

FREQUENTLY ASKED QUESTIONS: October 2022

How do I know if I am already in the UCC Protect program and therefore eligible for automatic transition at my next renewal?

Check your policy. UCC Protect policies will have the United Church logo on the top of the cover page of your policy with Hub broker information. It looks like this:



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Toronto, Ontario, Canada M5G 2E3
P 416.597.3400 TFP 888.550.5458
F 647.435.5228 TFF 866.421.1962

HUB International UCC Protect

ucc@hubinternational.com
www.hubinternational.com

Certificate of Insurance: 0086

THE GENERAL INSURANCE PLAN FOR THE UNITED CHURCH OF CANADA

If I participate in UCC Protect currently, is it mandatory that I switch to this new arrangement? Can I just leave it as is?

It is not mandatory, but it will happen automatically unless you take action to opt out and seek insurance elsewhere. You would need to ask a local broker to apply elsewhere and be re-underwritten.

What if I am not insured with UCC Protect but would like to get a quote or switch over?

Given the rate escalation across the industry in recent years, we expect our program will be attractive to United Churches insured elsewhere. New entrants will of course need to be underwritten. However, we will have very limited ability to provide quotes for December 2021. Applicants will be asked for a completed application form plus a copy of their existing coverage summary, including premium and a recent appraisal. The appraisal needs to have been done within 3 years of application. We expect to be inviting new entrants more aggressively in Q2 2023.

If I am not insured with UCC Protect, how can I compare coverage?

Comprehensive information about the coverage is available at <https://united-church.ca/leadership/church-administration/local-administration/group-insurance/ucc-protect>

Are there any changes in coverage from the current UCC Protect comprehensive general liability and property policy?

No. Coverage amounts, limits, and terms remain unchanged for virtually all participants. The only possible change contemplated so far may be a limitation on earthquake coverage in certain higher risk parts of BC. This limitation appears to be a broader development in the insurance industry.

Does this include the Third Party Insurance program currently available to UCC Protect Participants?

No. The Third Party program is separate and remains a service offering to UCC Protect participants as they transition to the new self insurance arrangement. We have initiated efforts to expand Third Party program eligibility to all United Church ministries and expect to offer this in 2023. System changes are required to facilitate inclusion of entities that are currently insured elsewhere.

Does this include the Directors and Officers coverage that I have through the United Church?

No. Congregations are covered by an umbrella Directors and Officers policy that is separate and will remain separate from our self funded initiative. Similarly, incorporated ministries that have individual D&O policies will remain outside the program.

What about Cyber risk insurance?

The national church was able to obtain an umbrella cyber risk insurance policy for congregations from April 2022 through July 12, 2023. Unfortunately, the insurer chose not to renew the policy and to date we have not found a replacement. As a practical matter, many churches will not meet the minimum standards to allow the whole group to obtain coverage. Individual churches are advised to seek individual coverage through a local broker. Cyber risk coverage is unlikely to be included in our self insurance program any time soon—if ever.

It would seem that insurance brokers are being eliminated from the process. We appreciate this could produce cost savings, but it seems it might also eliminate a source of support in understanding a complicated insurance policy. Would support processes be in place?

These self insurance programs typically remove the local agent and the related commission cost. Ours does and this will be a firm rule at launch. We may revisit the possibility down the road, but right now we need every penny of savings to accrue to our program in order to absorb adverse claim events. Your broker will no longer be involved—unless you choose to seek insurance elsewhere. This is part of achieving our cost savings but local broker contact will be missed by many.

Service will continue to be provided by Hub with a national service team. There is an expectation of considerable service improvement arising from improved systems and streamlined processes.

What do we have to do to take advantage of this new insurance arrangement?

It depends. If you are an existing UCC Protect participant, the changeover will be relatively automatic unless you instruct otherwise. Your coverage will be switched over at your next renewal date. You will be asked to re-authorize and update your pre-authorized bank deduction information for the new insurer.

Why will the policy not be available right at renewal time or before?

In December 2022, we anticipate devoting all our resources to getting all eligible accounts switched over. Consequently, we do anticipate a likely delay in policy issuance—as has been the case recently due to increased underwriting. We will confirm continuing coverage effective December 1st, but policy may follow some weeks later. The policy wording will be unchanged from the existing UCC Protect plan.

