

# Florida Methodists spread insurance risk, explore national plan: Insurance costs hinder ministry

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Wesley United Methodist Church is an active congregation of a few hundred members in Marco Island, Florida. A prime-location church only two miles from the Gulf Coast, it has ministries to homeless people, students and elderly people, and each year sends missionaries to Guatemala.

The congregation will pay \$47,000 this year alone on property insurance, but that is about half what it would pay on the open market. Across Florida, the seasonal storms have pushed property insurance rates sky-high, forcing some people from their homes and prompting new legislation that aims to reduce rates.

But with the aid of a statewide insurance plan of the United Methodist Church, Wesley United is able to invest more in local ministries and outreach, said Ernie Stevens, chair of the congregation's finance committee.

The Methodist congregations get relief in a plan that spreads risk among churches statewide, making insurance available to coastal congregations like Wesley and alleviating costs for all. In another step, Methodist leaders are joining with Catholics, Lutherans, Presbyterians, Seventh-day Adventists and others to explore whether such a plan could work nationwide.

"Everybody is subject to something, tornadoes or floods or hurricanes or mudslides or all these things that we hear happening to people. So if we can share each other's burdens," Stevens said, "it would be a very beneficial thing for all of us."

The idea is actually fairly simple—the likelihood of a catastrophic event devastating multiple regions is not great, so when hurricane-prone churches share risk with churches in earthquake-prone and tornado-prone regions, premiums go down.

Mickey Wilson, treasurer of the Methodists' statewide conference, which annually worries about wind damage from hurricanes, gave an example: "It's just as difficult for someone within a certain distance of the [flood-prone] Missouri River to get insurance. It's not just about wind storms. It's about all sorts of other catastrophes."

The conversations along cooperative lines began after the Catholic Church confronted its sex scandals, said Peter Persuitti, managing director of Arthur J. Gallagher & Co., an Itasca, Illinois-based insurance brokerage and consulting firm specializing in insuring religious organizations.

Churches are unique and misunderstood by some insurers, Persuitti said. They are nonprofits serving communities on small budgets but are very accountable to their communities. "If I [as an insurer] think I'm underwriting a bad risk, I will charge more," he said.

Eventually denominations began creating their own insurance companies. Seven years ago, denominational leaders met to discuss common issues. After Hurricanes Katrina, Rita and many others swept across the Southeast in 2005, these leaders began exploring the idea of spreading risk, Persuitti said.

The idea has advocates outside church circles. Florida governor Charlie Crist has pushed the idea of a national catastrophe fund. Policyholders nationwide would pay into a pool that would help cover costs no matter where a disaster occurred—a hurricane in Louisiana, an earthquake in California or a tornado in Oklahoma, for example. A similar fund already exists for floods.

In the meantime, with the hurricane watch already started this summer in Florida, the United Methodists' annual conference apportions the risk statewide to handle the \$20 million insurance cost. The fee is up from \$4 million three years ago, and the rest of the conference budget is only \$12 million.

The climbing insurance costs leave Florida Methodists little alternative. "It's affected our ability to minister. It's affected our ability to do outreach," said Wilson. "Having the entire nation come into this would be just huge." *-Religion News Service*