

Bonding

Bonding is a form of insurance coverage that compensates your church in case of dishonest acts by staff, volunteers or officers, such as theft, forgery, embezzlement, or computer fraud, which results in the loss of money or property. It does not cover accounting mistakes, sloppy record-keeping, poor financial decisions, or carelessness. Each local church should carry a fidelity bond to cover the staff and volunteers who have responsibility for handling money.

If your church participates in the **UCC Insurance Board** program (currently includes UCC, Disciples, Presbyterian), **blanket bond (crime)** is part of your General Liability package policy, and a new coverage, **privacy breach protection**, has been added at no additional cost. Especially as churches implement electronic giving, but also in other circumstances, churches must safeguard personal confidential information. Privacy Breach benefits include crisis management expenses and identity event service expenses for victims such as costs of monitoring and repairing their credit.

Churches not participating in the UCC Insurance Board program should check with their general liability insurance carrier for coverage.

In most cases, this type of insurance will only pay on a claim if the church is willing to prosecute the person who has committed the dishonest act(s). How much better it is to prevent potential theft by means of good internal control procedures. A loss from dishonesty or breach of confidential information is always distressing for a church.

**Proper insurance coverage is important to
avoid a crippling financial loss,
protect givers and the reputation of leadership,
and restore confidence.**

Your leadership will want to be open with your congregation that it has properly reported and recouped the loss, protected givers and leaders, and acted to correct any contributing weakness in your internal controls. A bad situation handled well can actually boost confidence.