

Directors' & Officers' Employment Practices Liability

Comprehensive coverage for Episcopal Organizations and vestry members

The Church Insurance Agency Corporation ("CIAC") offers a Directors & Officers Employment Practices policy which is underwritten as a national program for the Episcopal Church. This policy is designed to protect Episcopal institutions, their employees, trustees, vestry members and volunteers against the following:

Wrongful Acts of individuals acting on behalf of the organization. It provides defense and pays covered awards up to a total of \$1 million per participant.

Employment Practices Liability Covered are allegations of discrimination, harassment, wrongful termination, retaliation, misrepresentation to an applicant, libel, slander, defamation, failure to employ, deprived opportunity, wrongful evaluation or demotion, wrongful discipline, failure to enforce policy and violation of civil rights.

Questions and Answers

Q: What are some typical claims common to a church?

A common Directors' & Officers' claim would be a suit against members of the vestry alleging financial mismanagement. In this case, the policy would provide both defense and indemnity coverage for the church and the individual vestry members. Claims can also arise during or after the calling of a new rector from one or several members of the congregation who are upset with the process or decision.

Q: Is there a deductible?

Yes, all policies contain a retention which is the dollar value of the loss you retain. In this way, it is just like a property deductible. Retentions range from \$500 for small parishes up to \$10,000 for large dioceses.

Q: Is there coverage for claims evolving from our operations in the past?

Yes, the Church Insurance Agency Corporation program does not have the prior acts exclusion found on most policies.

Q: Are volunteers included under the policy?

Yes, any volunteer performing an authorized activity on the insured's behalf is covered under the policy. The volunteer coverage definition in the policy is extremely broad.

Q: Who can participate in this program?

The program is exclusively for Episcopal parishes, missions, dioceses and organizations.

Q: What can we do to help lessen the possibility of a claim?

CIAC offers risk analysis and loss prevention tips designed specifically for Episcopal Entities.

Employment Practices liability claims is one of the fastest growing liability areas. Over the past few years, the Episcopal Church has averaged more than 20 wrongful termination claims annually.

Mary Jane Hodges

“The Directors’ & Officers’ program is very broad. It covers employment practices liability, including sexual harassment, in addition to decisions made by the vestry.”

—Diocese of Arkansas

One church recently discovered the value of this coverage when it received a charge of discrimination from the Department of Human Rights because an employee assumed a new set of responsibilities associated with a recently vacated position without a change in title or compensation.

Another parish was sued for violating the Americans With Disabilities Act after terminating an employee with an existing medical condition.

In each case a settlement was reached between the claimant and the church through the Church Insurance Agency Corporation program.

For more information about the national Episcopal programs offered by the Church Insurance Agency Corporation, please call toll-free: (800) 293-3525.

Providing Episcopal Risk Management Services since 1930