



Grand Lodge of Free & Accepted Masons of the State of New York Committee on Lodges and Buildings

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Dear Brother,

SUBJECT: INSURANCE

Many Lodges have inquired of the Committee about the insurance needs for Lodges. We are very much aware that insurance is a major cost for many Lodges, especially those with Lodge Buildings, and that the cost of insurance has increased dramatically over the last two years.

We have researched the matter and at this point want to call your attention to two possible sources of insurance for Lodges. **Please note that this does not mean they are the only companies available nor does it mean that the Grand Lodge is advising you to seek policies and recommendations only from them.** The two sources are available through two insurance professionals, both Masonic brothers, whose respective companies, you may want to contact as sources for insurance policies. They both have access to many insurance carriers and may be able to provide your Lodge with comprehensive insurance protection at a competitive rate.

Craig Carey, *Senior Vice President*
Marsh USA Inc
500 Linden Oaks
Rochester, NY 14692
(585) 389 8738; Fax (585) 389 8721
Craig.R.Carey@Marsh.com

Tim McNelly, *CPCU, ARM, AMIM*
Brown and Brown, Inc
45 East Avenue
Rochester, NY 14604
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The Grand Lodge maintains a General Liability policy, which provides a \$1,000,000 General Liability benefit designed for Fraternal Organizations. The policy however does not address all the liability insurance needs of our Lodges. For example, it does not provide coverage for non-Masonic activities, or when the Lodge building is used by other than Grand Lodge Chartered New York Masons. If you own the Lodge building, you will have a need for property insurance. Property Insurance is not offered through the Grand Lodge insurance program. We strongly suggest you contact one of the Brothers listed above to discuss further.

Should you have further questions, please feel free to contact the Committee through your District Deputy Grand Master.

Sincerely and fraternally,

Handwritten signature of Neal Bidnick in black ink.

Neal Bidnick
Chairman

Handwritten signature of Robert Walenta in black ink.

Robert Walenta
Insurance Sub-Committee Chairman

Enc: INSURANCE MADE SIMPLE

INSURANCE MADE SIMPLE

Section 1: Introduction

It is the goal of this program to provide each of the Lodges in the State with the basic tools necessary to secure an insurance plan that actually meets the needs of the Lodge. Since no one plan will solve every Lodges insurance need, each Lodge obviously needs to consider carefully what they hope to achieve as they move forward to insuring their Lodge properly. Most Lodges in NYS currently carry some form of insurance. We believe, however, that in many cases these policies are seldom reviewed and updated. Annual premiums are paid assuming that the work done by those who came this way before us still meets our needs today. Magically, we think our agent will know about the new stove we bought, or the gift of jewels to our Lodge. We assume that as the value of our Lodge property increases so does our insurance protection. Many of our Lodges have items of great historic and monetary value, yet have we considered how we insure these treasures for replacement in the event of fire or theft? For too many years, our Lodges have filed the Grand Lodge Insurance information in the bottom right draw of the Secretaries desk, assuming the Lodge to be adequately covered. If we have purchased additional coverage we pay our annual premium and put the policy in the same desk drawer file, probably never reviewing the coverage. In fact, we are confident that for most of us, the "Premium" is our only consideration from year to year. Can any of us remember the last time we were advised how our Lodge, and its property were insured?

We have designed this booklet to address the needs of a Lodge as a tenant, a Lodge as a building owner, and a Temple Association as a building owner. We hope this tool will assist you in understanding your insurance needs, but each Lodge needs to carefully choose the program best for them. No two Lodges are identical and no single policy will satisfactorily address the needs of every Lodge. It is our hope that the materials provided here will assist your Lodge in understanding the coverage you need, and obtaining that coverage at a price you can afford.

The **Grand Lodge of the State of New York** provides each of its Constituent Lodges and members the base coverage on which the individual lodges can build their policy. Some Lodges are tenants, while others are building owners. Various types of associations own some of our temples, and in some cases we are landlords with commercial rentals. Each of these situations brings with it specific insurance needs and requirements. We have taken each of these situations separately,

prepared a summary of the basic needs of your Lodge, and the different types of coverage available to meet these needs.

