

Protecting MINISTRY ASSETS



SAFEGUARDING THE MINISTRY'S PROPERTY AND PRIVATE DATA



INTRODUCTION

Imagine getting to church one Sunday morning to find that your church has been burglarized and vandalized. Every computer is gone. Significant portions of the sound system are missing. Windows are broken. File boxes full of bank statements and other papers are nowhere to be found. The bathroom sinks have been plugged, every faucet turned on, and water is running into the church offices.

Burglary and the subsequent destruction of church property is just one way in which a church or ministry can suffer the loss of assets. Fire, severe weather, cyber-breach, internal theft, and a lawsuit judgment against the church are just a few others.

Is your ministry protected if any of these circumstances arise? What if a child injures himself on a broken piece of playground equipment? Will you be able to withstand a major lawsuit from the child's parents? What if the oven in the church kitchen starts a fire and burns down the kitchen and half of the fellowship hall? Will you be able to rebuild?

Consider also that a ministry's assets are not just its property and the money in its bank account—although those are significant. The private and personal information that a ministry collects on donors, members, volunteers, and employees is also an asset that, if breached or stolen, can create major problems for the ministry. The problems resulting from such a breach or theft can range from identity theft, compromised financial accounts, public disclosure, massive data loss, and lawsuits for violations of privacy.

The following section will focus on two of the primary areas where ministries can take proactive steps to protect the assets that have been entrusted to them: (1) obtaining sufficient insurance and (2) appropriate handling of personal and private data. While this section does not cover every possible step that a ministry needs to take in order to shore up its assets (such as conducting regular maintenance on buildings and vehicles or setting a realistic budget and saving for future needs), it does cover two of the most important means of protecting the ministry from a financial catastrophe.

INSURANCE



While understandably not the most exciting topic for someone in church leadership to deal with, obtaining sufficient insurance to cover the church's liabilities is absolutely essential for protecting your ministry's assets. Large judgments against churches, property damage, or cyber-breaches can ruin a ministry if it is not properly insured against such events. Insurance needs will depend on the types of activities in which your ministry is involved as well as the amount and kinds of property owned by the ministry. Conduct a periodic review of insurance coverage with your insurance agent to make certain that your insurance needs are being met in light of current activities and current litigation trends. If you have a special need, you should discuss it with your insurance professional to determine what types of insurance coverages are available to you.

INSURANCE: TYPES OF POLICIES FOR MINISTRIES



General Liability

A commercial general liability policy provides protection against claims or lawsuits alleging that various operations or actions of the ministry and those within the ministry caused personal injuries or damage to someone's property. Many types of injuries will be covered by this policy. However, this policy will not cover such events as lawsuits brought against church board members for bad management decisions or lawsuits alleging unfair employment practices.

The standard commercial general liability policy usually provides that the insurance company may settle the claim or may pay up to the ministry's insured limit if it is found responsible for the injury. The insurance company must also defend the ministry if it is sued for an event covered under the policy, even if the ministry is not responsible for the alleged injuries or the allegations are false or groundless.

Most general liability policies will cover bodily injury, property damage, personal injury, products/completed works liability, sexual misconduct on the part of a church staff or volunteer (although some policies will require a separate endorsement to cover this, and others will only include coverage if the alleged perpetrator had been appropriately screened prior to being in the position), and medical expenses that result from any of these. Some policies will cover the following, although many of these are available as additional endorsements, or riders, to a general liability policy: advertising injury, religious freedom injury, privacy violations, directors' and officers' liability, employment practices liability, and security operations.

INSURANCE: TYPES OF POLICIES FOR MINISTRIES



Property

Some of the ministry's most valuable physical assets include its buildings, equipment, and vehicles. Make sure these are covered in the ministry's property insurance policies. Damage to the ministry's property can arise from any number of sources—weather, accidents, fire/smoke, sinkholes, frozen pipes and other types of water damage, and vandalism—just to name a few. As with any insurance policy, this coverage will vary greatly among ministries depending on the types and numbers of buildings and vehicles owned by the church as well as the equipment inside the church or used outside the church. Damage due to flood or earthquakes is not typically covered in a traditional property insurance policy but is usually available as additional coverages. Some policies will include coverage for income loss and out-of-the-ordinary expenses incurred due to the inability to use facilities or equipment while they are being repaired or replaced.

