

Protecting People and Assets

AEC RISK MANAGEMENT

Presentation Outline

- AEC Risk Management Strategic Direction
 - Risk Management Process
 - Emergency Planning
 - Safety Management Program Objectives
 - Fidelity Loss Prevention
 - Lessor's Risk Insurance Requirements
 - Safety Dividend Program

Risk Management Process

- Risk Identification
- Risk Assessment (Qualitative and Quantitative)
- Risk Response Planning
- Monitoring and Controlling of Risk

Emergency Planning

- Training of deacons and other safety personnel
- Conduct periodic fire drills
- Review evacuation instructions to ensure that primary and secondary exits are posted throughout the facility
- Accident prevention

AEC Risk Management Statement of Mission

- To develop seamless risk management processes and practices that will result in the protection of both people and property throughout the Allegheny East Conference Corporation.

Risk Management Objectives

- Appointment of one(1) Safety Officer in 100% of all schools and churches within AEC
- Ensure the establishment of one (1) Safety Committee within 75% of churches within AEC
- Maintain a loss ratio that is $>$ or $=$ to 60%
- Conduct 8-10 Safety Audits per year
- To get 85% of churches to complete at least one self-inspection per year

Fidelity Loss Prevention

- What is Fraud?
 - Intentional deception for personal gain
 - Embezzlement – the most common type of fraud
 - Nearly 80% of fraud are unreported
 - \$39B in church related fraud during mid -2014

AEC Loss History – 5 Years

Accident Year	Number of		General Losses		Loss Ratio
	Claims	Earned Premium	Incurred		
2016	45	\$ 1,248,281.00	\$ 351,291.00		28%
2015	50	\$ 1,076,905.00	\$ 1,096,436.00		102%
2014	50	\$ 846,989.00	\$ 1,073,301.00		127%
2013	44	\$ 774,833.00	\$ 751,161.00		97%
2012	45	\$ 698,115.00	\$ 764,380.00		109%
Combined Totals	234	\$ 4,645,123.00	\$ 4,036,569.00		93%

AEC 5 Years Loss History

Auto				
Accident Year		Number of Claims		Auto Losses Incurred
	2016	6	\$	12,584.00
	2015	9	\$	26,163.00
	2014	13	\$	65,036.00
	2013	12	\$	135,113.00
	2012	8	\$	26,097.00
Combined Totals		48	\$	264,993.00

