

## **Grand Lodge of Maine A.F. & A.M.**

### **Explanations of 2013 Changes in Policy Coverage and Insurance Billing**

The Grand Lodge insurance master policy has been underwritten for the first time by Great American Insurance Company of Cincinnati, Ohio, which has a "Superior" financial strength rating from A.M. Best. Great American specializes in coverage of fraternal bodies and has modified many standard policy terms and conditions to accommodate the needs and peculiarities of Masonic bodies and other fraternal organizations. We have also benefited from the exceptional expertise of an insurance advisor that serves 22 other Masonic jurisdictions.

#### **Insurability of Older Masonic Buildings**

Unlike the company that formerly underwrote the Grand Lodge insurance master policy, the new insurance underwriter will consider providing property insurance for Masonic buildings irrespective of their age. Each building will be considered based upon its physical condition and other considerations. This will allow more Masonic buildings to qualify for improved coverage and potentially lower insurance costs under the Grand Lodge master policy.

The more buildings that are insured via the master policy, the lower the rates will be for all. The form to request a review of your building's insurability is enclosed. Please contact our insurance agent for assistance in this process: Ann Crocker, Varney Insurance Agency, 232 Center St. Suite D2, Auburn, ME 04210; 207-784-4566 or [acrocker@varneyagency.com](mailto:acrocker@varneyagency.com). Please copy [GrandSecretary@MaineMason.org](mailto:GrandSecretary@MaineMason.org) on your email request or send him a copy of the completed form.

#### **Crime Insurance (Treasurer's Bond)**

All Lodges are now covered for financial crime losses of up to \$100,000, with a \$1,000 deductible. Lodges may purchase additional coverage when warranted. This means that the Grand Lodge self-insurance fund (with a \$40,000 loss payout limit and \$5,000 deductible) established in 2010 when bond coverage was cancelled by our commercial insurer is no longer in force or required for that purpose. The fund had a \$153,613 balance as of August 31, 2013. The Finance Committee will recommend repurposing this fund balance and related investment earnings for consideration at the 2014 Annual Communication.

#### **Commercial Liability Insurance Coverage**

Grand Lodge Standing Regulation 48 provides that "each Lodge shall be covered for the activities of their members by the Grand Lodge Blanket Liability Insurance and each Lodge shall procure liability insurance for its temple buildings and premises." Simply stated, three parties need to be insured against liability claims: our Brethren, their Lodges and their Masonic buildings.

***Member Coverage*** In the past, Grand Lodge purchased member liability coverage on a per member basis and charged all Masonic Lodges for member liability as part of the Lodge Annual Return submission (lines 9B and 10). The new policy for 2013-2014 eliminates liability coverage and premiums based upon our number of members. Instead, liability insurance is charged using a "building square footage" basis and covers both Lodges and members.

***Lodge Coverage*** Until last year, several Lodges (and those owners of Masonic buildings buying property and contents coverage through the Grand Lodge master policy) also purchased liability coverage on a "flat rate" basis to protect the Lodge and/or building association. (Similar charges would also have been paid by those who bought building insurance on their own, apart from the Grand Lodge master policy). In effect, premiums were being charged two or three times for similar liability protection of our Brethren, the Lodge and the building.

Last year, the Grand Lodge insurer changed the method of pricing commercial liability coverage from a flat rate (then \$175) to a "building square footage" basis. The new policy for 2013 also uses the "building

square footage” basis for calculating liability premiums. As the insurance company did not know the square footage of those buildings not buying property insurance through the Grand Lodge master policy, the underwriter accepted the use of 200 square feet in calculating liability premiums for Lodges for the current year only. This results in a premium charge for liability coverage of only \$11 for the current year.

We must provide the insurer with the actual square footage of each Masonic building in Maine over the next few months. If your enclosed Statement of Coverage shows 200 square feet, Grand Lodge needs to be advised of the actual square footage of your building. Please specify square footage by floor, including how much is in the basement and how much, if any, is leased out for non-Masonic purposes.

***Masonic Buildings*** There is a definite advantage of buying insurance through the Grand Lodge insurance master policy. If the Masonic building owner is insured for property coverage through the Grand Lodge insurance master policy in 2013, its liability insurance will be based upon total building square footage and will cover: 1) the Masonic owner of the building, 2) the Lodge(s), and 3) its members.

If the Masonic building owner is **NOT** insured for property and liability coverage through the Grand Lodge insurance master policy in 2013, the Grand Lodge master policy’s commercial liability coverage will apply only to the Lodge and its members and not to the building owner. As these Masonic building owners must still buy liability coverage for their buildings, this insurance will be purchased twice. Savings should be achieved by placing building related coverage through the Grand Lodge master policy.

If two or more Lodges meet in a single Masonic building with liability coverage through the Grand Lodge master policy, liability insurance premiums will be charged only once.

If your Masonic building is leased to or used by other Masonic or non-Masonic organizations, certificates of insurance should be obtained from the other parties’ insurers naming the building association and Lodge(s) as additional insureds.

