

Make Sure Your Insurance Bonds Your Treasurer

Are your church treasurer and financial secretary bonded? You may answer “yes” because you have purchased coverage through your insurance provider. You might answer, “I don’t know. How would I find out?” Or you may say, “Doesn’t the conference bond our treasurer?”

The reality: the answer is complicated.

A Bit of History

A “bond” is a tool through which an organization can recover embezzled funds. In 1984, the General Conference first required that local church treasurers be bonded (§267.3, 1984 *Book of Discipline*). At that time, most churches in South Georgia had property insurance and perhaps some liability coverage, but not much else. Our Conference decided to use the United Methodist Local Church Insurance Program to provide up to \$50,000 in coverage. This was paid for through the apportionments. At the time, churches were rarely the targets of lawsuits.

This bonding coverage continued until 2003 when the legal landscape began changing. Churches were sued more frequently. Church insurance programs became far more robust and were widely available. Churches beefed up their coverage – not only bonding – but coverage for things such as general liability, pastoral counseling, directors and officers, sexual misconduct, employee practices liability, and many other coverages commonly seen in the business world. In addition, insurance changes made it difficult for one body to insure staff of another body. One result was that the Annual Conference could no longer purchase the full bonding coverage which had been provided in the past.

2003 Annual Conference Decision

At the 2003 Annual Conference session, the delegates recognized that local churches would need to provide the first \$50,000 in bonding for their treasurer. The Annual Conference, still wanting to help, would provide “excess coverage” of up to \$200,000 in addition to the local church coverage.

This is key: if the local church did not have the first \$50,000 in coverage, no coverage from the Annual Conference would apply. Another key is that bonding does not come into play unless a local church prosecutes an embezzler.

Where We Are Now

The South Georgia Conference has continued to provide excess coverage at a cost of approximately \$7,000 per year. During this time, however, most of our local churches have provided for their own bonding coverage (sometimes called “employee dishonesty” coverage). And while there have been cases of embezzlement in local churches, we have found that most of the time the church decides not to prosecute. Therefore, the bond is not used. So, for decades now, while the Annual Conference has provided the excess coverage, it has not been used.

CFA Budget Proposal

The report approved at the 2003 Annual Conference session indicated that the supplemental coverage would be provided by the Annual Conference “as long as it is available and affordable.”

As the group tasked to focus on stewarding the funds of the Annual Conference, the Conference Council on Finance and Administration believes it is now time for the Annual Conference to drop this excess coverage.

As we comb through the Annual Conference budget looking for ways the apportionments can be reduced, this item jumps out to us. Here is the rationale behind our decision:

- Most of our churches already pay for the coverage through their own insurance. Why should they be asked to pay again through the apportionments?
- It seems unwise to purchase coverage that is not and has not been used.
- There is also the question of how long the conference should provide things that are the local church’s responsibility. Should we ask churches that have provided for their own coverage to also provide coverage for churches that have failed in their own responsibility?

The budget proposal for 2022 does not include this bonding coverage. Churches have until Dec. 31, 2021, to make sure their own insurance includes bonding for those who handle church funds. The coverage is inexpensive, and local churches can easily add it.

If you need assistance or have questions, your church insurance agent is likely to be able to assist you. Contact the Administrative Services office if you need help finding out how to contact some of the major church insurance providers. Many of these have agents in South Georgia or will work through a local agent.

Additional Note from Conference Board of Trustees

While you are reviewing and amending your insurance policies, you are strongly encouraged to check on your sexual misconduct and employee practices liability coverage. There have been several instances in South Georgia where this coverage proved vital or where churches wished it had been acquired prior to an incident.