

December 16, 2022

To: Senior Pastors and Church Leaders

I hope this letter finds you well.

This letter is jam-packed with important information concerning significant changes to the Mandatory Insurance Program, so please read it thoroughly.

My letter today serves several purposes:

- Share information regarding the future of the mandatory insurance program
- Provide registration details for upcoming Zoom meetings where your church can ask questions and get clarification about the upcoming changes to the mandatory insurance program
- Communicate information regarding church insurance premiums for 2023

Future of the Insurance Program

There continue to be challenges faced by the comprehensive insurance program. As I'm sure you're aware, property insurance rates continue to skyrocket across the country due to hurricanes, wildfires, tornadoes, hail, floods, and winter storms.

Churches in the North Texas Conference have been impacted by several of these severe weather events:

- Tornadoes (October 2019 & March 2022) – 15 churches impacted
- Winter Storm (February 2021) – 65 churches impacted
- Flooding Events (April & August 2022) – 11 churches impacted

Since our renewal on April 1, 2021, I have been working with several insurance professionals and our insurance advisory team to try to maintain a comprehensive, sustainable insurance program. In consultation with both Bishops McKee and Saenz, the Cabinet, Conference Insurance Advisory Team, Board of Trustees, and Council on Finance and Administration, we are recommending to the Annual Conference that we transition to a non-mandatory insurance program where churches would be responsible for finding their own property, liability, and auto insurance.

The overall costs to maintain the program for our local churches was the main driver of the decision-making process. Here are a few of the specific reasons for this change:

1. Increasing premiums – Our best-case scenario indicates an increase of 25% cost to the local church for the 2023/24 premium year. This will put the overall billing for the program close to \$11M which is similar to the annual conference budget. Some estimates were as high as a 40% increase. The program has already experienced a significant increase in cost from 2021-2022 of 80%.
2. High deductibles – We were not successful in restructuring the program to reduce the high deductible. Unexpectedly in April 2021, our deductible jumped from \$2.5M to \$3.8M which directly impacts the cost to the local church. There is a very good chance, because of our loss history, that the amount could increase for the 2023/24 premium year.
3. Hard insurance market – The very earliest we would have a good estimate on the terms and cost of the program would be March 1, which would be too late to decide. We wanted to equip the churches with the information as soon as it was available.
4. This change will give churches the ability to find the best insurance options, premiums, and deductibles in their market.

We will vote on changes to the mandatory insurance program at our special session of the Annual Conference on Saturday, March 4, 2023. With full anticipation that this measure will pass, churches should start looking for their own property, liability, and auto insurance, **as soon as possible**, with an effective date of April 1, 2023.

The Conference will continue to require each church to remain in a shared workers' compensation policy that will provide coverage for all churches. This will be the most cost-effective approach to providing this coverage while ensuring that our churches and their staff are well protected.

We encourage all churches to start exploring options immediately. You will need the time to explore options and bind coverage **effective April 1, 2023**.

The North Texas Conference staff has had many conversations with the following individuals (listed alphabetically by firm name), who may be a resource to your church in securing the appropriate coverage:

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American Church Group – Texas
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*Current NTCUMC insurance broker

**Exclusive program manager for the United Methodist Insurance Program

Churches in the North Texas Conference are under no obligation to use one of these insurance providers, but they are fully aware of our previous program, the GCFA standards, and the church insurance market. It is important to the team to ensure you have professional, licensed advisors.

As stated in *The Book of Discipline*, each church must ensure the [GCFA standards](#) are met regardless of the insurance company your church decides to use. Please note that the GCFA standards are a minimum requirement.

The insurance company you use may want to reassess your property values. It is important for you to work with an insurance professional to make sure that you have discussed all unique ministries and programs at your church to ensure adequate coverage.

In addition, your policies should include the following:

- Coverage to include the North Texas Annual Conference of The United Methodist Church as an “Additional Insured”.
- The umbrella should schedule the workers’ compensation policy. Send the following information to the umbrella carrier:

Workers’ Compensation Carrier:	Texas Mutual Insurance Company
Policy #:	0001235305
Term Dates:	4/1/2023-4/1/2024

If you decide to use a provider not listed above, you will need to provide **proof of adequate coverage** (declaration pages) **by April 1, 2023**. More specific details on how to submit this information will be provided.

In addition a few standard applications for gathering important information to get a quote are available [on the property Insurance page on our website](#), as any interested insurance provider will be generally asking these questions.

Registration Details for Upcoming Zoom Meetings

Our team will host two Zoom sessions to review the upcoming changes to the insurance program and to answer any questions your church may have. Both meetings will take place on Thursday, January 12, 2023. Please register for the event that works best for you. A recording will be sent to those who register, and it will be available after the event on our website.

[Register for the 10am Zoom meeting on 1/12/23](#)
[Register for the 6pm Zoom meeting on 1/12/23](#)

We will continue to offer resources and meetings throughout the Spring to answer your questions.

Property Insurance Premium for Q1 2023

As previously shared, property insurance premiums are skyrocketing, and given our loss history, we are far from immune. While our goal is to keep increases as minimal as possible, this is becoming increasingly challenging. The current billing for Q1 2023 represents a 25% increase over 2022 billing. This is due to the necessity of having to purchase a deductible buy down mid-premium year to protect the program from escalating deductible expenses.

Given the upcoming changes to the insurance program, the North Texas Conference will only be charging Q1 2023 premiums for the current lines of coverage (property, liability, auto, and workers' compensation, where applicable).

We request that all property insurance balances be paid in full as soon as possible, but no later than March 31, 2023.

The Q2-4 2023 total premium for the workers' compensation coverage will be provided to you in mid-February 2023. You can get a rough estimate of this expense moving forward from your most recent quarterly insurance invoice.

For insurance balances and invoice copies, please contact Tracy Everson by calling 972-526-5024 or emailing tracy@ntcumc.org.

Closing Remarks

Our commitment to each of our churches is that we will do everything we can to help with this transition. Our current insurance agent is committed to doing the same. As always, I am grateful to serve in ministry with you. If I can ever be of assistance, please do not hesitate to reach out.

Thank you,

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