



Buying Guides: Insurance

Insurance is one of the two highest spend areas for parishes, so it's important to make good decisions when buying cover. This Buying Guide, produced by the National Procurement Group*, aims to help you consider some key areas for decision-making.

Parishes are advised to ensure that they are appropriately insured for the range of risks that the PCC faces – risks to both property and to liability. As such, it is prudent for parishes to purchase a specialist church policy which provides an adequate range of cover. Parishes should discuss their requirements direct with potential providers. We are currently aware of two companies that have developed policies specifically designed for Church of England parishes:

- **Ecclesiastical** (www.ecclesiastical.com) was established in 1887 and is a specialist church, charity and heritage insurer. Their Parishguard policy has been specifically developed over time, in conjunction with parishes and dioceses, to meet the ongoing needs of PCCs. Ecclesiastical donates surplus profits from its group operations to the Allchurches Trust who in turn make donations back to the Church.
- **Trinitas Church Insurance's** (www.trinitaschurchinsurance.co.uk) ParishCare policy is underwritten by Aviva and has been developed after discussion with the Church of England to meet the typical needs of parishes for buildings, contents and liability risks associated with parish activities. Churches and church halls can be included on one policy. Any surplus profits are returned to participating parishes.

We will endeavour to update this Buying Guide as and when we become aware of any other insurance products which may be of interest to parishes.

Why not get a quote from both and compare what they have to offer?

When looking for an insurance policy, we suggest there are a couple of significant decisions you will need to take:

Decision One: What level of excess will you choose?

Insurers will usually offer a discount on the buildings and contents element of the insurance premium if a parish opts for a higher level of excess (the portion of any claim that you will need to meet). The higher the excess, the larger the premium discount potentially available. A parish that is unlikely to make many claims could financially benefit from having a higher excess. We understand that the above two companies can provide pricing options based on different excesses.

If you increase your excess, you might consider setting your first year's savings aside as a designated fund to cover the increased excess in the event that you do need to claim.

* The National Procurement Group supervises the Parish Buying service, and is made up of representatives from dioceses and the national Church. Its purpose is to help parishes purchase more effectively.

Decision Two: What percentage of your buildings valuation will you insure?

Don't assume the answer is necessarily 100%. In many cases it will be, but what you would do in the event of a major disaster is an important strategic decision. In particular, though your building was loved and cared for, would you rebuild/restore it in the same way in the event of a major loss?

You should be aware that Ecclesiastical's church valuation advice (and the basis of settlement for claims under its church policies) reflects the costs of **restoration and repair only** rather than the full costs of rebuilding from the ground upwards. Trinitas have informed us that cover through them can be based on a church's current valuation figure. In all cases it is ultimately the responsibility of the PCC to determine the adequacy of the buildings sum insured that they will insure their church for.. However in all cases it is ultimately the responsibility of the trustees to determine the adequacy of the buildings sum insured that they will insure their church for. There are a range of options for consideration:

- 100% Insuring on this basis should allow for restoration of the most serious damage as a consequence of, for example, a major fire. This is a lower figure than the cost of complete reconstruction from the ground upwards. Trinitas include a percentage uplift to the valuation should it be required. Parishes can request a quote on a higher buildings sum insured from Ecclesiastical if that is desired.
- 75% This basis should provide sufficient funds to carry out a worthy scheme of repairs, although some compromises may be necessary (e.g. pine may be used to replace original oak) to allow for restoration within the funds available. You should discuss insuring at this level with your Archdeacon.

If you wish to consider insuring below 75% of the valuation, you would need to discuss this with your insurer and with your Archdeacon. Valid claims would still be met in full up to the sum insured. For the majority of churches, the cost of site clearance or making a ruin safe in the event of serious damage is likely to be at least 25% of the valuation.

If insuring at less than 100%, the PCC's decision should be made at a full meeting of the PCC, and recorded in the minute book.

Unlike some policies, such as normal domestic buildings and contents insurance, where if you insure at a level below 100% only that proportion of any claim will be paid, both the Ecclesiastical and Trinitas policies will meet the full cost of approved buildings claims up to the sum insured. Technically speaking, it means that the policy does not have an "underinsurance" or an "average" clause. Because of this, the discount that you will receive from not insuring at 100% will be smaller than you might expect as the insurer is still fully liable for all claims up to the cost of the sum insured.

Disclaimer: This guide is designed to provide you with general information only. The National Procurement Group does not recommend any particular insurer or insurance product, nor does it give advice on what types or levels of insurance cover are appropriate for your parish's individual needs