

# Risk Management Guide for PCA Presbyteries

## Introduction

- **Purpose of the Guide:** To educate presbyteries about potential risks, the importance of proper insurance coverage, and how Directors and Officers (D&O) Liability insurance and other policies safeguard their mission.
  - **Why It Matters:** PCA Presbyteries face unique risks due to their structure and local church footprint. Many times, issues that arise within the presbytery directly, or a local church within the presbytery, become the responsibility of the presbytery to investigate and defend.
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## 1. Understanding the Risks Faced by Presbyteries

- **Key Exposures:**
    - **Leadership Decisions:** Risks from decisions made by governing bodies or committees.
    - **Employment Practices:** Claims related to hiring, termination, discrimination, or harassment.
    - **Financial Management:** Allegations of mismanagement of funds or misuse of assets.
    - **Cybersecurity:** Risks of data breaches or cyberattacks on financial or member records.
    - **Property and Liability:** Accidents, natural disasters, or claims arising from events held on church properties.
    - **Abuse and Misconduct:** Allegations of misconduct by staff, volunteers, or clergy.
    - **Volunteer Risks:** Injuries to or caused by volunteers.
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## 2. Essential Coverages for Presbyteries

### Directors and Officers (D&O) Liability Insurance

- **What It Covers:**
  - Protection for board members, trustees, officers, and sometimes employees and volunteers against claims alleging mismanagement, breach of fiduciary duty, or failure to adhere to bylaws.
  - Defense costs, settlements, or judgments arising from covered claims.

- **Why It's Essential:**
  - Without D&O coverage, leaders may face personal financial liability for their decisions.
  - Provides coverage for both frivolous lawsuits and valid claims.
- **Common Claims:**
  - Wrongful dismissal.
  - Breach of duty in financial decisions.
  - Failure to enforce organizational policies.
  - Denominational Property Disputes
  - Defamation or slander

**Other Key Coverages to consider:**

- **Employment Practices Liability Insurance (EPLI):**
    - Protects against claims related to workplace discrimination, wrongful termination, or harassment.
  - **General Liability Insurance:**
    - Covers bodily injury, property damage, and personal injury claims.
  - **Property Insurance:**
    - Protects buildings, equipment, and contents against physical losses.
  - **Abuse and Molestation Coverage:**
    - Critical for safeguarding against allegations of misconduct.
  - **Cyber Liability Insurance:**
    - Protects against financial losses due to cyberattacks or data breaches.
  - **Workers' Compensation Insurance:**
    - Covers injuries to employees.
  - **Automobile Liability Insurance:**
    - Covers church-owned or non-owned vehicles used for official purposes.
  - **Umbrella/Excess Liability Insurance:**
    - Provides additional limits above primary policies.
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### 3. Overview of Costs and Availability

- **Cost Factors:**
    - Size of the presbytery (number of members and annual budget).
    - Scope of activities (community outreach, youth programs, international missions).
    - Claim history and risk management practices.
    - Location and associated risks (natural disasters, local litigation climate).
  - **Average Costs:**
    - **D&O Insurance:** \$1,000–\$3,000 annually for smaller presbyteries; larger ones may pay \$5,000+ depending on risk factors.
    - **General Liability:** \$500–\$1,500 annually per \$1M of coverage.
    - **Cyber Liability:** \$1,000–\$2,500 annually.
    - **EPLI:** \$800–\$2,000 annually for basic limits.
    - **Bundled Package:** Some insurance companies created programs for Presbyteries that combine certain coverages together and these historically ran between \$2,000–\$5,000 annually.
  - **Availability:**
    - There has been a tightening of the church insurance market over the past few years and some programs have pulled back or increased minimum premiums for Presbyteries who do not already have coverage.
    - Historical programs through GuideOne and Philadelphia have changed guidelines but could still be available in certain states. Other companies, such as Brotherhood Mutual and Church Mutual can be options especially if local churches within the presbytery are insured with them as well.
    - In certain states, some but not all coverages may be available.
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### 4. Practical Steps for Presbyteries

- **Assess Your Risks:**
  - Conduct a risk assessment of financial practices, leadership decisions, and operational exposures.
- **Engage a Broker to Review available programs in your state.**
  - PCA's corporate broker, Townley Kenton in Atlanta GA, can help quarterback available programs in your state. You may email [dzietlow@pcanet.org](mailto:dzietlow@pcanet.org) or [rob@townleykenton.com](mailto:rob@townleykenton.com) to inquire.

- They can tailor policies to the presbytery's unique structure and activities.
  - **Promote Risk Management Practices:**
    - Regular training for board members on fiduciary duties and compliance.
    - Cybersecurity protocols and safeguards.
    - Policies for safe hiring, volunteer screening, and youth protection.
  - **Review Coverage Annually:**
    - Ensure insurance remains aligned with changing risks and activities.
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## 5. FAQs

- **What happens if we don't have D&O insurance?**
  - Board members and officers could face personal liability for claims of mismanagement or wrongful acts.
- **Are volunteers covered under these policies?**
  - Some policies extend coverage to volunteers; confirm specifics with your insurer.
- **What specific risks does D&O insurance cover for presbyteries?**
  - D&O insurance protects against claims arising from decisions made by the presbytery's leadership, such as mismanagement of funds, employment disputes, or failure to follow bylaws.
- **Does D&O insurance cover individual board members?**
  - Yes, D&O policies typically cover individual board members, officers, and sometimes employees or volunteers for their actions in an official capacity.
- **Are there exclusions in a D&O policy we should be aware of?**
  - Common exclusions include intentional wrongful acts, fraudulent activities, or bodily injury/property damage claims (covered under General Liability).