

Why Most Churches Need Workers' Compensation Insurance

- In most states, Workers' Compensation is compulsory for all employments.
- A priest is considered an employee and is thus subject to Workers' Compensation law in most states.
- Some dioceses, independent of state regulation, require that parishes provide Workers' Compensation protection for clergy.
- Your obligation to provide Workers' Compensation protection may extend to interim or retired clergy, as well.

Workers' Compensation and Employer's Liability

Workers' Compensation

A risk management and insurance program to improve safety, reduce loss, and rehabilitate injured employees and volunteers of Episcopal institutions

For more information about how you can properly cover your employees, please call toll-free: (800) 293-3525.

Church Insurance Agency has teamed up with Liberty Mutual, a leader in Workers' Compensation protection, to provide coverage for your employees. Even in the rare instances in which coverage isn't required by law, it may be advisable to cushion parish assets from the financial blow occasioned by a serious work-related injury to a priest or other employee.

Questions and Answers

Q: Does coverage apply to part-time and contract workers?

Yes. Part-time employees (for example, choir members, organists and maintenance staffers), and dedicated contract workers (those who work exclusively for your organization), are subject to Workers' Compensation even though you may report their earnings via the IRS-1099 tax form. Payroll for such individuals should be included when determining the Workers' Compensation insurance premium.

However, your Workers' Compensation program does not extend to employees of outside contractors that serve other customers—landscaping or construction companies, for example. Such employees must secure their own insurance.

Q: How is my premium determined?

Your premium is based on your payroll grouped within specific occupational classifications, rates corresponding to those same classifications, loss experience, and other factors set forth in state regulations.

Q: What, in addition to direct salary, should be included in the calculation of clergy payroll?

Clergy payroll should include the imputed value of clergy housing and utility allowances, as well as the Social Security offset paid to clergy.

Q: What benefits are provided?

Partial income continuation during periods of disability is one of the most important indemnity benefits. The amount payable is determined by state law, and is based on the individual's recent earning history subject to caps on the weekly amount (such caps usually being based on the statewide average weekly wage), and duration (number of weeks). In some jurisdictions, "scheduled injury" benefits may also be payable because of permanent injury to a specific body part. Death benefits may also be payable to the survivors of an employee who is fatally injured on the job.

Q: What medical benefits are provided?

The scope of allowable medical benefits varies by state, but commonly includes emergency treatment, hospitalization, ongoing treatment and therapy, and rehabilitation. Generally, there is no pre-set maximum.

Q: Our priest is our only employee. Do we still need Workers' Compensation insurance?

Most states treat clergy as employees subject to Workers' Compensation law, which means that you must provide Workers' Compensation insurance.

Q: If Workers' Compensation covers the cost of workplace injuries, why do we also need Employer's Liability insurance?

Employer's Liability insurance is furnished as a standard add-on to your Workers' Compensation protection. It protects you against claims of employment-related bodily injury brought under common law (rather than state labor law). An example would be when a spouse or family member sues because of an employee's workplace injuries. In contrast to Workers' Compensation insurance, which operates on a 'no-fault' basis, payment under Employer's Liability coverage will only be made when the policyholder is deemed legally liable for an accident.