FINANCE & ADMINISTRATION
General Council on Finance and Administration
THE UNITED METHODIST CHURCH

UMC SUPPORT

United Methodist Church
Proper Insurance Coverage Standards
Churches With Fewer Than 100 Members

Rev. March, 2026

These recommendations were adopted to promote consistent baseline protection across local churches and to reduce the financial impact of uninsured or underinsured losses. *The Book of Discipline* requires local church trustees to annually review and report on the adequacy of local church property and liability insurance coverage *"to ensure that the church, its properties, and its personnel are properly protected against risks."* Since 1797, the *Book of Discipline* has provided that the property and assets of local churches are held in trust for the benefit of the denomination. Inadequate insurance puts local church property and assets at risk, including the denomination's trust interest therein.

These recommended standards are a baseline and a minimum standard for the financial protection of the church. A church may need additional types of coverage or limits based on other factors including:

1. The types of ministries you operate and services you provide (e.g. food preparation, education, mission trips, etc.),
2. Local legal environment and typical defense costs,
3. Local laws, codes, and regulatory requirements,
4. The types of assets and equipment your church owns or rents,
5. Contracts and agreements that require specific coverages or higher limits (leases, facility use agreements, and vendor contracts).

Each local church remains responsible for selecting limits and coverages appropriate to its property values, activities, and exposures in consultation with its insurance advisor. If the church participates in a conference-sponsored insurance program, coverages, limits, deductibles, and available options may be determined by the program structure and market availability and may not be individually customizable.

With these limitations in mind, the following insurance standards are provided as minimum coverage guidance for local churches.

<u>COMMERCIAL PROPERTY & LIABILITY PACKAGE POLICY,</u> to include the following minimum limits:

Property

- ✓ Buildings, Pipe Organs & Contents - Insured to Replacement Value, "Special Risk" Coverage

- ✓ All Church buildings should have an updated replacement cost valuation every five (5) years.

- ✓ The replacement cost valuation should be updated within 180 days or in compliance with your insurance policy's requirements if additional square footage is added.

- ✓ A Church building may be insured on an actual cash value basis where replacement cost valuation is not an option available to the Church. The Church should understand that it is being insured on an actual cash value basis and use its best efforts to complete the necessary upgrades and renovations required to qualify for replacement cost valuation coverage.

- ✓ A church building may be insured on a functional replacement valuation basis where it is a desired option on the part of the church or conference. **The church should understand it may only do so with the written approval of the conference. It is vital to understand the terms and conditions of the policy and if any potential savings may be outweighed by an increase in exposure due to a partial or total loss.**

Liability

• Commercial General Liability	Occurrence	$1,000,000	Aggregate	$3,000,000
• Pastoral Counseling Liability	Occurrence	$1,000,000	Aggregate	$3,000,000
• Hired & Non-Owned Auto Liability	Occurrence	$1,000,000	Aggregate	$3,000,000
• Medical Payments		$10,000		
• Sexual Misconduct Liability*	Occurrence	$250,000 to $500,000	Aggregate	$500,000 to $1,000,000

***A lower limit of liability may be selected if a state or other jurisdiction places a legally binding limit on the damage awards for sexual misconduct that is lower than the above referenced per occurrence limit. The limit selected may not be lower than the maximum damage award set by the state or other applicable jurisdiction. Obtaining proper coverage limits for sexual misconduct may be contingent upon the adoption and use of policies and procedures designed to reduce the likelihood of sexual misconduct.**

- Crime / Employee Dishonesty Occurrence $25,000

DIRECTORS' & OFFICERS / EMPLOYMENT PRACTICES LIABILITY, to include the following minimum limits:

- Directors' & Officers $1,000,000
- Employment Practices Liability – Option 1 $500,000 (including Sexual Harassment)
  - Required for any church with a preschool, school, or camp.
- Employment Practices Liability – Option 2 $250,000 (including Sexual Harassment)
  - For churches that do not have a preschool, school, or camp.

UMBRELLA / EXCESS LIABILITY, An Umbrella / Excess Liability policy may be purchased based on the church's scope of operation and ministries.