We recommend the following as a minimum that each Lodge should do to protect its' building, its' other physical assets (regalia, room furnishings, equipment, etc.) and their members:

- From time to time shop your insurance either by calling several agents or by asking your independent agent to make inquiries of their several companies.**
- All policies should be reviewed annually.**
- A report should be made to the Lodge annually which summarizes what is being insured and for how much.**

Lastly, please don't hesitate to let us know if you have any questions or concerns as you move forward with this process. The very worst time to find out that you are not covered is after you have a claim.

Section 2: The Grand Lodge Insurance Program

One of the great risks we have in New York State is the threat of a lawsuit. Each of us as members, Lodges and building owners are at risk. NYS is a "comparative negligence state," which simply means that because you were there, you have some fault in the incident. While we are out in the world doing the work of our Lodge, our Lodge is at risk. When we are cleaning up the side of the road for the Adopt a Highway program, doing the Child ID Program, hosting Blood Drives, etc., our members and Lodges are at risk. When we hold public dinners, or public ceremonies, we are at risk. When one of our own falls in the parking lot, we are at risk. If our Lodge owns a building, our Lodge is at risk. If we are just tenants in a building, our Lodge is at risk. We have all heard the horror stories associated with lawsuits, and having the appropriate General Liability Policy in effect helps protect us in these situations.

The Grand Lodge of the State of New York maintains a General Liability Policy for the benefit of its Constituent Lodges. This is a program designed specifically for the benefit of Fraternal Organizations. The insured in this policy includes officers, employees and members both individually and collectively of all Constituent Lodges in NYS. Every year just prior to the anniversary of the policy, currently April 1, every Lodge Secretary receives a summary of the coverage. We have also included the most recent available summary of the Grand Lodge program in this booklet. It is important that we understand exactly what coverage is provided by the policy. Furthermore, it is very important that we appreciate the foresight of our Grand Lodge to provide this policy for the benefit of all Lodges and members.

The Grand Lodge policy provides a \$1,000,000 General Liability benefit designed for Fraternal Organizations. The policy however does not address all of the possible

Liability Insurance needs of our Lodges. Please take a moment and read the definition of an insured and the miscellaneous exclusions contained in the Grand Lodge policy. There are circumstances where we would not be covered by this policy. Do we allow outside groups to use our buildings, i.e. Scouting Organizations or other community groups? Do we have Concordant, and non-Concordant bodies using our buildings? Do we have other Fraternal Organizations in our buildings such as the Odd Fellows? Do we have commercial exposures within our buildings, i.e.: office rentals or retail shops? Is our building owned by an association and rented to the lodges as tenants? Are we effectively covered for lawsuits arising out of these exposures? The answers to these questions determine whether or not the Grand Lodge policy provides coverage or not.

In addition to the General Liability Coverage, the Grand Lodge policy for Constituent Lodges provides several other important benefits. Of significant importance are Employee Dishonesty Coverage and Forgery Coverage. These valuable coverage items insure the Lodge against the loss of money and securities through the fraudulent or dishonest acts committed by any employee of the Lodge. In the case of this policy the definition of an employee includes officers, members, directors and trustees elected or appointed who serve without compensation. We encourage you to read carefully the attached copy of the Grand Lodge Policy.

The following **Questions and Answers** will help you to better understand the coverage's afforded to you the under the Grand Lodge policy for Constituent Lodges.

Section 3: Lodges as Building Owners

As a building owner you must carefully consider both the building and the contents that you own in the building. It is important to know that all policies are not equal. A policy for \$100,000 actually can be issued in many forms, each with a different premium. It is therefore very important to have some simple understanding of the various coverage forms available. Keeping it very simple, property coverage is typically available in 3 qualities known commonly as Basic or Form 1, Broad or Form 2 and Special or Form 3. The Basic Form is a fire insurance policy, the Special Form being the top of the line covering almost anything you might think of, and Broad Form being a happy medium. No policy will cover you against all possible losses and it is important to ask many questions as you shop for your coverage. I would suggest that you always seek to secure a Special Form policy, the best possible coverage.

