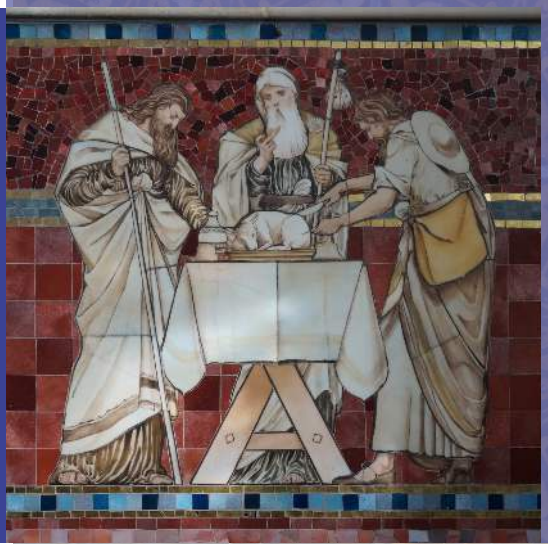
THE CHURCH OF ENGLAND SUFFOLK

ADVICE ON INSURING A CHURCH

at less than 100% of its value



From time to time, parishes ask us whether they're allowed to insure their church for less than 100% of its estimated rebuild value to reduce their outgoing on premiums. If you're thinking about doing that, then you should read this guidance before going any further.

The first thing to know is that this decision doesn't need any formal permission from the Diocese. It's good to tell us what you have decided, especially if you are insuring for significantly less than the total, but there is no legal obligation either at Diocesan or at a national level to insure for 100%. The decision rests solely with the PCC, as does the responsibility for it and for the building. However, if you decide to pursue that option, then it's important to understand fully the potential implications. This is a complex issue and there aren't always straightforward answers or clear advantages.

Before anything else, you should find out just how much you would save.

Ecclesiastical Insurance's 'Parish Plus' policy, probably the most widespread in the Diocese, does not provide the option of insuring for less than 100% of the value. To do that, you would need a customised policy, and you'll need to approach the company to initiate that process. If you are successful in getting a quote, then read very carefully the terms and conditions, and compare them with those of your existing policy.

The savings may not be as big as you expected and may not be justified by the drawbacks. Don't forget that this isn't the only way of saving money on your insurance.

- If you're with Ecclesiastical, try approaching Trinitas for a quote. Then try asking Ecclesiastical if they can match the Trinitas quote.
- If you don't currently pay any excess on claims for property damage, look at doing that. If you already do, look at increasing the amount. As with car insurance, that can reduce the size of the premium.

THE CHURCH OF ENGLAND SUFFOLK

What it actually means to insure a church for 100% of its value:

The main reason to insure a church building for 100% of its value is to protect the PCC in the event of a total loss – that is to say, a disaster that causes so much damage that the building is no longer usable. The most likely cause of this is a fire. Professional valuations for churches are generally robust. However severe the damage, it is extremely rare for a church to be completely destroyed and so cover for 100% of the value is usually ample to allow for the building to be completely reinstated – that is to say, not just to repair the walls and reconstruct the roof, but also to reproduce lost interior features, provided that everything is sufficiently well recorded in photographs and survey drawings for that to be feasible.

That said, it's important to realise that this isn't a case of putting everything back as it was so that no one would ever guess disaster had struck. You can make copies of lost items, but once genuine historic fabric has been destroyed then it is gone for good. A facsimile testifies to a community's determination to persist in the face of adversity, it demonstrates the skill of a contemporary craftsman, it can perpetuate the memory of what has been lost, but it is still a modern artefact. Whether an attempt to recreate an historic building from scratch down to the fine detail is the best response to a disaster is a hotly debated subject in conservation philosophy. There are several schools of thought, of which replacing lost material with a visually identical reproduction of what has been destroyed is just one. But the general consensus is that a copy has at best a limited claim to authenticity.