***Coverage under multiple policies*** The Grand Lodge insurance master policy has coverage provisions not found in many other policies. Many bodies have also found that they can’t match the premium rates charged under the master policy. Therefore, it would be advantageous to our Brethren, Lodges and buildings to buy coverage under this policy.

It is important that Masonic buildings and Lodge not be covered under multiple insurance policies. Under the claims settlement process called subrogation, losses will be spread among insurance companies covering the property and entities. Redundant coverage and differences in policy provisions could result in Masonic bodies incurring legal costs, financial losses and claims settlement delays. For these reasons, Lodges need to identify and cancel any overlapping or inconsistent coverage between policies purchased by the Lodge or building association. Please contact our insurance agent, Ann Crocker at Varney Insurance, for further guidance.

### **Coverage of Affiliated Organizations**

The previous insurer permitted Grand Lodge to purchase liability coverage on a per member basis for all Masons and members of Eastern Star, DeMolay and Rainbow. Our new insurance advisor has advised Grand Lodge that such coverage of members of appendant and affiliated organizations is improper. Only members of bodies chartered by Grand Lodge may be covered under the Grand Lodge master policy.

As a result, the Eastern Star, Maine DeMolay and Maine Rainbow have now obtained commercial liability coverage. Scottish Rite Valleys are covered through policies arranged by Supreme Council and Shrine club and unit activities are covered through their Shrine Temples. Grand Lodge is presently in discussion with Maine’s York Rite bodies regarding their insurance programs.

To reemphasize, the Grand Lodge insurance master policy cannot cover any members, property or activities of the other members of the Masonic family of organizations. No part of the premium paid by Lodges and building associations is attributable to these bodies being in a Masonic building.

## **Billing Lodges and Building Associations for Insurance Coverage**

Effective this year, all insurance premiums will be billed upon policy issuance. This change ends the long-standing practice of billing Lodges and building associations a portion of the insurance premiums during the summer when the policy is issued, and then collecting the remainder via the Annual Return process. The 2013 Annual Return has been modified to eliminate the collection of insurance charges.

The attached insurance statement reflects the coverage values for your policy, the square footage of your building and your TOTAL number of Lodge members. It also reflects the cost of insurance in both 2012 and 2013 for:

- 1) Property casualty coverage for your building, contents and fine arts if such coverage is purchased through Grand Lodge;
- 2) Commercial liability coverage; and
- 3) "Other insurance" coverage that is being allocated based upon the TOTAL number of members of your Lodge. This coverage includes the cost of coverage for: \$2 million liability umbrella coverage, employee theft (Treasurer's bond), hired non-owned auto liability, computer damage, child abuse and molestation, and other lesser lines.

Lodges are encouraged to consider revising their bylaws relative to dues to cover the cost of commercial liability and "other insurance" coverage going forward. To estimate future insurance costs (other than property insurance), commercial liability coverage is presently priced at about \$53 per 1,000 square feet of your building (this includes the basement and above ground footage). Other insurance costs are estimated at about \$0.75 per member. As discussed above, the annual commercial liability charge will be made once per building (when actual building square footage is known), so multiple Lodges sharing a building would not each be charged for this coverage.

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**Insurance Billing for 2013-2014**

**Statement of Coverage**

Insurance location Number: .....

(\* ) Title for premises held in the name of: .....

(\* ) Masonic Building Owner Tax ID \_\_\_\_\_ Sec. of State Corp No. \_\_\_\_\_

Lodge Number: .....

Lodge Name: .....

Coverage levels in the current policy:

Building Value: .....

Contents Value: .....

Fine Arts Value: .....

(\* ) Total Square Footage: .....

(\* ) Square Footage: Basement \_\_\_\_\_ Above Ground Floor(s) \_\_\_\_\_ Leased \_\_\_\_\_

Total Number of Members (7/24/2013) per MORI: .....

**Total Paid For 2012-2013**

Billed for Building, Contents, Fine Arts and Leased Space, if any: .....

Billed for General Liability, if any .....

Paid with 2012 Annual Return (LINES 9B & 10): .....

.....**TOTAL PAID** .....

**Total Billed for 2013-2014**

Building Property Casualty: .....

Building General Liability: .....

Lodge / Member Coverage Allocated by Total Members: .....

To be paid with 2013 Annual Return (due January 2014): ..... 0.00

.....**TOTAL BILLED**.....

(\* ) Please provide the correct building square footage and the name of the property title holder and its tax ID / Secretary of State numbers if it is a Masonic entity. If the building is NOT fully Masonic-owned, please provide the name of the building owner / co-owner and provide supplemental information on the ownership or rental arrangements. Please also provide the name and type of business of any non-Masonic party leasing space in the Masonic building.

**PLEASE RETURN AN UPDATED COPY OF THIS PAGE WITH YOUR INSURANCE PAYMENT.**

**Lodge Contact Name** \_\_\_\_\_ **Tel** \_\_\_\_\_ **Email** \_\_\_\_\_