The next question is how much coverage should I buy. **Determining the "Replacement Value" of your building is not always an easy task.** "Replacement Value" should not be confused or compared to the "resale value," the "tax assessment value" or a banks "appraisal" as these values typically relate to the economic resale value. Replacement value specifically refers to the cost of materials and labor needed to replace your building. Our committee can assist you with a

property inspection (*see Real Estate Evaluation Section of this binder*) which would be a valuable tool used in determining a real value. You may have within your Lodge, or circle of friends, a construction professional that can help you determine the value. Some insurance companies will perform this valuation as a service at the issue of a policy. It is important to maintain coverage as close as possible to the real value of the property. Typically, you should maintain coverage that represents no less than 80% of the real replacement value. If at the time of loss your actual coverage is less than 80% of the actual replacement value, then the insurance company can reduce any claim settlement by the same percentage. The formula for settling claims is commonly referred to as "did / should." For example if you purchased a 50,000 policy but you should have had a \$100,000 policy, the formula is 50,000 / 100,000 or ½ and therefore any partial losses will only be reimbursed for ½ of the actual loss. Maintaining coverage at the actual replacement value of your building will avoid this reduced claim situation.

The next part of your insurance program is coverage for your owned contents in the building. It is most important that you take and have in your possession a complete inventory of all the contents of your building. This inventory should include the regalia of the Lodge, the Lodge room furnishings, kitchen and dining room equipment and most important a complete and detail listing of all the historical items (pictures, documents, jewels, equipment, etc.) that are in the Lodge's possession. We have provided a section in this binder for you to keep a current inventory of such items. We refer you to the next section, Lodges as Tenants, to determine realistic values for your contents. Once again it is very important to maintain realistic values for your Lodges property. When obtaining your quotes always shop for the best first. Obtain quotes for the top of the line policy with reasonably low deductibles. Should you determine that the premium cost is prohibitive, then consider higher deductibles for both the building and contents. If this does not provide enough relief consider a Broad Form policy instead of a Special Form policy. Hopefully approaching the property insurance needs of the Lodge in this manner will allow you to be fully covered for the major loss while self insuring the little loss with a high deductible.

Lastly, part of your package should contain General Liability insurance. As we have previously explained the Grand Lodge policy contains certain coverage exclusions that might place you as the building owner without coverage. In general you will find the additional cost of liability coverage in an insurance package to be minimal, and typically discounted when included in a package. Read the Grand Lodge policy exclusion carefully, a copy of which is included in this booklet, and determine if your Lodge is at risk. Should you need to purchase General Liability coverage, we suggest purchasing as much as you can afford, obtaining quotes for at least \$1,000,000 of coverage. Typically the premium difference between \$500,000 and \$1,000,000 is not significant, but a claim for more coverage than you maintain could mean the end of your Lodge.

As your policy (ies) renew annually, it is important that you adjust your coverage appropriately. While many policies will automatically adjust the value of the building at each renewal, typically the contents do not increase annually. The replacement costs of jewels and furniture are not going down. If you don't annually

review your coverage needs you will find the work you did today totally inadequate in a few years.

Section 4: Lodges as Tenants

As a tenant, your Lodge insurance needs typically will be very easy to address. As you are not the owner of the building, the responsibility of building coverage is not yours. If you do not rent or sublet your space to other organizations the Grand Lodge Liability policy might fulfill your General Liability Insurance needs. The Grand Lodge Policy will also address your basic Employee Dishonesty coverage as previously described in section 2. Your primary concern becomes the loss of the Lodges Personal Property in the event of fire or theft.

