

# Lower the Risk | Lower the Cost

INSURANCE BOARD 2020 ANNUAL REPORT





## We're all in this together

That's what countless window signs and TV commercials declared as we all responded to COVID-19. Insurance Board has always believed this. Our expanding number of Loss Control resources and services are intended to preserve safety and prevent liability. By reducing claims, we can keep premiums affordable for all of our clients.

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If churches proactively use the resources and tools provided by Insurance Board, the overall cost for great coverage will remain affordable for all.

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## How we helped

To empower member churches to be proactive, in 2020 we launched our Water Sensor Program (see page 9) that reduces the risk of water damage to church property. Hundreds of churches are already participating and multiple water catastrophes in churches have been avoided since the launch of the program.

Insurance Board produced many carefully curated pandemic resources that helped churches zero in on pandemic-related best practices and legal compliance that is relevant to their community.

These new programs illustrate our own proactive approach to staying ahead of the pandemic - and other threats - to the continuity of your church operations.

We will continue our emphasis on helping ministries be proactive to prevent risk. This will reduce claims, keep our services affordable and, most importantly, keep congregations together in 2021 and beyond.



# Mission, Vision & Values

## MISSION

To support and protect churches and church ministries by offering superior Property and Casualty Risk and Insurance Management Services.

## VISION

Become the program of choice for the denominations we serve.

## VALUES

Choosing to be bound together in mutual care and concern we will maintain: Integrity, Excellence, Exceptional Customer Service, Open Communication and Inclusiveness.



## Message from the CEO

2020 was a year weighed with challenges. The most obvious difficulty facing Insurance Board and our participants was the COVID-19 pandemic. As a result of the uncertainty surrounding the pandemic, we suspended cancellation notices through mid-year to facilitate the ability of our participants to make their premium payments. Yet, while the COVID-19 pandemic dominated the headlines, the claim picture was just as sinister. According to the National Oceanic and Atmospheric Administration (NOAA), 2020 yielded the most active Atlantic U.S. hurricane season on record. Additionally, according to CAL Fire, 6 of the top 20 largest wildfires in California history occurred in 2020. In August, a severe derecho impacted the Midwest causing substantial damage. All of these events preceded a tightening of the insurance marketplace which led to some of the highest property-liability cost increases in a decade.

According to Marsh & McLennan Companies' *Insights* (November 2020), global commercial insurance prices in the third quarter of 2020 represented the largest year-over-year increase in the Marsh Global Insurance Market Index since its inception in 2012. The spike also followed twelve consecutive quarters of commercial insurance price increases. This pricing pressure resulted in an increase in our cost of risk by 30% in 2020. In perspective, the 2020 year-over-year increase in costs was more than 3 times higher than our cost increases to both fund insurance losses and to buy commercial excess insurance over the prior 6 years combined. Yet, this was not the end of the story. In spite of the COVID-19 pandemic and virtual worship by many of our insured churches and ministries, Insurance Board experienced a 29% increase in property claims in 2020. Overall, 2020 claims incurred by insured participants were 84.4% higher than 2015 levels. Adverse claim and cost factors resulted in Insurance Board posting a disappointing 2020 consolidated net loss of \$5.3M on \$56M in gross premium revenues. This loss erased all program gains made since 2013.

The persistent trends and hardening market conditions will continue to exert considerable pressure on insurance prices. To offset the impact of these costs on our business and our insurance participants, we have embarked upon several initiatives. We have adjusted deductibles across the board to better reflect claim cost inflation. We are selectively requiring the implementation of water sensor technology to mitigate the incidence and severity of water damage claims. We have invested in additional analytical resources to assist us in qualifying the risks that we assume within our portfolio. We also worked extensively in 2020 to restructure certain aspects of our insurance operations to better manage future market uncertainty. Despite adverse industry dynamics, Insurance Board remains committed to offering a top-tier property-liability insurance and risk management product to program participants. We will be engaging our agents and participating ministry partners at greater levels in the upcoming years to enhance our service delivery and improve financial results. As a financial ministry of the United Church of Christ, our greatest stewardship is providing long-term sustainability for our member insureds. Our actions will remain focused on that objective.



Sincerely,  
Timothy Harris, CPCU  
President & CEO



## Message from the Board

I have completed another year as Chair of the Board of Directors of the Insurance Board. We are a volunteer Board using our expertise as leaders in our respective denominations and our insurance acumen to partner with and assist the staff in maintaining integrity, excellence, exceptional customer service, open communication, and inclusiveness. The membership of the Board reflects the participating denominations' contributions to the Corporation. At the end of 2020, the denominational contributions were: United Church of Christ 52.5%; Presbyterian Church (USA) 31.1%; Disciples of Christ 14.4%; Evangelical Lutheran Church in America 1.7%; Reformed Church in America 0.1%; Alliance of Baptist 0.2%.

