

Commercial Insurance FAQ's

How are premiums determined and distributed to each church?

Answer: General insurance premiums are determined based on the value which the individual church determines is relevant to their situation (ie. business interruption values, contents value, structural values). The premium rate (as negotiated by the BCMB Conference) is then applied to the values on a per \$100 of value basis. General Liability insurance premiums are based on membership/attendees and the type of operations of the organization (ie church vs camp). Then the premium rate (as negotiate by the BCMB Conference) is applied to an average of that number for the type of operation.

The BCMB Conference has been granted a 3 year rate guarantee, but my premium expense has still gone up. Why?

Answer: Because rates for structures/contents and business loss is based on a per \$100 value, as inflation increases the value of a repair or replacement on contents and structure, the premium cost will increase despite the rate per \$100 not increasing.

What is the relationship of the BCMB Conference with that of the churches (autonomy) with respect to the policy?

Answer: BCMB Conference acts as parent in respect to negotiating the premium rates, deductibles, language of policy and coverage/limitations of that policy. Churches who are not a legal entity (ie separate Society) may not opt out of the policy. BCMB Conference, as the parent entity, is ultimately responsible for any potential claim against the non-legal entity churches. Churches who are separate legal Societies must purchase their own insurance.

In the event of a claim, will each church premiums go up?

Answer: Due to the group size of the BCMB Conference policy, limited claims likely would not affect the overall policy in respect to premiums. If there were a significant number of claims, it may impact the premium rate, but the risk of this is relatively low. Generally insurance companies will first address multiple claims through increases in deductibles first, then through premium rate increases.

What does it mean to have an "Umbrella policy"?

Answer: Under the general liability coverage, each church is provided with a minimum liability \$2M or \$5M per occurrence (dependant on liability claim type). In the event that this coverage is insufficient to cover a claim, each church has access to the umbrella liability of \$10M per occurrence. However, if 3 churches were named in a single occurrence, they would share the limitation of \$10M for that one occurrence.

Can churches purchases additional insurance besides coverage under the BCMB Conference policy?

Answer: Yes Churches can purchase another level of umbrella liability insurance to compliment the BCMB policy. These additional policies would only be called upon in the event the initial \$5M and the \$10M umbrella policy were exhausted. However, the church would likely be required to purchase the insurance through JMI or any other broker who could secure coverage with Sovereign Insurance (the BCMB Conference current Insurance underwriter) as any other insurance company would essentially have to agree to the policy language.

For more information on any of the above, please contact Alex Acciarresi from Johnston Meier Insurance Agencies toll free at 1-888-256-4564.