

## Church Insurance

**The PCC and Churchwardens are the trustees of the church. It is their duty as trustees to ensure that the church building is insured.**

This includes all churches under the care of the PCC as well as churchyards, including those which are technically closed.

This paper is intended for general guidance only and is no substitute for talking to the insurance company direct on the specific elements of insurance cover.

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### RESPONSIBILITIES

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In broad terms the PCC should insure for public liability, buildings and contents.

#### ***Public Liability:***

It is normal for policies to give cover up to £2m and you should probably avoid any policy which does not include public liability to this level.

#### ***Buildings:***

What is its value?

#### ***Contents:***

What needs to be covered?

What is its value?

The PCC has to decide its insurance strategy, based upon:

- a The value of the church and contents:
- b What it can afford:
- c What can be done to minimise risk:

- d What it would do in response to differing levels of disaster

The PCC has a responsibility to ensure that all reasonable action is taken to reduce risk. This includes ensuring that the building is properly maintained with particular reference to heating and electrical systems that could be a potential source of fire. Reasonable action should be taken to restrict access to potential vandals and arsonists.

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### BUILDINGS COVER

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#### ***Accurate Valuation:***

Ecclesiastical buildings, particularly medieval buildings, require specialised valuation. Rebuilding costs for conventional, modern buildings are normally calculated on a floor area basis. This is not appropriate for ecclesiastical buildings where the nature of the fabric will significantly affect the valuation.

The PCC must take great care over the valuation. Although the insurance company will give a valuation it is in fact the PCC which accepts (and takes responsibility for) that valuation. Almost certainly the PCC is unqualified to judge whether the valuation is sufficient but this valuation will limit the total amount the PCC can claim in the event of a disaster even if it proves totally inadequate.

#### ***Sufficient Cover:***

The PCC needs to decide whether it is necessary to insure to a level which would allow total restoration e.g. would the PCC want to replace medieval misericords with modern look-alikes in the event of their total destruction? The answer is probably no, since the importance of the misericords is in their antiquity rather than their comfort! Similarly, would intricate medieval carving be simulated in every detail in any re-construction? Would angel

beams be replaced by replicas? etc.etc. If it is not the intention to replicate the original building then it probably is not necessary to insure to the full value.

The PCC has to satisfy itself however that the insurance cover is sufficient in the event of a total disaster to make safe the ruined building and provide an alternative church building; or in the event of a partial disaster to reinstate the building using appropriate materials. It may well be prudent for the PCC to insure to a 75% or even a 50% valuation, provided that Archdeacon is informed and the insurance company has given an assurance that it will pay out to the full loss up to the agreed limit and not apply the averaging rule. The PCC must therefore make clear to the insurance company what its strategy is, and what it would want to do in case of disaster or partial disaster, and obtain the company's assurance that the cover is adequate.

### ***Obtaining Estimates:***

The EIG specialises in insuring ecclesiastical buildings and as a consequence they are in a strong position to advise parishes on their insurance strategy. However, they are not the only insurance company and PCCs may wish to obtain other quotes. It is obviously important to ensure that all the estimates are on the same basis and meeting the needs of the PCC's strategy. EIG does not operate totally on a commercial basis; much of the surplus from church insurance is ploughed back into the church or the Allchurches Charitable Trust. As the largest company insuring churches it provides a good benchmark against which to compare other quotations. Where PCCs are seeking a number of estimates they are strongly advised to include EIG as one of these and are encouraged to invite the EIG to explain why their quote is large (if it is) than any other quotation.

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## **CONCLUSION**

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### ***Contents Cover:***

As with buildings PCCs should take all reasonable action to reduce the opportunity for theft or damage to contents. Valuable moveable items should not be left accessible and access to the building while unattended should be regularly reviewed.

As with fabric, it may not be prudent to insure irreplaceable (medieval) silver ware at full value but only to a level that would permit replacement by an appropriate modern item.

The PCC might also consider reducing premiums by agreeing to (say £100) excess on claims.

1. The PCC must be clear of its strategy by asking a number of hypothetical questions.  
*What would we do if .....?*

Total "write-off" is not necessarily the most expensive disaster. Major, but partial damage which does not allow the option of forsaking the old building, may be more expensive and will need to be covered by the insurance cover.

2. PCCs are particularly alerted to the valuation figure suggested (but not guarantees) by the various insurance companies. In the event of major disaster the insurance company is only liable up to this figure, however unrealistic it may have been. An unrealistic valuation may produce an attractively low premium that may prove to be a false economy.

*John Beer - Archdeacon of Ely*

*Hugh McCurdy - Archdeacon of Huntingdon and Wisbech*