



Building Valuations

(Excerpts taken from Aon Valuations resources)

The recent floods, bushfires and cyclones are proof that no one is immune to the forces of nature, not to mention the many internal incidents that force organisations to stop working at full capacity. All organisations should have property insurance that covers their buildings, plant, equipment and contents, and provides adequate business interruption cover under an Industrial Special Risks policy. If your assets are not valued correctly, it can have dire consequences for your organisation and its ability to operate in the event of a major loss.

Insurance is designed to restore your organisation to the position it was in before an insured loss and to reinstate to a like-for-like basis without financial penalty. Without a formal valuation, the likelihood is that the organisation will be underinsured. Accordingly ABIS has employed Aon Valuations to conduct professional valuations for all our Baptist Churches Australia-wide. These valuations will be rolled out over a 3 year period. Many churches received valuations in 2012. If you have not already received an onsite valuation, Aon Valuations will be contacting you sometime this year/next year to arrange a mutually convenient time to visit your property. Below we have listed some commonly asked questions regarding building valuations.

The property is not worth that much!

The market value of your property has no relationship to the insured value. For insurance purposes, the value is Reinstatement Value: this is the amount required to replace or rebuild the existing buildings and improvements with similar property to a standard substantially the same but not better or more extensive than their condition when new, including fees payable to architects, surveyors, consulting engineers and other professionals.

If buildings were destroyed we would rebuild in line with our Church's needs

This is understandable, however, the insured value must represent the cost to reinstate the "existing building". The reason for this is the most likely loss would be a "partial loss." Therefore, if for example you sustained a partial loss of \$500,000 and post loss, the insurer's loss adjuster determined you were say, only 50% insured, then you may only be entitled to \$250,000!

We would rebuild using different materials

Again, the insured value must represent the cost to reinstate the existing building using the same materials, or similar subject to availability.

We could build it cheaper ourselves with help from the Church

It is the insurer who will appoint a commercial builder post a partial or total insured loss, not the insured! The associated rebuild costs will be covered under your policy ensuring you will not be underinsured. Also, there is no guarantee such members of your Church will be available at time of a loss. Remember, your insured values are based on a total loss scenario and therefore, should such an event occur, the church's responsibility will be to its staff and Church, leaving the rebuild process to the insurer and reputable builders.

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FAQs

Are we covered if we sustain damage from an earthquake or earth tremor?

Yes, however it should be noted that for earthquakes, the excess is \$20,000 or an amount equal to 1% of the total declared values at the situation where the damage occurs, whichever is the lesser.

Are members of our church covered for medical costs if they are injured at church on Sunday?

They are only covered under certain conditions. Under the church's Volunteer Personal Accident Policy, if they are 'volunteering' or 'serving' in a ministry during the service and are injured in that capacity, they are covered based on meeting policy terms and conditions. However, if they are just participating as a member of the congregation in the service, cover does not extend to them. If they sustain an injury due to negligence on the church's part, please ensure that you call your local ABIS office as soon as possible.

Are Staff covered under the Volunteer Personal Accident Policy?

No. You will need to ensure that all employees of your organisation are covered by Work Cover in your State.

Where do we lodge Travel Claims?

Please note that all Travel Claims should be lodged direct with your local ABIS office. Do not lodge them direct with ACE Travel as it can cause significant delays in processing.

Employee Relations

From time to time, we handle claims from organisations where a previous employee has claimed unfair or constructive dismissal. Whilst the leadership of a church, school or organisation may feel justified in the termination of a particular employee, there are strict guidelines that exist to protect the rights of the employee. If these are in breach or perceived to be in breach, employers can be held liable. There are processes that must be followed and communications that must be employed.

In some cases, whilst the end outcome could have been that both parties mutually decide to part ways; due to the way in which the employer has handled the process, it has left the employee disenfranchised and what could have been a mutually beneficial parting of the ways for both parties, has ended with the organisation being sued by the ex-employee.

Potential termination issues can also be minimised if appropriate recruitment processes are adhered to. A few questions that may assist you in the process are:

- Does the potential employee meet any non-negotiable criteria?
- Do they support the vision, values and ethos of your organisation?
- Have you completed thorough reference checks and appropriate screening?