On that subject, it is a myth that, in the event of a major disaster, Historic England will force the parish to put everything back as it was - it has no legal authority to do anything of the kind. If your church is listed (and most churches in the Diocese are), then it will be mandatory to consult Historic England on the future of the site, but their main concern will be to ensure that you incorporate as much significant historic fabric as it is practicable to retain and conserve. They are only likely to raise concerns about your plans if you decide not to do that when it is perfectly feasible. But there is no blanket position and they deal with all such matters on a case-by-case basis.

THE CHURCH OF ENGLAND SUFFOLK

What you need to consider:

It's worth discussing as a PCC how you would respond in the event of a worst-case scenario, and then formulating and agreeing a policy. Some parishes who have suffered serious fires have taken the opportunity when reconstructing their church to incorporate improvements. You may have the option of recreating items that have been burnt to cinders, but would you necessarily want to do that if it doesn't serve the best interests of mission and community? Try and be clear about how you would use the money paid out by your insurer, since you don't want your response to an already difficult situation to be complicated by internal disagreements. For instance, would you want to reinstate seating arrangements that are inconvenient and restrict the versatility of the building? Or to recreate an organ that was barely playable, of little historic interest and never used? Here it may be worth looking at insuring items for less than 100% of their value or even excluding them altogether, although this may not necessarily reduce your premium very significantly.

The single most important consideration when deciding on the value to insure is whether the cover would be sufficient to allow your church to be returned to practical use following a major disaster. Cover for, say, 75-50% may allow for at best only a utilitarian reconstruction, making the building weathertight once again, but leaving it looking spartan inside. While that may be sufficient for regular services, it could deter couples looking to get married there and curtail altogether its use for events outside service times like concerts. If those are an important part of the life of your parish, you should think carefully about the implications for that.

Cover for less than 50% may make even this kind of reconstruction unaffordable; cover for 25%, for instance, may be sufficient only to allow debris to be tidied away and prevent damaged fabric from collapsing, leaving the church a roofless shell.

Consider how you would respond if you were to find yourself in that situation. Would you as a PCC be prepared to raise money to cover the shortfall in the cost of reconstruction to allow the church to be returned to use? Bear in mind that any building deteriorates very quickly once the roof is off, and so the scope of works would quickly increase. Raising the balance of funds from external sources will be a protracted exercise and, during that period, costs will inflate. Or would you leave the church as a shell and acquire new premises elsewhere to continue worship? Or would you dissolve the congregation and declare the church redundant?

THE CHURCH OF ENGLAND SUFFOLK

Here are some important points to bear in mind if you find yourselves thinking about these questions.

- Even if complete reinstatement had to be ruled out, you, as PCC officers, would remain liable for the site.
- A fire-damaged church would quickly be added to Historic England's Heritage at Risk register and that organisation would engage you in any discussions over its future. It would not allow you simply to walk away from the problem.
- Making your Church redundant would not provide you with an easy get-out. Bear in mind that redundancy is a slow, complex statutory process exercised by the Church Commissioners that can often take several years and requires consultation with the wider community, which may well raise strong objections. Finding a new use for a redundant church that has been badly damaged, isn't usable and can't be repaired without major new investment is difficult to accomplish.

In short, while insuring a church for less than 100% of its value can be a legitimate way of saving money for the PCC, you should be clear about what the gains would be, and weigh them against the increased responsibilities that this course of action would entail in the event of your church suffering a catastrophic loss. While no one is going to bring a prosecution against you for not being able to rebuild your church exactly as it was before, this will make responding to a disaster a more complex business than just making a claim to your insurer for total cost of a rebuild. It will mean finding answers to big, strategic questions, which should be considered before making the decision. Some of these issues have been set out above, and you should discuss them with your PCC, your vicar and the Archdeacon. Even if you insure for 100% of the value, there is still no substitute for risk management and taking all the measures needed to ensure that the likelihood of a fire is minimal and such a situation never arises.

The Diocese offers this advice in good faith, but it does not insure itself against the risk of negligence when offering such guidance and so does not accept any liability for any loss incurred as a result of using it.

Edmund Harris, October 2024