

News & Insights

Leasing Contract Guidelines

It has recently come to our attention that churches are entering into leasing agreements with companies or other third parties without having the insurance requirements of the agreement reviewed by Sovereign Insurance and an attorney. Recently we have seen agreements with cellular companies for cell towers that we were not made aware of until after the agreement has been signed. Other agreements that would need to be reviewed including but not limited to alarm company agreements, leasing agreements with a third party that will use or rent space from the church on a regular basis such as a day care, solar panel leasing/installation agreements. This is an area of concern for the Conference Insurance Program for the following reasons:

- The contracts we have reviewed are too broad and give up rights of the church that we would never recommend the church agree to.
- The contracts contain a Waiver of Subrogation. A Waiver of Subrogation states that the church's insurance company cannot subrogate against a third party for their negligent actions that caused the company to pay a claim. Again this is something the church should never agree to and can negatively impact the Conference Insurance Program.
- The contracts do not require that the tenant or sub-tenants to provide the church with a certificate of insurance that names the church as an additional insured. Without the additional insured wording the tenant is merely providing the church with proof of insurance. The additional insured wording is necessary to shield the Insurance Program from unnecessary claims arising out of a third party's operations at the church.
- The contracts do not properly indemnify the church, which limits the amount of protection the church has under this the third party's insurance.

Those are just some of the main areas of concern regarding any agreement the church and any third party enter into. It is imperative that the churches advise Sovereign Insurance of any and all agreements **before** they are signed so that the insurance requirements within the agreement can be reviewed to ensure adequate protection for the church. Please note that Sovereign can only review agreements for insurance related purposes and cannot comment on the document's legality or potential liability to the church. That is why every agreement must also be reviewed by a licensed attorney.

As always if you have any questions regarding the Conference Property Insurance Program please contact:

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Thank you.