Do you have a thorough understanding of employee relations legislation? Please discuss with your State Baptist Office, refer to Fair Work Australia or relevant state Human Rights Commission websites for further information to ensure your organisation is employing good work practices in this area.



Water Craft Activities

Please be aware that if your organisation is organising any watercraft activities (including canoes, wave skis, windsurfers, tinnies, speedboats and motorboats, water skiing and tubing), these activities are generally excluded under the ABIS public liability policy. If you are using a third party provider, please ensure that the third party provider has adequate insurance to cover the watercraft activities. However, if your organisation owns any watercraft vessels, please note that these are not covered under your organisation's property or liability policy. ABIS can provide a separate optional marine policy (with a separate premium payable) that can provide specific cover for damage to watercraft and the liability associated with it.

It would be best that if you are planning any water activities or if you own any watercraft, to contact your local state ABIS office well in advance to discuss any details to ensure that your organisation and participants are adequately insured.

ABIS Insurance Panel

Below is a summary of your insurance providers for the period 30 September 2012 to 30 September 2013:

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| • Property | Allianz Insurance |
| • Liability and Professional Indemnity | Vero Insurance |
| • Personal Accident (Volunteers and Youth) | Accident and Health |
| • Personal Accident (Pastors and Spouses) | Accident and Health |
| • Corporate Travel | ACE Insurance |
| • Management Liability and Comprehensive Crime | Chubb Insurance |
| • Motor Vehicle | Vero Insurance - only for those who have received a separate invoice for this |
| • Marine (Canoes, Rafts, Kayaks, Boats) | Vero Insurance - only for those who have received a separate invoice for this |
| • Contract Works (For works over \$500K) | Vero Insurance - only for those who have received a separate invoice for this |

Mission Trips

We get a number of queries from people that attend Baptist churches we insure, asking if our Travel Insurance will cover them as they are going on a mission trip. Our first question to them is, 'Is it endorsed by your church leadership?' In other words, is the mission trip a ministry of your church, or is it a trip you are personally involved in but not run out of your church? They are only able to access Travel Insurance through us if the trip is through their church.

There can be some confusion in 'who' we are actually insuring. We provide cover for the 'organisation/church,' not for individuals. This means we cover the ministries the organisation conducts which then extends to church participants involved in those specific activities. However if an individual is involved in an activity outside of those organised by the church, they are not covered.

Student Accident Cover

If you are a college or school with Personal Accident insurance for your students, it is likely you'll receive enquiries from parent's of injured children about the claim process and how they arrange payment of medical bills. The Student Accident policy is designed to help pick up any financial shortfall after private health has been claimed and after all expenses are paid. A few scenarios are possible for the parent in the treatment of their child:

1. **If they have private health insurance and the student goes through private treatment:** Some invoices are claimed on Medicare, then claims are made with their private health fund and anything not covered is paid by the parent. Afterward any Non-Medicare related expenses, that are not fully covered by private health, may be claimed through the Student Accident policy (up to the policy compensation limits).
2. **If they don't have private health insurance and the student goes through as a public patient.** Generally most expenses are covered by Medicare and the public health system. Any costs that are Non-Medicare related expenses are first paid by the parent and then may be claimed on Student Accident policy.
3. **If they don't have private health insurance and choose to go through the private system:** Some invoices are claimed on Medicare and anything not covered by Medicare is paid by the parent upfront. Non-Medicare related expenses may then be claimed on the Student Accident policy (up to the policy compensation limits).
Depending on the injury and given the cost of private treatment and the gap on Medicare bills, this pathway is likely to leave the parents out of pocket and may present a cash flow issue.



Key points to remember when claiming on a Student Accident policy:

- Medical bills need to be paid up front
- Private Health Insurance is claimed first
- Medicare related bills cannot be claimed

Are All Activities/Ministries Covered?

With your organisation's insurance cover through ABIS, you might assume that all ministries and activities are covered.