The by-laws state: "No less than a majority of Directors shall at all times be members of a United Church of Christ congregation in good standing. The remaining Directors shall be members of a congregation in good standing within one of the other participating denominations and their relative numbers (as determined, from time to time, by the policy of the Board of Directors) shall, as much as possible, reflect each participating denomination's contributions to the Corporation." At the end of our year, 14 out of 21 board members were United Church of Christ and 3 board members were Presbyterian Church (U.S.A.). Recognizing the need to increase Presbyterian Church (U.S.A.) representation this year's 4 vacancies were filled by 3 additional Presbyterian Church (U.S.A.) members (bringing that their total to 7) and 1 United Church of Christ member.

I continue to believe our ministry serves as a vital function that supports and enables the ministries of our participating denominations and their congregations. 2020 continued the trend of significant challenges in the insurance industry which were greatly compounded by COVID-19 pandemic challenges creating a chaotic and uncertain year for the Insurance Board and all of those we serve. The staff worked from home most of the year and the Board met via Zoom for all of our meetings. Our first face-to-face meeting will be in February 2022. The President's report outlines the initiatives that will help us weather this unique time as we continue to support and protect the properties and ministries of the participating denominations with what we believe are superior property and casualty risk and insurance management services. I am convinced our unique perspective as a non-profit church-owned and managed insurance provider will get us through these challenging times.

Last but by no means least the Board of Directors is extremely thankful for every one of the staff. We cannot put into words how amazing and very responsive they continue to be no matter what has been asked of them. They continue to find answers to each challenge in an ever-changing landscape.

Rev. David Crittenden  
Chair of the Board  
Retired Synod Executive  
Presbyterian Church (U.S.A.)





## Programs that Prevent and Protect

Our church leaders recognize that mitigating risk in their own ministries also protects their brother and sister ministries.





In 2020, we elevated this message: Ministries should proactively join us in our mission to reduce and prevent overall claims so programs can remain affordable for all.

Insurance Board continued providing property, liability, auto, and workers' compensation insurance along with a wide array of loss control resources such as The Steward newsletter, timely and relevant webcasts, and abuse prevention resources to help protect ministries.

In addition, we created these new programs to **prevent risk to people and property.**

## Preventing Risk to People

### Preserving Your Ministry During COVID-19 & Other Emergencies

Insurance Board created a new section of our website dedicated to COVID-19 Resources. This curation of relevant new legislation, insurance coverage and overall best practices helped to guide churches. Video resources were produced and added to the website to help church leadership and staff prevent the spread of COVID-19 in their ministries.

We also created a worksheet template to assist ministries in developing the COVID-19 written policies and procedures that are required in many states. This resource section was an addition to our longtime website feature Safety Central – a unique source of safety, liability and insurance articles and reports relevant to the church community.



We also conducted an online CARES Act webcast to empower church leaders with advice on which CARES Act provisions would most likely impact their church personnel and operations. Other webcasts – still available on our website – addressed mental health, virtual worship, youth ministry and updates from the CDC on how churches can best respond to COVID-19.

### **COVID-19 Tool Kit**

Another part of our campaign to make churches proactive in preventing risk, Insurance Board also created a free 9-page, step-by-step plan for making ministries and communities safe as churches everywhere resumed in-person worship services.

### **Improved Abuse Prevention Resources**

Our exclusive SafeConduct™ Workbench provides tools to cultivate responsible leadership and prevent sexual abuse. In 2020, we added a new abuse prevention resource, C.A.S.E. (Creating a Safe Environment), that is free to all participants.

### **Preventing Risk to Property**

As the world went remote in 2020, Insurance Board expanded our webcast topics to include many timely webinars featuring industry experts exclusively for our ministries. Topics included helpful considerations for how to navigate the challenges associated with the pandemic, as well as emergency recovery grants and insights on current liability concerns churches face.







An around-the-clock monitoring system that alerts you to abnormal temperatures and the risk of freeze or a water leak.

## Water Sensor Protection Program

Water damage can contribute to more serious structural issues. Insurance Board understands the best indicator of a future water claim is a past water claim.

Because of this, Insurance Board partnered with HSB Connected Technologies to offer participant churches a valuable early warning system that uses the latest sensor technology.

