

Risk Monitor



The Key to "Key Man" Insurance

Is your church dependant upon a key person, such as the Senior Pastor? Would you suffer great financial turmoil with the sudden death of that person? If you answered yes, then this policy is for you!

What Is Key Man Insurance?

Key man insurance is a sub-type of a general life insurance policy, with the length term being the time until the person insured retires or discontinues their employment. It is aimed to secure one person's skills and ability to perform that are unique to your operation.

In most cases, this tends to apply to businesses/churches that are dependant upon specific individuals for its impending/continuing success.

Who should you cover?

Business Enterprise capitalists, banks and other lenders often call for key-executive insurance for major church loans. If a death occurs, the key man insurance payments would typically be transferred directly to the church and in some cases the investors themselves. This allows the investors and creditors to protect their initial investments and decrease the chances of financial loss.

To protect themselves against great financial loss due to the loss of a crucial employee, many church trustee boards take out "Key Man" life insurance. Particular instances or circumstances in which a church should consider "Key Man" Insurance include:

1. The success or ongoing existence of the church is dependent on the abilities of one or more employees.

If one of the partners unexpectedly passes away, Key Man insurance would mitigate any financial hardships that the trustee board may incur.

2. A church needs to secure a loan.

When granting a loan to a church, a lender will often require it take out insurance on the life of the guarantor, usually the Pastor, with the lender/investor noted as the beneficiary.

3. The Senior Pastor usually generates a high percentage of church income.

In this instance, Key Man Insurance would cover the church's lost income in the event the Senior Pastor passed away until the church could afford to hire and train a new employee.

4. The church merges with another entity, or enters any type of operational arrangement.

Key Man insurance is often taken out for top executives, professional choir directors or marketing individuals. There are other circumstances where Key Man Insurance would be appropriate. It is upon you and your accountant or advisors to determine which employees are vital to your church's short and long-term success.



How Much to Cover for?

The loss of a key employee can harm your church in a number of ways. This is not limited to the initial loss of your church experiences, but long-term as well. The church must bear the costs of hiring provisional replacement staff, implementing the search for an appropriate replacement, and the new employee's debriefing and training.

If at any point you have felt that this applies to you or your church, call CIPA today to speak with their Director of Sales and Marketing, Warren Wyatt so that you can find out if "Key Man" is right for you.

Welcome to the CIPA Insurance Newsletter!

It is with great satisfaction that we bring this newsletter to you. In this issue and in coming months, we will discuss pertinent risk management topics which may affect your organization. We sincerely hope that you will find this newsletter informative and please do not hesitate to contact us should you have any questions or needs.



Church Insurance Partnership Agency, Inc.

CIPA Insurance

9200 Basil Ct., Suite 303

Larao, MD 20774

www.cipains.com

Phone: (301) 925-9626

Phone: (800) 438-8010

Fax: (301) 925-8815



Know Your Commercial General Liability Insurance Limits

A commercial general liability policy (CGL) lists six different limits on the policy's declarations page. While the limits may be listed separately, it's important to understand that they are all interrelated. That means that payment of damages for one limit will affect another limit.

To illustrate how these limits interact, it is necessary to examine each one in detail:

The General Aggregate Limit - The maximum amount the insurer will pay during the policy period for all damages including bodily injury, property damage, personal and advertising injury except for any amount paid as damages because of bodily injury or property damage included within the products-completed operations hazard. The definition of the products-completed operations hazard is outlined in the policy and a separate aggregate limit applies to this type of claim. Also included within the general aggregate are damages paid for medical payments.

Products-Completed Operations Aggregate Limit

— The maximum amount the insurer will pay for damages because of bodily injury or property damage included within the products-completed operations hazard. The specified hazards are those described within the definition of the products-completed operations hazard and are limited to bodily injury or property damage that:

1. Occurs away from the insured's premises.
2. Caused by the insured's products that are no longer in the insured's possession or an insured's work that has been completed.

