

Insurance Insights

One of the temptations for congregations when funds are tight is to save on insurance premiums by keeping insurance at bare minimum levels. Unfortunately, when a disaster does strike, they find they are far under-insured to the point that recovering from a loss severely impacts their ability to properly minister to the congregation and community, often drawing rebuilding or recovery efforts out over an extended term while funds are somehow otherwise raised to rebuild or recoup from the loss. Without proper facility insurance, what could have been a few months recovery period may turn out to be years.

The author knows of three congregations in Oklahoma alone who recently found a disaster striking, suffered substantial losses, and when investigating the cost of recovery, they found their insurance proceeds were barely able to cover demolition costs, much less being adequate to allow them to replace facilities lost. One suffered severe windstorm losses and the other two suffered severe fire losses. None of them ever expected such events to happen to their congregation, keeping insurance policies at bare minimums, thinking increased insurance premium funds could best be used elsewhere. While that reasoning is not driven by wanting to get rich, it is an unwise thought process and the following proverb sums up being under-insured: (Proverbs 28:22) *“A stingy man is eager to get rich and is unaware that poverty awaits him.”*

As these three congregations found out, proper insurance at replacement value levels would have allowed them to more quickly recover from their loss without severely curtailing their ministries or placing undue stress on them or throwing them into “spiritual poverty” along with physical facility poverty.

Don't fall into the trap of being under-insured. Usually, prudent planning with your trusted agent, keeping replacement value or acceptable liability level exposure in mind, can assist in not being under-insured. The following proverb sums up developing a prudent insurance plan: (Proverbs 15:22) *“Plans fail for lack of counsel, but with many advisers they succeed.”* Take advantage of the expertise of your insurance agent and the professionals at LCEF and The Lutheran Church-Missouri Synod to assist you in insurance planning. Below is one such help source, the Congregational Treasurer's Manual of the LCMS. You will find a chapter dedicated to discussions on being properly insured.

Congregational Treasurer's Manual



SECTION 6 INSURANCE

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If you are reading this white paper, you have taken the first step in proper insurance planning—*understanding the hazards of being under-insured*. Follow-up with your “many advisors” to be sure you can recover from a physical loss without suffering “spiritual loss” as well. Find that proper level of insurance, budget for the premiums required, and review your policies yearly. As your congregation and campus grows, your insurance needs to grow with you.

Related Link:

Go here for a copy of the Congregational Treasurer's Manual:

<https://www.lcms.org/resources/ctmanual>

Contact LCEF to find an Architectural Advisory Committee member near you for additional information.



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