CALIFORNIA PACIFIC CONFERENCE OF THE UNITED METHODIST CHURCH
PRE-SCHOOL OPERATIONS
QUALIFICATIONS FOR INSURANCE COVERAGE

Preschool operations fall into one of two categories, Affiliated and Non-affiliated. Affiliated operations can be insured under your church insurance program arranged by the Conference if certain conditions are met and Non-affiliated are not covered under any circumstances. While no coverage is provided for Non-affiliated operations, there are procedures that must be followed to protect your church and the Conference.

Affiliated – this is a non-profit preschool operation that is established by your church using the same Tax ID number assigned to your church. Liability Insurance is provided under the Conference insurance program if these conditions are met:

1. You have notified HUB International that your church is operating a preschool and you have provided HUB with the total number of students/participants enrolled and the total number of teachers.
2. Your church pastor and the church board of trustees have full control over the preschool, including the curriculum and the ability to hire and/or terminate the preschool director, employees and volunteers.
3. If the preschool has a separate Board of Directors, the church must have the right to appoint or elect the majority of the members of that board.

Affiliated preschool operations may not obtain their own insurance. Coverage must be provided by the Conference insurance program which has been approved by the Conference Board of Trustees, maintains continuity of coverage and is provided at a much lower premium than what is available outside of the Conference insurance program.

Note: If the preschool is a separate 501(c)3, please send a copy of the articles of incorporation and bylaws to HUB International for verification that insurance can be automatically extended to the preschool operation.

Non-Affiliated – this is a non-profit or for-profit preschool operation that operates in a facility owned by the church, but does so under its own articles of incorporation and has its own Tax ID number. This type of operation is not insured with the Conference insurance program. Also, a preschool operation that does not meet the all three of the above listed conditions of an Affiliated preschool is not insured. A Non-Affiliated operation must obtain its own insurance. However, since they are conducting operations in your church facility, your church should follow these directives:

1. Have a written lease agreement containing specific insurance requirements, a hold harmless clause and other provisions recommended by your attorney.
2. Insurance requirements in the lease agreement should specify the following:
a. Insurance should be provided by and insurance company with an A.M. Best rating of “A” or better.
b. A minimum limit of liability insurance of $1,000,000 or more should be required and should include Comprehensive General Liability, Professional Liability, Sexual Abuse and Molestation Liability, Employment Practices Liability, Directors and Officers Liability and Workers Compensation Insurance.
c. Your church must be listed as “Additional Named Insured” on the policies for Comprehensive General Liability, Professional Liability and Sexual Abuse and Molestation Liability. You must request a Certificate of Insurance on all of the policies along with copies of the endorsements showing church is an “Additional Named Insured” on those specified above. Send these documents to HUB International for review.

3. We recommend that your lease agreement require the tenant preschool to insure their own personal property.
4. We recommend that your lease agreement require the tenant comply with all State and Federal laws concerning preschool operations, especially those regarding criminal record clearance and health requirements for employees and volunteers.

3. We recommend you require the preschool to have regular safety inspections of playground equipment and be responsible for maintenance and repairs needed.
4. Request a copy of the State license and keep it on file.

Most lawsuits filed against churches in the California Pacific Conference are a direct result of preschool operations. Claims paid out may raise insurance premiums not only for your church but for all churches and ministries in the Conference, so we appreciate every effort you make to help reduce insurance claims.