AEC Loss History – 5 Years

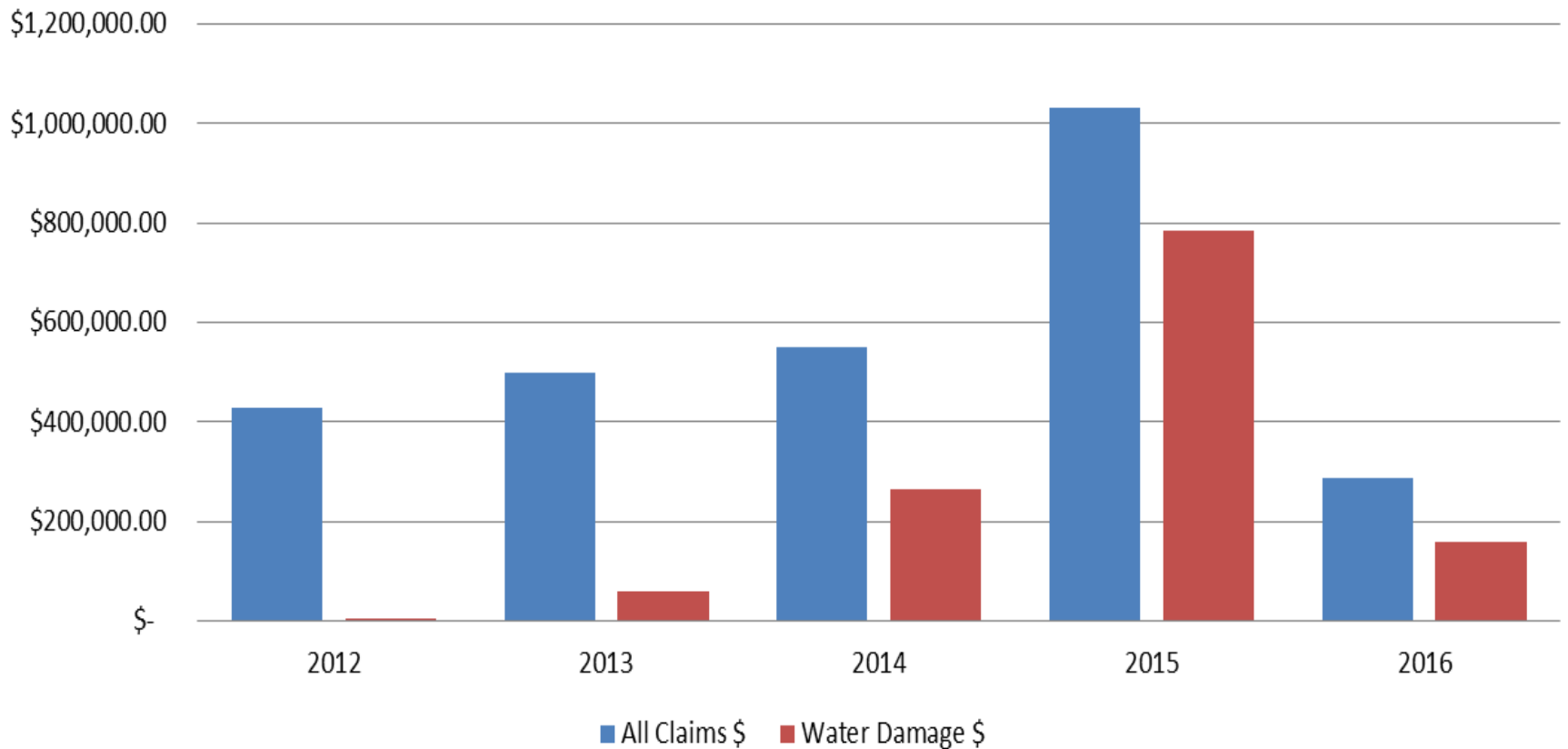
General Liability			
Accident Year	Number of Claims		General Liability Losses Incurred
2016	10	\$	52,808.00
2015	9	\$	36,794.00
2014	12	\$	456,416.00
2013	18	\$	117,665.00
2012	8	\$	309,715.00
Combined Totals	57	\$	973,398.00

AEC Loss History – 5 Years

Property		
Accident Year	Number of Claims	General Liability Losses Incurred
2016	29	\$ 285,899.00
2015	32	\$ 1,033,479.00
2014	25	\$ 551,849.00
2013	14	\$ 498,383.00
2012	29	\$ 428,568.00
Combined Totals	129	\$ 2,798,178.00

AEC Loss History – 5 Years

Water Damage V.S All Claims



Church Mutual - Safety Dividend Program

- Incentive-based mechanism established to:
 - Promote risk control activities that can help to prevent and reduce losses
 - Reduce insurance costs by paying a dividend based on good loss experience

Safety Dividend Program Cont'd.

The establishment of such a partnership will now result in:

- The promotion of risk control activities within all churches, schools and local department and groups
- The employment of a range of tools and techniques that will serve to eliminate and reduce avoidable risks
- Investigation of root causes of losses for the purpose of devising methods to prevent reoccurrence
- Establishing educational programs that will highlight hazards and exposure within our operations

Lessor's Risk

- Valid certificate of insurance is required of all entities that lease or rent church facilities
- Should list Conference, Union, Division and General Conference as additionally insured on certificate
- General Liability Insurance Limits – Minimum of \$3M per occurrence

Hired and Non-owned Vehicle

- Church Sponsored Activity Evidenced by Board Vote
- Coverage is provided through Church Mutual as a secondary carrier
- Vehicle should have in place insurance that meets AEC's minimum limits