



Policy Factsheet

Property Insurance

Overview

In the event of a catastrophe, it's important to ensure you have adequate coverage for all your properties and contents.

You can select specific limits that set a maximum for each building insured and its contents, or a blanket limit, which represents the total value of all structures and their contents.

A blanket limit can provide greater peace of mind because the total insured amount can be used to repair or replace damaged property in any covered location or group of locations.

So it's a good idea to arrange a blanket limit whenever available because it can maximize protection and is much less restrictive in delivering coverage adequate for all but the most catastrophic losses. A small premium increase often provides very large benefits.

What's Covered

Churches have specific property and contents insurance needs that safeguard historic buildings and features such as stained glass windows, altarware, fine art, and pipe organs.

It's important to remember that church property differs from other property types, for example, there is often a significant disparity between market value and replacement value. The way you value your property determines the extent of recovery after a loss and has a direct bearing on the amount of insurance coverage you purchase and the premium.

Replacement Cost is the cost of repairing or replacing damaged property with new material of similar kind and quality.

Actual Cash Value is replacement cost less reasonable depreciation reflecting the age, condition, and utility of the damaged property.

Market Value is the amount for which undamaged property can be sold in a fair market.

Selling Price is the amount used for wholesale or retail inventory.

All property insurance policies include a deductible, which must be paid by the policyholder before the insurer makes a payment for any covered loss. The higher the deductible, which might range from as little as \$500 per loss to as much as \$50,000 or more, the lower the premium.

Not all deductibles are expressed by a dollar amount. For example, a deductible for a named storm like a hurricane might be a percentage of the building limit, or business interruption (earnings) insurance may be triggered after a deductible that's expressed as a certain number of hours following direct property damage.

You should select your deductible based on your property claims history, your current financial condition, and the premium savings that can be realized by assuming more front-end risk.

FAQs

Q: *What are Named Perils and Special Perils policies?*

A: A Named Perils Policy covers threats that are detailed in the contract, such as:

- Fire and lightning;
- Windstorm and hail;
- Vandalism and malicious mischief;
- Explosion;
- Sudden and accidental smoke damage;
- Building damage by burglars;
- Riot and civil commotion;
- Weight of snow, ice, or sleet;
- Falling objects;
- Freezing of equipment, or appliances;
- Water damage (limited);
- Sinkhole collapse;
- Collapse of buildings.

A Special Perils Policy insures against all perils except those that are specifically excluded and usually covers a broader base of threats, including:

- Burglary and theft of property;
- Glass breakage;
- Back-up of water from sewers and drains.

Special Perils policies also sometimes cover floods and earthquakes at an additional premium. It's important to know what is included and excluded.

While premiums for special perils contracts are higher, typically by about 3%, Named Perils carry higher deductibles.

Q: *What significant exclusions are there in the coverage?*

A: Some noteworthy exclusions or losses that would not be covered by a standard property insurance policy include:

- Loss caused by power, heating, cooling failure, or power surge (unless it is caused by direct damage to property on the premises by an insured peril).
- Loss caused by wear and tear and similar degenerative factors such as a lack of or insufficient maintenance, deterioration, rust or corrosion, rot, inherent defect, settling, cracking, shrinkage, bulging or expansion, and animal, bird, or insect damage. When any of these factors cause a subsequent loss that would otherwise be covered, the policy responds for the subsequent loss only.
- Loss caused by mechanical breakdown, artificially generated electrical current, explosion or loss or damage to steam boilers, steam pipes or steam turbines, and loss or damage to hot water boilers or equipment for heating water. Coverage for these equipment breakdown perils is available under a separate policy or by special endorsement to the property policy.
- Employee dishonesty, which should be treated separately under a commercial crime policy.
- Many commercial insurance policies also exclude flood, other types of water damage, and earthquakes.