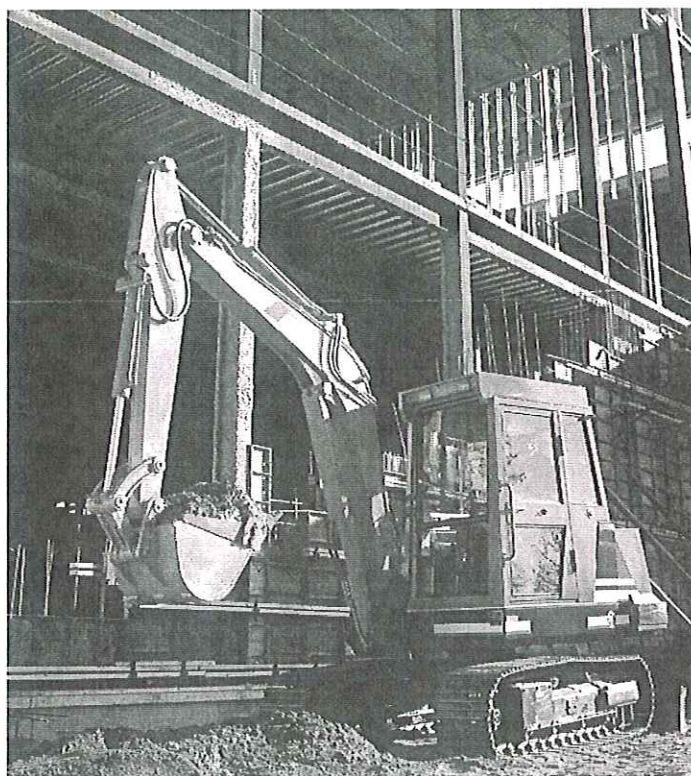
Personal and Advertising Injury Limit — The maximum amount the insurer will pay if legally obligated to pay damages due to personal and advertising injury offenses. The personal and advertising injury limit applies separately to each person or organization that sustains damages because of a covered offense. However, regardless of the number of persons or organizations claiming damages, or the number of offenses claimed during the policy period, the insurer is only obligated to pay up to the general aggregate limit.

Each Occurrence Limit - The maximum the insurer will pay for the sum of all damages due to bodily injury, property damage and medical payments. Keep in mind that there is an aggregate limit for bodily injury and property damage claims that arise from the products-completed operations hazard and a separate limit for all other bodily injury and property damages. However, the each occurrence limit does apply to all sums paid for medical payments.

Damage to Premises Rented to You Limit — This coverage is actually an exception to certain exclusions found in the bodily injury and property damage coverage. The first excep-

tion provides coverage for property damage to a premises and its contents, rented to the insured for 7 or fewer consecutive days if an insured is legally obligated to pay for such damage due to any cause except fire.

The second exception provides coverage for damage to the premises only if an insured is legally obligated to pay for property damage due to fire. However, if an insured is held liable solely due to an agreement to be responsible for the property or for damage to the property, there is no coverage. Liability has to be imposed on the insured as the result of a lawsuit in order for coverage to apply.



The Damage to Premises Rented to You limit applies to any one premises. Any property damage paid under this limit will reduce the each occurrence limit for that same occurrence and will also reduce the general aggregate limit.

Medical Expense Limit — The medical expenses coverage is a separate insuring agreement that obligates the insurer to pay reasonable medical expenses for bodily injury, caused by an accident, without regard to fault. Medical payments are subject to the medical expense limit. The medical expense limit applies separately to each person. However, medical payments will reduce the each occurrence limit for that same occurrence and will also reduce the general aggregate limit.



Four Questions Any Business Owner Should Answer to Determine Insurance Needs

Owning and operating a business is a risky endeavor. Not only do business owners face general risks such as theft and fire, but also specific risks that are inherent to the operations of each individual business. For these reasons, it's vital that you have the right type and amount of insurance for your business.

To help you get the coverage you need, the Insurance Information Institute (I.I.I.) has developed the following list of questions every business owner should consider when determining their insurance needs:

1. Do I have enough insurance to rebuild my business property and replace all of my merchandise and possessions?

To help you get the coverage you need, the Insurance Information Institute (I.I.I.) has developed the following list of questions every business owner should consider when determining their insurance needs:

A Building and Personal Property Coverage (BPP) policy covers any combination of the following three categories: the building, your business personal property and the personal property of others. The covered building can be owned by the insured, or it can be leased.