Whilst we have tried as much as possible to tailor your insurance policies to enable churches, schools and Baptist organisations to minister effectively into their

communities, there are some activities that we cannot cover. The reason for this is that the Insurer deems them to be too high a risk.

The most common high risk areas are youth activities. For churches, we encourage you to get an understanding of what activities and events your Youth Pastor is planning for the year. Often in order to draw youth along, some of the ideas for activities, whilst exciting and drawing a crowd, may not be covered under insurance. Some examples of high risk activities that are not covered have been hang-gliding, fireworks in the church car park, rock climbing, some physical competitions, eg. who can keep their feet in ice the longest, leaving youth with frost bite!

Some churches have community outreach ministries that offer house renovations to those who are struggling financially. This is a great initiative, but there are certain activities that are not covered, eg. any electrical or plumbing work (this must be done by a qualified contractor and come under their own insurance). Or taking out structural walls in a dwelling.

If you are unsure whether a particular activity is covered, please contact your local ABIS office to find out. A simple phone call will provide you with that information.

Copyright

In our February 2011 ABIS Newsletter (see link, <http://www.abis.net.au/newsletters>), we had an article on Copyright which is well worth re-reading. In this day and age where information can be obtained instantly through the internet, it's important to remember that whilst it can be easily obtained, it doesn't mean it's legal to use – even if the church has a Church Copyright Licence. There are still restrictions that must be adhered to.

Currently there are three categories of licenses that churches can purchase via their local State Baptist Office.

Church Copyright Licence (CCL) – covers the reproduction of the 'words' of songs through formats such as data projection, print, live recording, etc.

Church Music Licence (MRL) – covers producing copies from publications where the song owner is on the authorised list and whose publications are on the authorised publishers list

Church Video Licence (CVL) – covers use of video or DVD where the movie is on the authorised producers list or movie/TV show list.

CVL

It's becoming more common for Pastors to use portions of movies to enhance sermon points, Sunday school/child care teachers play a full-length feature, youth leaders show the latest videos, etc. Most of us fast-forward right through the warning at the start of videos/DVDs, but what does it actually say? The Australian Copyright Act stipulates that pre-recorded videos are authorised for personal home use only. Special permission must be granted for any public performance, including churches. Violations can result in substantial fines.

Whilst the CVL provides legal coverage for a broad range of video/DVD usage, there are limitations and it is important that each church has a good understanding of those restrictions. For example, viewing of the video is restricted to the 'location' stipulated on the licence – it cannot be shown at another location. Using clips for 'educational' purposes does not necessarily mean there is automatic cover. There is listing of participating producers and movies/TV shows included in the licence and it is the responsibility of the church to visit www.cvli.com.au for a full list of available

films and participating producers prior to screening a particular clip to make sure it is included in their licence cover.

The CVL covers only a small portion of movie studios so churches need to be very clear on what is (and is not) covered by CVL. Did you know that permission for public screening of *The Passion of the Christ* in Australia has not been granted under this particular licence? State Baptist Offices are currently looking at an additional licence that will incorporate another section of movie studios to ensure greater breadth and access rights.

If your TV show or TV Channel is not listed as part of this licence, then permission must be obtained directly from that Channel prior to screening. Also, the licence does not cover advertising specific 'titles' of movies publicly or charging an admission fee to see the movie.

Talk to your pastors, youth leaders, lay ministry leaders and help educate them on what is copyright and how does it specifically relate to their ministry.

For more information, visit www.ccli.com.au, www.cvli.com.au.

www.abis.net.au

Take some time to look at our ABIS website!

Some of the information on our website includes:

- Information on each type of claim and how to lodge them
- Frequently Asked Questions
- Downloadable claim forms
- ABIS Newsletters

We would love your feedback! If there is other information you think we can provide, please let us know.

For further information or assistance, the following are your ABIS State Baptist Office contacts:

Queensland	Ken Conwell
New South Wales/ ACT	Tim Williams/ Judy Henderson
South Australia/ NT	Greg Thomas/ Glenn Dixon
Victoria/Tasmania	Jean Lim/ Sue Roggero
Western Australia	Jill Birt/ Priscilla Penn
National	Kym Bennetts