When shopping for property insurance you should specifically request fire and theft coverage; preferably 'broad' form or 'special' form coverage. Your Lodge should maintain an inventory of its property and assign a reasonable replacement value to these belongings. This may be a project suitable for the trustees of your Lodge to undertake. Many of our Lodges possess jewels with great historic value, or gifts of items that could never be replaced. When preparing to insure these items, the Lodge needs to carefully consider how to assign an appropriate value to these items. I might suggest that a Lodge possessing a rare gift, such as a full dress sword presented by General Lafayette, could never replace this item should it be lost in a fire or theft. Therefore the Lodge must occasionally determine if an item of this significance should even be insured. Possibly the final decision in this case should be left to the cost of the insurance and the Lodges ability to pay the premium. Never assume you can't afford the coverage. Obtaining an insurance quote will cost only the time it takes to pursue one. But, in the case of the regular jewels and furniture of the Lodge a value must be assigned that could reasonably replace these items and the appropriate coverage maintained. In the case of historic jewels or antique furniture, the replacement would more than likely is a new item of similar quality. Therefore as you assign insurance values to your Lodge Inventory carefully choose from the many Lodge Supply resources item values that realistically will address the replacement needs of the Lodge. If premium continues to be a concern, don't reduce the amount of coverage you need, rather look at increasing the deductible. Consider obtaining quotes with a deductible of \$500, \$1000, \$2500 or even \$5,000. This will reduce the premium cost, but still provide the coverage required for the serious catastrophic loss. Consider also "shopping" for your coverage either with multiple agencies or with an independent agent who will shop for the best price with multiple companies.

If your building is owned by another Lodge, or Masonic body, you may be able to inexpensively fulfill your property insurance need under their policy. Most insurance companies will provide coverage under the building owners policy for the "Property of Others." You may also find while shopping your insurance that it is cheaper to purchase the property coverage in a package with General Liability. It would not hurt any Lodge to own its own General Liability policy in addition to the Grand Lodge

program. This actually provides peace of mind considering the several coverage exclusions that exist in the Grand Lodge program. **Lastly, as your policy renews annually it is important that you adjust your coverage appropriately.** The replacement costs of jewels and furniture generally do not go down. If you don't annually review your coverage needs you will find the work you did today totally inadequate in a few years

Section 5: Lodges Buildings owned by Associations

Lodge buildings owned by associations raise several questions and concerns. Associations may not consist only of Blue Lodge representatives. Associations may only be formed with the purpose of managing a building actually owned by someone else. The manner in which the association was formed, the by-laws of the association, the deeded owner of the building, as well as many other concerns make it very difficult to assume a common set of procedures to follow. We believe it would be necessary to review each association carefully before making any specific recommendations. In general your insurance needs are probably most similar to those as listed in Section 3 of this booklet. However we are not prepared to assume an understanding of what your association is contractually responsible for. We are therefore unable to prepare a generic set of procedures for an association to follow.

Once again our committee is ready and willing to assist you determining the best way to proceed based on your particular association's needs.

Section 6: Conclusion

In conclusion, it is our goal with this Insurance Program to provide the Lodges in NYS with some very basic understanding of their insurance needs. Insurance is not complicated, and should not be approached as being so. Appoint a person or persons in your Lodge to assume the responsibility of making a Lodge Property Inventory. Assign realistic replacement values to those items. Keep records of the sources you used to determine those values in order to easily update the replacement values in future years. If you own a building endeavor to obtain the realistic replacement value of your building. Always make every effort to insure your property for its replacement value.

As we have continuously mentioned, no two Lodges are the same. This information only touches the surface of the many aspects of coverage. Your Lodge may have particular needs and concerns that need to be addressed. Carefully seek out the insurance professional who will assist you in obtaining the product you need. Use this tool to ask the right questions of your insurance professional.

FREQUENTLY ASKED QUESTIONS - FAQ's

As we have traveled around New York State, this year, we have been asked some very interesting questions which we want to share with you. You may or may not find these on your own list of questions, but we ask you to review them and if you have others, please contact the committee through your District Deputy Grand Master.

