



# Roman Catholic Archdiocese of Boston

## Office of Risk Management

66 Brooks Drive, Braintree, MA 02184

800-899-1242

[www.rcabrisk.org](http://www.rcabrisk.org)

July 1, 2022

Re: July 1, 2022 Insurance Program Renewal

Dear Pastor and Business Manager:

As you know, the majority of our insurance programs renewed on July 1. While this letter would usually be distributed prior to the renewal, our negotiations were challenging and did not conclude until the day before renewal. Several markets held their quotes until just three days before expiration. I am writing to advise you of the results of those negotiations and our renewal rates for this year. While it was a difficult renewal, I believe the results were successful in substantially mitigating the impact of a continuing hard market, extraordinary inflation pressures, and the insurance industry's continued desire to limit, or move away from, religious non-profit business. As you know, we were pleased to report another dividend declaration and a modest average rate increase of just 1.5% in the MCSIG workers compensation program in March of this year. The other lines are outlined below.

### Property

The property markets and renewal continue to be the most challenging in well over twenty years. The unfortunate combination of one of the hardest markets in memory, extraordinary inflation, combined with the continued impact of two major fire losses in one year, put us at a disadvantage. The markets were again seeking double digit increases in the range of 10-15%, particularly for clients who suffered serious losses. Markets continued to cut back capacity this year, again driving up the number of insurers needed to fill out layers and increasing the cost of capacity. Despite these challenges, **we were able to limit the increase to parishes to just 5%**. This year considerable attention was paid to the increasing cost of construction and, although the markets were seeking 8-10% value increases, we were able to reach agreement at a 5% increase in values. Therefore, all property values will be adjusted upward by 5% (this is in addition to the rate increase of 5%). While any increase after recent years is difficult, the result was quite good considering the hard market, COVID impacts, historical inflation, and last year's combined fire losses that will now exceed \$5M.

### General Liability

As with the other lines, the hard liability markets continue to affect the General, Employment Practices Liability (EPL) and D&O costs, and the number of markets willing to write religious non-profit business. EPL continues to be a substantial loss driver. As you may recall from last year, there was an unusual level of capacity reduction with some long-time insurers cutting their participation in half, and some withdrawing from the religious non-profit sector completely. Those conditions continued this year. **We were able to keep the increase for liability to just 7%**; however, we had to continue with limits lower than desirable at \$25M.

### Other Lines

The auto line saw a continuation of improved claim trends this year; however, Crime claims continued to trend higher. **We have maintained the new structure developed last year and were able to keep the auto increase only 4%**. Much of that increase was the result of inflationary pressure.

The increased cybercrime claim activity across the industry, along with continued capacity reductions (requiring more insurers than last year to fill each layer), continued this year. As with the other lines, we were able to limit the increase to single digits, at just 7%. I encourage you to revisit the cyber risk advisories we and MIS have published. Cybercrime, social engineering scams and “spear-phishing,” brought several claims to the program last year and will ultimately have an adverse impact on rates. There are more stringent cyber risk mitigation procedures and compliance requirements that have created different tiers of deductibles for cyber losses. Information regarding those changes will be distributed once we have examined the coverage binders in the coming weeks.

### Summary of Programs

While these adjustments are much lower than recent years, they add to the challenges our parishes and institutions must manage. As noted last year, the insurance markets have hardened substantially; however, absent any unforeseen events through this year, I do believe we have the end of this market in sight. Financial pressures, legal expenses associated with the “statute,” and bankruptcies across the country will continue to create market conditions that are difficult to forecast.

**One of the most important steps our parishes can take to mitigate the impact of this market and improve next year’s renewal position and negotiations is to implement solid risk mitigation strategies and policies. Please continue to follow the risk alerts and advisories that the Office of Risk Management and Ratio Risk Services distribute. While there will always be losses that were unavoidable, large losses (particularly fires, water damage and freeze-ups) that could have been prevented or mitigated put us in a category of business that insurers are reluctant to insure.**

Working with our brokers, consultants, advisors and other dioceses, we continue to work through the year developing innovative ways to mitigate the impact of this market as we navigate these challenging times.

Property	5 %
Boiler & Machinery	5%
Scheduled Property	flat
Parish Theft	4%
Liability	5%
Volunteer Accident & Health	flat
Auto	4%
Priest’s Auto	4%
Crime	7%

The structure of our programs continues to enable us to mitigate the full impact of the fluctuating costs of insurance. As noted above, I urge you to support our loss control and risk mitigation efforts by reading our risk alerts and following the guidelines and recommendations we issue. Please ensure that the parish staff responds to our outreach and information requests and provides or updates relevant contact information, including email addresses and cell phone numbers (especially for facilities/custodial staff) to our staff. Contact [doreen\\_rearden@rcab.org](mailto:doreen_rearden@rcab.org) to update your information.

Once again, I would like to take this opportunity to remind you of some of the additional protections and services that we offer to our parishes:

- ◆ AAA membership is being provided to all our pastors at no cost
- ◆ Other priests living in the rectories are eligible for discounted AAA associate membership at \$35.00 a year
- ◆ Safe driver training is available for employees and additional training is available for those operating multi-passenger vehicles
- ◆ Information regarding all our programs, including access to forms, newsletters and contact information, can be found on our website, **[www.rcabrisk.org](http://www.rcabrisk.org)**
- ◆ Certificates of insurance
- ◆ Claims and litigation management
- ◆ Crisis response and crisis management teams to assist and support our pastors and parishes through difficult or unusual incidents or events
- ◆ Loss control support such as ergonomics, engineering, liability risk assessments

Some of the projects that were rolled out this year, and will be rolled out in the coming year include:

- Parish Safety & Security / Active Shooter Response Training
- Harassment and Hostile Work Environment Prevention
- AED/CPR Training
- Online Driver Safety Courses
- ServSafe® Food Manager Certification Course
- Boiler Operation, Maintenance and Upkeep
- Cyber Security Audits and Risk Mitigation programs
- AED/CPR, Mental Health First Aid, Stop the Bleed emergency medical training
- International Travel Safety & Security
- Emergency “flip” guides for school classrooms and offices

I encourage you to contact our offices with any of your needs or questions and allow us to assist you. To effectively improve services, it is necessary for me to have knowledge of your experience, so I ask that you please take a moment to share with me your experience with our offices.

I welcome your input and suggestions and can be contacted at 617-746-5740 or at [JFM@rcab.org](mailto:JFM@rcab.org).

Thank you for your anticipated cooperation and support, and for all that you do for the Catholic Church of Boston,

Sincerely,



Joseph F. McEnness  
Executive Director,  
Office of Risk Management and Insurance