Will the program come into effect regardless of how many churches choose to participate?

Yes. We expect existing participants will overwhelmingly choose to participate in order to achieve the immediate savings and potential for longer term premium stability.

Does the number of participants determine the cost of the premium?

No, although a growth in participants (new entrants) would spread the risk and improve the likelihood of premium containment. We have modelled both growth and shrinkage to assure viability.

The last premium increase we had was questioned and we were told it was due to an increase in the number of claims. Is there a statement from UCC to indicate a claims-to-premiums ratio?

Industry wide claims ratios have been a problem but not specifically for our program. This is one of the reasons we doing what we are doing.

Is this being run like a cooperative program where the participants draw any claims from their paid premiums and the future premiums are dependent on the monies left in the account or the number of claims made?

Not quite. The arrangement is called captive insurance. The national church is capitalizing the entity so that it might be self sufficient. Future claims experience will of course ultimately determine premium trends in future.

Will the deductibles remain the same or become lower, are directors covered, and is fraud insurance included?

All existing coverages and your choices of deductibles remain unchanged. Directors and Officers insurance is separate and provided on an umbrella basis with premium paid by the General Council Office. We are transitioning our existing affinity program participants by the renewal date beginning December 1, 2022. Existing participants in the UCC Protect program with Hub international should have received communication on this with June and September renewals.

Policy coverages are unchanged. New policies will be issued with AIG but with the church captive bearing the risk (reinsured of course). The immediate focus is on the 50% of congregations already in the affinity program.

Will this entity have the financial strength and protections to be able to pay the largest church claims?

Yes. There are reinsurance elements in place to assure payment of the largest claims—even if there are several. The financial modeling and actuarial analysis have included stress testing and been validated by the very reinsurers agreeing to participate. AIG is the fronting company but the captive will bear the risk up to reinsurance thresholds.

Is the plan going to reinsure against major losses with traditional insurers? How does the reinsurance work?

Yes. Retention levels of self-insurance for each insured loss: **\$2 million per occurrence.**

“Stop-loss” reinsurance protection coverage for losses insured for any one property or casualty claim: **\$2 million for any one claim, \$8 million annual aggregate for multi-lines.**

What is the capitalization of the facility?

\$3 million in capitalization is being provided by The United Church of Canada. Actuarial analysis suggests this will be adequate unless there is significant adverse claims experience in the very early years of the program. Were this to happen, the church would need to inject further capital.

Who will handle claims adjusting?

As is the case today, Intact will adjudicate claims typically using independent claims adjusters across the country.

Will the self-insurance facility be subject to regulatory oversight in Ontario and other provinces?

The captive insurance company is set up in Barbados. Policies will be issued with AIG as the fronting Canadian insurer subject to provincial regulation.

Will the self-insurance facility cover all of the property and casualty exposures currently within the UCC insurance program? If not, what coverages will be subject to conventional insurance risk transfer?

Coverage will remain unchanged from the existing UCC Protect program with the possible exception of earthquake coverage availability for certain portions of BC. The property/CGL/crime coverage will be included into captive, the D&O will remain independent at this stage.

Will boiler and equipment insurance be included within the program and if so who will provide the inspection service?

Yes. This will remain with Intact who is continuing as excess insurer for all coverage lines.

Will there be a service to assist the insured churches with risk management and loss prevention?

Yes. Risk management resources and best practice advice will continue to be offered continuing to leverage Intact's resources.

Will there be any assistance for churches to determine accurate replacement cost amounts for their property coverages?

Periodic appraisals will be required as has always been the case. We are investigating the possibility of group discounts from a preferred provider. We will also look at more informal valuation tools. Recommended appraisal firms with broad reach include:

- Kroll (formerly Duff & Phelps/ American Appraisal) – Canada & US
- Suncorp Valuations – Canada & US
- Risk Management services – Canada
- Cunningham & Rivard Appraisal (Nanaimo) LTD. – Canada, BC
- Brunsdon Lawrek & Associates – Canada – SK