#1-- When I leave my house to participate in a Lodge function outside of our building - when and where does the Grand Lodge Liability Policy for Constituent Lodges cover me?

The Grand Lodge Liability Policy for Constituent Lodges covers a member against bodily injury or property damage to a third party while in the course of participating in a Masonic sponsored activity. The actual member would only be covered if a suit were brought against the lodge.

#2-- Does the Grand Lodge Liability Policy for Constituent Lodges provide coverage if a Lodge function is held in a non-Masonic Building?

The Fraternal policy will cover any Masonic activity wherever it is held.

#3-- When our Lodge or District runs a Child ID, Blood Donor Program, Drug & Alcohol Abuse Program, etc. in our building, does the Grand Lodge Liability Policy for Constituent Lodges provide coverage?

Yes coverage would be provided for the lodge for bodily injury or property damage to a third party. It should be understood there is no intent to cover professional or medical malpractice liability and as such we would suggest the sponsoring lodge secure evidence of coverage from the organization providing such services. The lodge should also ask to be an additional insured and should be held harmless from any damages resulting from the event.

#4-- What happens if we run the programs noted in the previous question in a non-Masonic Building?

No difference from the previous answer.

#5-- My Lodge or District wants to run a Blood Donor program:

A-- Do we need additional liability policy or other coverage if the American Red Cross, etc. is actually drawing the blood?

No difference from the previous answer.

B-- Do we have any liability if the blood drawn is contaminated with either HIV or other viruses?

You would only have liability if you contributed to the contamination of a third party.

#6-- Does the Grand Lodge Liability Policy for Constituent Lodges provide coverage if we allow our building to be used by:

A-- Other Concordant bodies and Masonic Groups - RAM, OES, DeMolay, etc.?

No, the policy does not cover any organization other than the lodge and it's directly related groups chartered by the Grand Lodge. Although thought of as part of the Masons, the concordant and non-concordant bodies as well as the women's organizations and youth organizations are not part of the Grand Lodge of the State of New York and its Constituent Lodges and therefore no coverage is provided for their use of a Masonic facility.

Coverage for these exposures needs to be purchased by the Lodge in addition to the coverage provided by Grand Lodge.

B-- Non-Masonic Groups?

The answer remains the same as above.

#7-- If we rent space in our building for non-Masonic groups to hold social and fundraising activities in the building, are we covered by the Grand Lodge policy for liability in case of an accident or if the renter or their guests commit crimes?

NO, there is no coverage in the Grand Lodge Liability Policy for Constituent Lodges for anything other than a MASONIC activity.

#8-- What coverage is needed if we rent the Lodge building to a non-Masonic group for use in social or fundraising programs?

An additional General Liability policy would need to be purchased to provide coverage for use of a lodge building by a non-affiliate as well as coverage for the value of the building and personal property contained therein.

We further suggest that you have an adequate RENTAL AGREEMENT that stipulates that the renter is responsible for any damages, and includes other wording as may be suggested by the Lodge's attorney's. We suggest that all lodges that rent their buildings use a formal rental agreement that will hold up in a court of law in the event that there are any unforeseen problems.

#9-- Does the Grand Lodge Liability Policy for Constituent Lodges provide coverage when we sell food in or on the grounds of our building and/or if we sell food off of our premises (at a county fair, etc.)?

The policy provides coverage for bodily injury or property damage, which would include food.

#10-- Does Grand Lodge or the Committee on Lodges and Buildings have any plans to offer or direct us to issuers of policies for coverage's that we are missing?

*While Grand Lodge can not recommend any insurance plan to the Lodges, we feel it is very important that each Lodge review their coverage **ANNUALLY** and that a report should be given to the Lodge by the brother(s) who are responsible for insurance. **We encourage each Lodge to annually appoint a member of their Lodge to be their Insurance Advisor.** In a perfect world we would hope this would also be an insurance professional. But we understand that this is not always going to be the case, so we are not only providing you with the tools contained here, but also ourselves as resources.*