Your business personal property coverage includes:

1. Furniture and fixtures
2. Machinery and equipment
3. Stock
4. All other personal property you own that is used in your business
5. Labor, materials or services furnished or arranged by you on the personal property of others
6. Improvements you have made while a tenant
7. Leased personal property that you are contractually obligated to insure

2. Do I have enough insurance to protect the personal property of my employees?

Adding Personal Effects and Property of Others coverage to your policy will extend up to \$2,500 worth of its business personal property coverage to your personal effects, as well as that of your partners, staff, and others in your care, custody or control. The personal effects coverage does not include theft, even if theft is a covered cause of loss.

3. Do I have enough insurance to keep my business open?

Closing a business down completely while needed repairs are being made could spell financial ruin. That's why you should have business interruption insurance.

The following types of business interruption insurance can be purchased individually, or in any combination that meets the needs of your business:

- **Business Income Coverage** – If your company has to vacate the premises because of disaster-related damage that is covered under your property insurance, Business Income Insurance will compensate you for the profits you would have earned, based on your financial records, had the damage not occurred. The policy also covers expenses that continue even though business operations are temporarily stopped.
- **Extra Income Coverage** – Provides reimbursement for a rea-



sonable sum of money spent over and above normal operating expenses to avoid closing during repairs.

- **Contingent Business Interruption Insurance** – Protects your earnings if your suppliers or customers suffer physical loss or damage to their property.

4. Do I have enough insurance to protect my assets in the event of a lawsuit?

A Commercial General Liability (CGL) policy cover claims in four categories of business liability:

- Bodily injury
- Property damage
- Personal injury (including slander or libel)
- Advertising injury

Commercial General Liability policies also cover the cost to defend or settle claims.

Welcome To Church Insurance

The Church Insurance Partnership Agency, Inc. (CIPA) is an independent, multi-line insurance agency. Since 1993, CIPA continues to serve the insurance needs of many churches, individuals and businesses nationally, including the metropolitan Washington DC area.

Church Insurance Partnership Agency specializes in providing comprehensive policy coverages for churches and church owned and operated properties. In addition, the program features include competitive pricing, convenient payment plans, loss prevention analysis and professional and courteous service. CIPA provides insurance for buses, vans, directors, officers and trustees liability, sexual misconduct, ministers counseling, daycares, workers compensation and many other coverages. This program has saved many churches up to 40%.

In addition, CIPA provides personal auto and homeowners insurance to individuals, as well as, business insurance for small or large size organizations.

The Church Insurance Partnership Agency, Inc. is a firm of proven professionals, caring and conscientious people; the kind of people you can depend on.

At CIPA, we take great pride in our group ethic. Our Staff is professionally trained and has earned numerous advance professional designations. We are members of the Chartered Property Casualty Underwriters Society, Independent Agents and Brokers

Association, The Society of Certified Insurance Counselors, The National Alliance for Insurance Education and Research and the Insurance Institute of America.

Our primary objectives are to be honest and fair in all our dealings, care about people and their challenges, treat each client's needs as though they were our own and understand the customer's needs in recommending products and services.

We have a commitment to maintain a high standard of excellence in all that we do and to establish a firm relationship of mutual trust and service with each of our clients.

CIPA is not an employee of an insurance company; therefore, we can work for you. Should you have a claim we will assist you through the process to see that you get fair and prompt payment.

We provide Risk Management and Loss Control Seminars. It is our philosophy that the more that our clients understand insurance and our industry, the better equipped in tailoring a comprehensive portfolio and loss prevention program.

CIPA represents a carefully select group of financially sound and reputable insurance companies that offer coverages at competitive prices.

**Call-1-800-438-8010
1-301-925-9626**

Risk Monitor

Season's Greetings



CIPA Insurance
9200 Basil Ct., Suite 303
Largo, MD 20774