Since ministries were unable to gather and most buildings remained empty during the pandemic, our sensors were critical in assisting facility managers with the threat of water damage.



Over 300 churches with prior water claims have signed up for Insurance Board's Water Sensor Program to reduce the likelihood of a future water incident.



These sensors respond in a moment's notice. Insurance Board empowers ministries through providing resources to protect their people and their property; this directly translates to lowering the cost for ALL.



## 2020 FINANCIAL STATEMENT

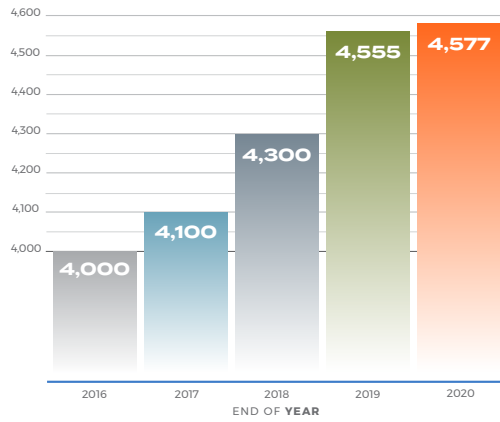
As of and For the Years Ended:	2020	2019	2018	2017	2016	2015
<b>Consolidated Statements of Financial Position</b>						
Cash and Short-Term Investments	\$32,197,334	\$34,766,157	\$29,417,400	\$30,571,706	\$21,235,410	\$28,503,031
Investments	30,048,225	28,295,596	27,051,858	20,654,591	31,434,079	24,912,919
Accounts Receivable and Other Assets	717,917	726,167	776,006	766,435	670,230	700,029
Furniture and Equipment	753,352	597,276	668,798	981,560	584,208	818,574
<b>Total Assets</b>	<b>\$63,716,828</b>	<b>\$64,385,196</b>	<b>\$57,914,062</b>	<b>\$52,974,292</b>	<b>\$53,923,927</b>	<b>\$54,934,553</b>
Line of Credit	\$4,804,787	\$ —	\$ —	\$ —	\$ —	\$919,540
Accrued Expenses	10,525,953	\$8,611,170	\$5,151,972	3,906,208	8,850,820	4,132,950
Deferred Revenue	1,213,035	8,985,152	7,842,219	6,361,359	5,051,192	6,395,473
Reserve for Losses	28,043,666	22,357,143	19,517,500	17,237,998	13,258,692	15,925,339
Net Assets without Donor Restrictions	19,129,387	24,431,731	25,402,371	25,468,727	26,763,223	27,561,251
<b>Total Liabilities and Net Assets</b>	<b>\$63,716,828</b>	<b>\$64,385,196</b>	<b>\$57,914,062</b>	<b>\$52,974,292</b>	<b>\$53,923,927</b>	<b>\$54,934,553</b>
<b>Consolidated Statements of Activities</b>						
Program Revenue	\$56,029,484	\$50,759,218	\$47,293,847	\$44,394,655	\$42,592,411	\$42,266,805
Program Costs	61,331,828	51,729,858	47,360,203	45,689,151	43,390,439	38,987,056
<b>Change in Net Assets without Donor Restrictions</b>	<b>\$(5,302,344)</b>	<b>\$(970,640)</b>	<b>\$(66,356)</b>	<b>\$(1,294,496)</b>	<b>\$(798,028)</b>	<b>\$3,279,749</b>



