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N° 079

April 16, 2013  
Martyrs Agape, Chionia and Irene  
of Dalmatia

### MEMORANDUM

FROM: the Secretary of the Archdiocese of Canada, The Orthodox Church in America

TO: the clergy and parish councils of the Archdiocese of Canada, The Orthodox Church in America.

CHRIST IS RISEN!

RE: General insurance recommendations from the Administration of the Archdiocese of Canada (OCA).

Lately, some parishes have been inquiring about the insurance coverage that the Archdiocese of Canada (OCA) requires that they have. Therefore the Archdiocesan Administration has prepared the following points as guidelines for your consideration along with the recommendations and requirements of the Archdiocesan Administration.

#### 1. Property - considerations and recommendations:

##### a. Building

#### **THIS COVERAGE IS OPTIONAL BUT RECOMMENDED**

- Regarding "Building and Contents," the parish must make its own decisions about the coverage that it carries or would like to carry. The Archdiocesan Administration recommends that the parish be sure to educate its leadership and membership well with regards to the consequences of the various methods of insuring these items. Being under-insured in any of these categories is not recommended. The savings with regard to the amount of the premium does not compensate for the potential



financial and legal risk that a parish takes on by being inadequately insured.

- The “Guaranteed Replacement Cost” is not an obligation – but it is important for you to know the ramifications of choosing any other method of evaluating and insuring your property.
- In order to have the correct coverage, an assessment needs to be made, either by a professional assessor or an insurance company estimator.
- The “Guaranteed Replacement Cost” coverage guarantees the replacement of the building, even if the assessment was below value.
- Please note that in order to guarantee full replacement of the structure and contents, the building needs to be insured to within 90% of its replacement value. Any less insurance will result in all claims being paid out on a co-insurance basis (see “*co-insurance ratio*” below).
- All other alternatives such as a rough estimation of values, or selecting a specific amount of coverage, face the potential of taking on a co-insurance risk:

*“Co-insurance ratio”* - explanation: Example: if it costs \$100,000 to replace the structure and you ensure it for 50%, you would be responsible for \$50,000 in the event of the full replacement of the structure. Similarly, if you had a \$10,000 loss, you would be responsible for 50% of this, or \$5,000.

If the community has the intention of remaining operational after a fire, full coverage must be provided. It is strongly recommended that a proper assessment, either by the insurance company or a private assessor, be made on the property to determine its replacement value.

- Some parishes anticipate that, if their building were to be totally destroyed, they would simply close down and erect some sort of a small chapel or memorial plaque. As a result, they choose to provide minimal insurance on the property. This works fine if you have a total loss. But, if you have a partial loss where you can rebuild or repair, this can cause an unfortunate problem. If you have underinsured the property, you may find yourselves in a situation where the amount of the restoration or demolition costs that fall on your own shoulders is prohibitive.

**b. Contents**

**THIS COVERAGE IS OPTIONAL BUT RECOMMENDED**

- A careful and detailed inventory and assessment of the replacement cost of your contents is strongly recommended.
- It is very easy to be underinsured in the contents section. If there are pews, pews alone will cost between \$500 and \$1000 each. Remember to consider tables and chairs, kitchen appliances, vestments and holy items such as hand-written icons, chalices, crosses etc. If you are considering the replacement cost of all such items, the total of the insurance coverage can increase rapidly. Inadequate coverage may find you scrambling to find financial resources to replace these important items.
- Other items may be applicable according to the circumstances of the property.

**2. Directors & Officers Liability Coverage - \$2,000,000**

**THIS COVERAGE IS AN ESSENTIAL REQUIREMENT**

In the event of a claim against the parish, the leaders of the parish, the Directors and Officers of the parish are likely to be held legally liable by the complainants. In the event that the parish is incorporated, the liability will be limited to the parish council (including the priest). This is why this insurance coverage is important. If the parish is not incorporated, each and all the members of the parish may be held legally liable by the complainants. (Note: it is recommended that all parishes be incorporated in some fashion.)

**3. Abuse Liability Coverage - \$2,000,000**

**THIS COVERAGE IS AN ESSENTIAL REQUIREMENT**

With the increase in abuse claims (both sexual and other) within Christian communities, this coverage is essential.

**4. Commercial General Liability Coverage - \$2,000,000**

**THIS COVERAGE IS AN ESSENTIAL REQUIREMENT**

This is a standard requirement and the amount is a general minimum amount recommended. Your insurance provider will present you with a list of items covered in this category.

## 5. Explanation Regarding Group Benefits and their Taxability:

- a. It is strongly recommended that the clergy pay the premiums for the Life, Accident, Death & Disability Insurance (life insurance, death benefit or disability income benefit) and the Long Term Disability portion of the group insurance plan. If the parish pays any portion of that premium, the benefit (life insurance, death benefit or disability income benefit) becomes taxable upon the claimant when the claim is made. If the priest/deacon or lay employee pays the premium, the benefits are non-taxable for the person who pays the premium.
- b. It is strongly recommended that the parish pay the Health and the Dental Care premiums because these premiums are tax-deductible to the parish, and the cleric is not taxed on the benefits received.

With love in Christ.



Protodeacon Nazari Polataiko  
Secretary of the Archdiocese of Canada,  
The Orthodox Church in America