INSURANCE: TYPES OF POLICIES FOR MINISTRIES



Umbrella

Umbrella insurance refers to a liability insurance policy that protects the assets and future income of the organization in the event of a judgment or liability that exceeds what is covered in the ministry's primary policies. This coverage is very important if the ministry's assets exceed the limits of the general liability policy or other policies that the ministry might have.

INSURANCE:

TYPES OF POLICIES FOR MINISTRIES



Workers' Compensation

Workers' compensation is a form of insurance providing wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue his or her employer for negligence. State laws differ on when workers' compensation insurance is required.

Cyber Liability

If the ministry maintains employee or donor records, processes payroll on a computer, or conducts internet-based commerce, a cyber-liability policy is a must. Every organization stores more personally identifiable information than it probably realizes. Health information, bank account information, Social Security numbers for employees—the list could go on and on. When information is collected about a person in the form of an application, a donation, or a background check (or any number of other forms), this represents an exposure that needs protection. The transmission of viruses to others outside the network through email or other electronic transmissions can also cause financial loss to the organization. This type of loss is not usually covered in a general liability or umbrella insurance policy.

INSURANCE:

TYPES OF POLICIES FOR MINISTRIES

Business/Commercial Auto

Most people do not realize that vehicles driven for ministry-related activities by volunteers pose a distinctive challenge and increased risk for an organization. Buses and vans are unique in both their passenger capacity and in how they handle on the road. Be sure liability, collision, and comprehensive coverages are chosen with the help of an advisor so that adequate limits are identified. Also be sure to have non-owned and hired auto coverage endorsed to the business auto policy or on the general liability policy to cover volunteers and staff using their personal vehicles for the organization's ministry purposes.

Additional Coverages

Certain activities and services provided by your ministry may require additional coverage. Examples of the types of supplemental coverage options that the ministry may need to consider, if they are not covered by the general liability or property policy, include the following: systems and equipment breakdown (this is not always covered in general liability policies); building risk (when embarking on a new building project); coverage for use of facilities you do not own; educator's liability (for schools); broadcasting/publishing (if the ministry is in this business); watercraft (if the ministry owns watercraft or uses large watercraft, as the use of small watercraft is typically covered in a general liability policy); counseling; product liability (for instances such as serving food); international travel or travel outside of policy-covered territory; and medical payments for certain activities.



INSURANCE:

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OTHER CONSIDERATIONS

Schedule of Insurance Coverage

Maintain a schedule of insurance coverage that lists the ministry's current and previous policies, the dates for when the ministry's policies become effective and when they expire, kinds and classifications of coverages, maximum amounts of coverage, premiums, and terms of payments.

When Loss/Injury/Damage Occurs

After obtaining any necessary emergency assistance in the event of an accident or injury, one of the first phone calls that a ministry should make is to the ministry's insurance agent. This is also the case if the church has been threatened with a lawsuit or potential criminal allegations have been made against a church staff member or volunteer. Agents are invaluable in providing much-needed guidance in the midst of what is or may become a crisis for the ministry. Document as close to the event as possible who was/is involved and the details of how the incident was handled.

HANDLING PRIVATE & Personal Data



The last few years have seen a vast shift in the number of nonprofits moving toward online banking, online giving, online record-keeping, online accounting, and online membership databases. The large number of records that used to be kept in file boxes or stored in the church attic are now easily accessible with just the click of a few buttons. And while the electronic age has in many ways simplified lives and ministries, it has also created an entirely new realm in which ministries (and individuals) are vulnerable. Because of this fact, ministries must take extra care in protecting against breaches not just of its paper data but also of its electronic data.

TYPES OF SENSITIVE INFORMATION

The following types of information are considered “sensitive” and must be carefully protected to minimize the likelihood of breach or loss.

