

# COULD THERE BE A GAP IN YOUR CHURCH'S INSURANCE COVERAGE?

Churches should carry property, casualty, liability and directors and officers insurance. These policies will be either “Claims Made” or “Occurrence” policies.

A “Claims Made” policy only covers claims made while the insurance is in force, **regardless of when the event occurred.**

An “Occurrence” policy only covers **events and claims that occur** while the insurance is in force.

If a church has switched insurers, but receives a claim for an event that happened while the church had an “Occurrence” policy; the former insurer would cover the loss.

Assume your current policy is an “Occurrence” Policy. You changed to this insurance three years ago, and your former policy was a “Claims Made” policy. Five years ago, a thirteen-year-old girl was involved in a sexual relationship with your

then youth pastor. The girl is now eighteen and suing the youth pastor, the church and the church board.

Will the church’s current insurance cover this claim? The answer is no. The event, which is the basis for the claim, did not “occur” while the church was covered by its current insurer. Will its former insurance cover the claim? The answer is no. Although the event occurred while the former insurance was in force, no claim was made at that time. That insurance covers ONLY claims made while it is in force. The church has no coverage under either policy.

A church may purchase either a “tail” or a “lead” policy to cover that “gap.” If it does not, its board and ministers are open to personal liability. Be sure you know what kind of policy the church has.

## CHURCH LAW

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