

PARISH INSURANCE

Most, if not all, parishes in the Diocese of Chichester insure their church building and PCC with the Ecclesiastical Insurance Group. EIG offer premium discounts in return for long term agreements under which the PCC agree to keep their insurance with EIG for 3 or 5 years, and many parishes will be receiving notifications from EIG in December that their current long term agreement has expired and inviting them to renew it.

We are pleased to say that EIG have made us aware that they are considering their premiums keenly, and conducting a careful review of the risk profile and likely cost of claims of all parishes. Where they can, they will be holding premiums at the same rate as in 2019, and some parishes will even be offered a reduction in premium. Where the risk profile does require an increase in premium to reflect inflationary costs in building materials, that increase is expected to be in the region of 4%.

It is the PCC's responsibility to choose and arrange insurance, and the DBF neither has the expertise nor is it authorised to give advice. However, given that parishes may be taking the opportunity to seek alternative quotes, we offer the following guidance to help PCCs think through the options and avoid the temptation simply to choose the lowest premium without full consideration.

- Arranging insurance is one of the most important duties the PCC has. While we all hope not to call on it, it is crucial that the insurer does offer the right cover and handle claims well if they do occur. Shaving £100 off the premium is a false economy if a £100,000 claim is later not met. So PCCs should carefully compare insurers' history and in particular their claims handling track records. They may wish to ask questions such as what big church claims the insurer has dealt with; what volume of church claims have been dealt with; what percentage were settled and what percentage rejected.
- Nonetheless, premium is an important consideration for parishes, and if there is a significant difference between insurers, parishes could ask the company with the higher quote why that is.
- Church buildings are not standard buildings. PCCs should consider whether an insurer has sufficient experience of the issues that arise, and what valuation methodology insurers adopt, and what valuation different insurers would give to the building.

- Prevention is better than cure. So PCCs might want to compare what help an insurer offers by way of risk management, both in terms of online support and local support.
- Terms and conditions are important. In particular, PCCs should check the basis on which insurers offer liability cover. Most insurers provide insurance on the basis that cover is available if the PCC was insured with them at the time of the incident, and this appears to be the basis recommended by insurance experts. Some insurers provide cover if the PCC is insured with them at the date the claim is made. Given that safeguarding claims in particular can often be made years or even decades after the event, PCCs should consider the risk of falling between two stools, either now or if switching again in the future. This could happen if a claim is made when insured with a company which looks at whether they were the insurer at the date of the incident, but at the date of the incident, insurance was held with a company which looks at whether they were the insurer at the date of the claim. If switching between the two different bases, PCCs should therefore make sure they understand which claims would be covered by which insurer, what would happen if they switched back in future, and ask whether prior acts cover is also required.

Parish Buying provides guidance on buying suitable insurance at <https://www.parishbuying.org.uk/categories/insurance> if PCCs are considering changing insurer.

On a related note, EIG have asked us to highlight that where there is a possibility that a parish may need to claim under the legal expenses insurance included in the EIG policy, they strongly encourage early contact with DAS, the legal expenses insurer, who are able to give preliminary advice.

September 2019