This excess coverage must extend over Commercial General Liability, Pastoral Counseling, Employee Benefits Liability, Owned Auto, Hired & Non-Owned Auto and Workers Compensation

WORKERS' COMPENSATION / EMPLOYERS LIABILITY INSURANCE,** as required by state law:

• Bodily Injury by Accident	Each Accident	$1,000,000
• Bodily Injury by Disease	Policy Limit	$1,000,000
• Bodily Injury by Disease	Each Employee	$1,000,000

** Churches in North Dakota, Ohio, Washington, and Wyoming should obtain a stop gap endorsement to their general liability policy or a stand-alone employers liability insurance policy to provide protection against lawsuits related to workplace injuries and illness. The limits should match those above. Employers liability insurance is not provided by the state workers compensation programs.

Carrying workers compensation coverage for employees and volunteers (where possible) is recommended for every church regardless of the lack of a state requirement to carry this coverage.

COMMERCIAL AUTOMOBILE LIABILITY, applicable only if the church owns an automobile; to include the following minimum limits:

- Limit of Liability $1,000,000

SUPPLEMENTAL INFORMATION

Employee Benefits Liability

This coverage **may not be necessary** if any of the following are true:

- The church does not administer any health, life, and accident benefits, or
- The church uses a third party to administer its benefits.

Please note that employee benefit administration for clergy appointed to local churches is the responsibility of Wespath and may also include the Annual Conference. Churches which provide benefits to other employees should maintain this coverage.

Directors and Officers

Lower limits of coverage may be purchased if the combined value of the church's property value and its annual revenues do not exceed $1,000,000. The limits can be decreased to ($100,000 per occurrence and $300,000 aggregate).

Employment Practices Liability

Lower limits of coverage ($100,000 per occurrence and $300,000 aggregate) may be purchased if:

- The church has fewer than three volunteers or employees,
- Has not terminated an employee in the past year, and
- Has no plans to terminate an employee in the next year.

Each church should purchase coverages and limits appropriate to its exposures. This process should be undertaken with the advice of a licensed insurance advisor familiar with the risks associated with houses of worship and any associated ministries you may operate.

United Methodist Church
Proper Insurance Coverage Standards
Churches With 101 to 500 Members

Rev. March 2026

These recommendations were adopted to promote consistent baseline protection across local churches and to reduce the financial impact of uninsured or underinsured losses. *The Book of Discipline* requires local church trustees to annually review and report on the adequacy of local church property and liability insurance coverage *"to ensure that the church, its properties, and its personnel are properly protected against risks."* Since 1797, the *Book of Discipline* has provided that the property and assets of local churches are held in trust for the benefit of the denomination. Inadequate insurance puts local church property and assets at risk, including the denomination's trust interest therein.

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Each local church remains responsible for selecting limits and coverages appropriate to its property values, activities, and exposures in consultation with its insurance advisor. If the church participates in a conference-sponsored insurance program, coverages, limits, deductibles, and available options may be determined by the program structure and market availability and may not be individually customizable.

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Property

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- ✓ The replacement cost valuation should be updated within 180 days or in compliance with your insurance policy's requirements if additional square footage is added.

- ✓ A Church building may be insured on an actual cash value basis where replacement cost valuation is not an option available to the Church. The Church should understand that it is being insured on an actual cash value basis and use its best efforts to complete the necessary upgrades and renovations required to qualify for replacement cost valuation coverage.

- ✓ A church building may be insured on a functional replacement valuation basis where it is a desired option on the part of the church or conference. **The church should understand it may only do so with the written approval of the conference. It is vital to understand the terms and conditions of the policy and if any potential savings may be outweighed by an increase in exposure due to a partial or total loss.**

Liability

• Commercial General Liability	Occurrence	$1,000,000	Aggregate	$3,000,000
• Pastoral Counseling Liability	Occurrence	$1,000,000	Aggregate	$3,000,000
• Hired & Non-Owned Auto Liability	Occurrence	$1,000,000	Aggregate	$3,000,000
• Employee Benefits Liability (EBL)	Occurrence	$1,000,000	Aggregate	$1,000,000
• Medical Payments		$10,000		
• Sexual Misconduct Liability*	Occurrence	$500,000	Aggregate	$1,000,000

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This excess coverage must extend over Commercial General Liability, Pastoral Counseling, Employee Benefits Liability, Owned Auto, Hired & Non-Owned Auto and Workers Compensation. A higher per occurrence limit may be appropriate based on specific risk characteristics such as church size and/or scope of operations and ministries.

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- Bodily Injury by Accident Each Accident $1,000,000
- Bodily Injury by Disease Policy Limit $1,000,000
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United Methodist Church
Proper Insurance Coverage Standards
Churches With More Than 500 Members

Rev. March, 2026

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• Medical Payments		$10,000		
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