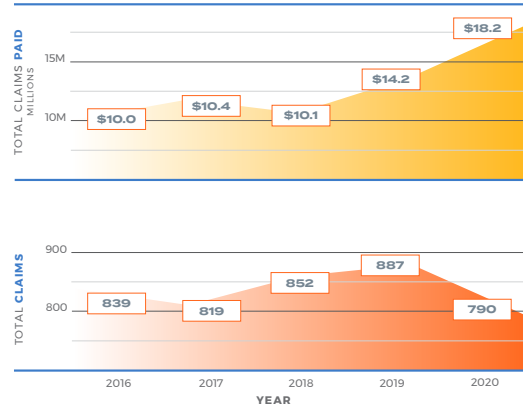


# Company Snapshot

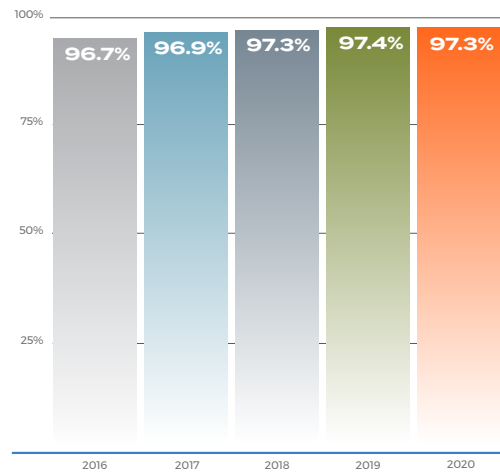
## PARTICIPANTS



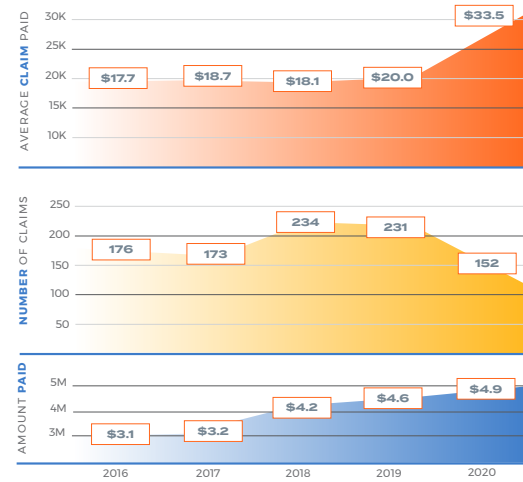
## CLAIMS DATA



## PARTICIPANT RETENTION



## WATER RELATED CLAIMS DATA





# People

## BOARD OF DIRECTORS

**Rev. David Crittenden**  
Board Chair  
Presbyterian Church (USA)

**Rev. June Boutwell**  
Penn West Conference

**Keith H. Bowden, CPCU**  
Massachusetts Conference

**Robert J. Brautigam**  
Illinois Conference

**Andrew Bunn, JD**  
Secretary, Hawaii Conference

**Rev. Dr. LaTaunya (Toni) Bynum**  
Northern CA/Nevada Region

**Rev. Mike Castle**  
Alliance of Baptists

**Duncan G. Draper**  
Indiana Region

**Robert Gabon, CPA**  
South California/Nevada  
Conference

**Dr. Edith A. Guffey**  
Vice Chairman of the Board  
Kansas/Oklahoma Conference

**Rev. Shana Johnson**  
Illinois South Conference

**Rev. Joyce Lieberman**  
Synod of South Atlantic

**Barnet (Mike) McKee, JD, MDiv**  
Missouri/Mid South Conference

**Tom Mitchell, CPCU, AMIM, AIM**  
Southeast Conference

**Rev. James Moos**  
UCC, Global Engagement

**Rev. Terry Newland**  
Synod of Living Waters

**Erick (Rick) D. Reisinger**  
Indiana Region

**Alan Relyea, CIH, CSP**  
Connecticut Conference

**Rev. John Vertigan**  
Florida Conference

**Rev. Dr. Diane Weible**  
North California/  
Nevada Conference

**William (Bill) G. Whitehead**  
Massachusetts Conference

**Rev. Bill Worley**  
Pennsylvania Southeast  
Conference

## STAFF

**Timothy S. Harris, CPCU**  
President & CEO

**Andrea Gauding, CPA**  
Senior Vice President & CFO

**Farnaz Ansari Berna, ARM**  
Vice President, Marketing/Sales

**Jennifer R. Perri, CIC, CISR**  
Assistant VP, UCIS

**Dan Carrick**  
Director, Operations

**Lisa Gonzalez**  
Director, Loss Control

**Cy McFarlin**  
Director, Claims Administration

**Monica B. Kornblum, SHRM-CP**  
Chief of Staff

**Jamila Chambers**  
Manager, Marketing and  
Communications

**Nick Schidowka**  
Manager, Underwriting

**Rosalind Davis**  
Customer Service Representative

**Sherry A. Denby**  
Senior Accountant

**Blaine Geary**  
Underwriting Assistant

**Amy Gibson**  
Team Lead, Customer  
Service Representative

**Danielle Grasso**  
Social Media Coordinator

**Cindy S. Howell, CIC**  
Account Executive

**Macrina Hummel, CISR**  
Customer Service  
Representative

**Amanda Kornblum**  
Office Assistant

**Rob Linson, CPCU, AU**  
Senior Underwriter

**Kiezia McCullough, MBA**  
Underwriter

**Monroe Moore, CCP**  
Senior Claims Analyst

**Kaili Simmons**  
Junior Underwriter

**Elizabeth Vance**  
Senior Loss Control  
Representative

**Mark A. Zimmerman, AINS**  
Senior Claims Analyst