

# UMC of Greater New Jersey

## Certificates & Third Party Usage Guidelines

### 1. When should I obtain a certificate of insurance?

A certificate of insurance should be obtained from any person or outside organization that wants to use the Church's property, or is doing working on the Church's property. Examples are contractors coming in to construct, repair, or do any work at the church, the person who cuts the grass, snow removal, an outside group using the church for a meeting place/event, etc. In addition to asking for the certificate of insurance, the Church must be listed as an additional insured on that person's policy. The third party should have limits that are similar to your own; in this case \$1,000,000 per Occurrence/\$3,000,000 Aggregate is the minimum suggested limit you should accept. Sovereign will gladly review any certificates you receive to ensure sufficient limits and proper coverage/wording.

### 2. What do we need to know about third party usage of our church building?

#### a. Is a church covered if a third party uses a church building?

Yes. The church's liability policy will respond to a claim that arises as a result of an incident that occurs on our property. It is the hope that the third party will have their own insurance and has named the church as an additional insured, but in the absence of such, it is possible that the conference plan will become primary in protecting the church. The third party is not covered by the church's insurance.

#### b. Who is covered?

- The church entity as a named insured
- All officers, trustees, etc. as named insureds
- All church members and volunteers as additional insured.
- If litigation arises out of a third party usage of the church building and the church or any of its members are included, they will be covered (defended) under the conference plan

#### c. Who should we allow to use our building?

We do want to "limit" third party usage of our facilities to the extent that they bring additional liability exposures to our property. A church should always consider what type of activity the third party will be undertaking. Examples typical for churches include: Day Cares, After School Programs, Athletic leagues, Drug and Alcohol counseling, Computer Training and New Churches. The key in each situation is to evaluate the risk.

#### d. What insurance should we require from a third party using our building?

The church must require each third party to provide proof of general liability insurance and workers compensation (if they have any paid employees) via a certificate of insurance and enter into a formal lease/usage agreement with the third party. In terms of minimum limits of insurance to require from a third party we recommend the following:

#### General Liability

- Each Occurrence \$1,000,000
- General Aggregate \$3,000,000
- Personal & Adv Injury \$1,000,000
- Products – Comp/Op Agg \$3,000,000
- Damaged to Rented Premises \$500,000 or \$1,000,000
- Medical Exp (Any one person) \$10,000

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### **Workers Compensation (required for a contractor/service you pay for work done at the church or if the organization renting space has any paid employees working on your premises)**

- E.L. Each Accident \$100,000
- E.L. Disease – Policy Limit \$500,000
- E.L. Disease – Each Employee \$100,000

The above are just a basic suggestion, additional insurance may be required depending on how they are using your property. For example if someone were selling alcohol on your premises for an event you would also need to collect proof that they have liquor liability coverage in place. If they work with youth/children they would also need to carry Sexual Abuse/Misconduct, or depending on the scope of their operations you may also want to require them to have an umbrella policy in place. Contact Sovereign Insurance to discuss the specific coverage requirements.

In addition to carrying the above limits the third party must also name your church an “additional insured” on their policy and provided a certificate of insurance showing that you are named as an additional insured. If they are a recurring tenant the certificate must be updated and provided to you annually as their policy expires. In essence this makes the third party's insurance primary and the Conference Insurance Plan secondary.

The formal lease/usage agreement with this third party should at minimum include:

- Your church will be named as an additional insured on the third party's policies
- The minimum limits of insurance required
- Notice requirements to the church in the event of policy cancellation/non-renewal
- Contain hold harmless and indemnification clauses in the church's favor
- Agrees that the third party's insurance will be primary and non-contributing
- Agrees that the third party waives all rights of recovery/subrogation against the church

The church's legal counsel must review any written agreement prior to it being used. Your attorney is in a better position to make certain that any written agreement is correct and current under the laws of your particular jurisdiction, and that a particular agreement meets your specific needs. A sample building usage agreement can be found on Church Mutual's website [www.churchmutual.com](http://www.churchmutual.com).

Churches are also often approached about using their building for one-time events such as a wedding reception, birthday party, or graduation celebration. Again, the church should evaluate the risk of the event in light of the church's policies and overall ministries. A certificate of insurance naming the church as additional insured is always recommended. Since this type of use of the church is usually at an individual's request, their homeowner's policy may provide this coverage. For larger events, it may be appropriate to ask the individual to obtain one-day event insurance. Minimally, the church should ask the organizer of the event to sign a Hold Harmless Agreement – a sample Hold Harmless Agreement is included in the Coverage Summary Booklet. If there is difficulty in obtaining event insurance, please contact Sovereign Insurance to obtain a quote.

### **e. Can we add a 'rider' to our policy to cover any third party?**

No, a 'rider' is a life insurance policy term and does not apply to the UMC of GNJ Property Insurance Program. Also no third party can ever be covered under the church's insurance.

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**3. We have repairs that need to be done to our building. Are there any guidelines on hiring a contractor/electrician/clean-up service, etc.?**

Yes, please contact Sovereign Insurance and request a copy of the Construction Primer Guide, this will aid the church in obtaining the correct proof of insurance and written agreements with any contractor. The church must have the proper proof of insurance and written agreements in place **PRIOR** to the start of work. Sovereign will gladly review any certificates you receive to ensure sufficient limits and proper coverage/wording. Further any written agreement must also be reviewed by the church's legal counsel.

**4. What is an additional insured?**

If the Church is listed as an additional insured on someone else's policy that means that the church will be afforded coverage under the other entity's policy for claims that arise out of that person's wrongdoing. For example, if a contractor came to the church to do roof repairs and carelessly left a ladder in the way and someone tripped, then the Church would be provided with primary protection under the contractor's liability coverage. The Church's policy would provide secondary coverage if the contractor's insurance policy limits were exhausted.