- **Donor records—including addresses, phone numbers, email addresses, credit card and bank account information, and donation amounts**
- **Membership rolls—same information as donor records**
- **Employment records—reference checks, bank accounts, Social Security numbers, transcripts**
- **Background check information for employees and volunteers**
- **Payroll information—bank account information, Social Security numbers, addresses, phone numbers**
- **HIPPA-protected medical information**
- **Counseling notes protected by confidentiality laws**

These documents, at a minimum, must be carefully protected because their breach may result in an invasion of privacy lawsuit and an increased likelihood of identity theft.

HANDLING PRIVATE & Personal Data



INFORMATION STORAGE

Because sensitive information can be stored both physically and electronically, safeguards need to address both of these areas. Physical storage of documents and information might include filing cabinets, safes, file boxes, desk drawers, a mail room, or an office, either at the ministry or in someone's home. Storage of information electronically may be located online (in the Cloud), on desktop or laptop computers, mobile devices or tablets, CDs and DVDs, or on USB/thumb drives.

DATA BREACH/LOSS SOURCES

The source of a breach or loss of private and personal data may originate from any number of sources. Computer viruses may not only corrupt the church's system and its entire network, which can lead to the loss of massive amounts of data, but if a church staff member sends an email containing a virus to someone outside of the ministry, even inadvertently, the ministry could be liable for damages that result from such a transmission.

Allowing public access to the ministry's computer Wi-Fi network also compromises sensitive information, as does leaving such information lying around on desktops or in trash cans. File boxes full of old church meeting minutes, membership rolls, or donor records become easy targets for persons intent on stealing them.

The church prayer list is another means by which private data may be breached. Churches need to be sensitive to the fact that not every member wants the church to broadcast his or her health conditions. Pastoral visits to a person in the hospital should remain private. These two issues have been the subject of threatened lawsuits against churches for invasion of privacy. Counseling session notes should be carefully guarded, and ministry counselors must maintain confidentiality except where prohibited by law.

Church and ministry staff should be trained on protecting privacy and confidentiality of personal information in order to reduce the likelihood of a breach or loss occurring.

HANDLING PRIVATE & Personal Data



SPECIFIC GUIDELINES

Protecting Physical Data

- Do not throw away documents containing personally identifying information without first shredding them.
- Maintain sensitive information in locked filing cabinets, and limit access to that information to those who are properly vetted and approved for use or access. This would include any personal or financial information of members, membership records, and employee records.
- Secure buildings, offices, and filing cabinets.
- Do not print prayer request lists that describe medical, financial, or other sensitive information about members, members' families, or persons in the community.
- Minimize what is kept and stored—only keep what is essential and shred sensitive information that is not needed.

HANDLING PRIVATE & Personal Data



SPECIFIC GUIDELINES *Protecting Electronic Data*

- Limit access to sensitive information by requiring password logins for computers and ministry-provided mobile devices or tablets.
- Unless absolutely necessary, do not store sensitive information on portable storage devices. If it is necessary, encrypt the information so that it is not easily accessible to the user.
- Strictly limit administrative access to the church's website. This is especially true if online donations can be made through the site.
- Regularly change passwords for all logins, including for the church employee Wi-Fi network, particularly when employees or volunteers leave the ministry or no longer work for the church.
- If offering Wi-Fi for guests and visitors, ensure that this is set up as a separate network from the main church network.
- Update software regularly to help secure networks.
- Put a strict technology-use policy in place for anyone who has access to the church network and enforce it, as most data breaches in church occur from those associated with the church.
- Require that computers be used only for business/ministry purposes. Visits to social networking and other personal websites increase the likelihood of a virus or malware transmission to your ministry computers.
- Adopt a policy that if staff members did not request a file, they should not open it.
- Stay up-to-date on current risks associated with computer viruses.
- Encrypt sensitive information.
- As much as possible, do not store sensitive information on mobile devices, since these are more likely to be stolen or lost.
- Back up sensitive information that is located on a hard drive, removable drive, or mobile device—either on a separate physical, removable device (stored in a separate place from the original location of the information) or in the Cloud.



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