up to sub-limit, reasonable costs could include overtime and the extra cost of express or any other rapid means of transportation.

Pollution Clean up Removal: The expense incurred to extract "pollutants" from land or water at the Insured's premises, if the release, discharge or dispersal of the "pollutants" is the result of a peril insured against under this form. "Pollutants" means any solid, liquid gaseous or thermal irritant or contamination, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

Boiler & Machinery: Almost every type of commercial establishment can experience an electrical or mechanical failure. These losses are not normally covered under your property policy. Electrical, mechanical, pressure and other forms of equipment are essential for the operation of most businesses. Electrical panels and cables, computer control equipment, telephone, processing, heating and air conditioning systems can be found in most risks. However, accidents such as mechanical breakdown, electrical arcing, power surge, rupture, cracking and explosion are specifically excluded under a property policy.

Loss of Religious Income: Actual loss of religious institution income that results if any real or personal property on the premises of the religious institution is damaged or destroyed by a peril insured against. This could include the reduction in any receipts normally received by the religious institution, revenues from collections, contributions, tuition from Sunday school, nursery school and day care centre.

Employee Dishonesty: The loss of money, securities and other property used by your religious institution due to dishonesty or fraud by religious institution members. Religious institution members includes clergy and other religious leaders of your religious institution, your religious institution officials, employees and volunteers.

Addendum 1

Discretion in Respect of Replacement Cost Coverage for Building and Contents

The minimum standards set out above have been developed for those cases where the assets of the parish corporation require full insurance protection. That is to say the building(s) and contents are integral to the ministry of the parish and would be replaced if destroyed or in the event of significant damage.

The standards do not impose upon parish corporations, a requirement that all buildings must be insured to full value. A corporation may in fact decide that certain of its buildings would be considered redundant to the long term ministry needs of the parish. In situations where it is unlikely that a building would be re-built if destroyed, it may not be necessary or fiscally responsible to insure that building to full replacement value. In those cases the corporation should consult with their insurance advisor to determine alternate courses of action and classes of coverage that may be available under the circumstances.

Another area that will need to be carefully considered in assessing insurance needs is that of buildings with extraordinary values. Sometimes appraised replacement values can, if fully insured, lead to premiums that could impose financial hardship on the corporation, to the point where the parish is “insurance poor.” Again, in cases such as this it is important that corporations work closely with their insurance advisor to determine what alternatives may be available.

It must be noted that any decision by the corporation to not insure, or to under-insure, any of its building and contents will lead to:

- a) a higher premium rate per insured dollar, and
- b) an assumption of risk on the part of corporation for uninsured losses. That is, should a loss occur where the damage cost exceeds the limit of coverage, the corporation will be responsible for the shortfall.

NOTE: This policy addendum provides for a degree of discretion with respect to the property and contents coverage. However, the standards and minimum requirements in respect of coverage for Comprehensive General Liability, Crime and Loss of Income, require adherence.

Addendum 2

Requirement for Compliance with Established Minimum Standards

Resolution of the 129th Session of the Diocesan Synod:

That this Synod direct Diocesan Council to continue to develop the Diocesan Group Property and Liability Insurance Program and that specific steps be taken to ensure parishes not in compliance with the established minimum standards for coverage, be required to comply by participating in the group program.

The Diocesan Insurance Advisor will undertake to review the insurance policies of those parishes not participating in the Group Insurance Program and will

point out to the corporation any areas of coverage that are not in compliance with the minimum standards. It will then be the responsibility of the corporation to address those areas in light of the above noted Synod motion.

Adopted 31 May 2008