Often, I am asked the question, “How’s it going?” The person inquiring wants to know about Adventist Risk Management (ARM), and by extension the insurance activities of the GENCON family of companies. It pleases me to say that 2013 has been a great year for ARM and our affiliated companies.

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**Planning Maintenance**

*Key to Successful Ministries*

*By Dave Rawson, D.M.A*

*Account Executive at Adventist Risk Management® Inc.*

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**Maintenance** is work done on a routine basis to protect users of a building and to assure a long life for the building. Many accidents, such as slips, trips, and falls happen because of overlooked hazards or as a result of poor quality maintenance. A preventive maintenance program, designed to correct each problem as it occurs, is more cost effective than waiting until the problem reaches a magnitude where special contracts and large expenditures are required to correct it.

**Why maintenance is important?**

There are many good reasons for maintaining your place of worship, which may be summarized as follows:
• **Preserving your heritage.** Preventive maintenance has a cost, but it is far cheaper to preserve than to restore.

• **Preventing large repair bills.** Preventive maintenance reduces or eliminates the need for major repair projects and expensive maintenance bills. A small, but regular investment, such as the routine cleaning of gutters and drains, can be more economical than having to deal with a dry rot in trusses following years of neglect.

• **Promoting guardianship.** Preventative maintenance insures that our places of worship will be handed over to future generations.

• **Protecting the good name of the church.** Preventative maintenance helps to reduce the exposure to liability and being sued as a result of a bad accident.

Title: **Planning Maintenance**  
Date: **Sunday, January 26, 2014**  
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How's It Going?

Carina Franca posted on December 30, 2013 10:00

Often, I am asked the question, “How’s it going?” The person inquiring wants to know about Adventist Risk Management (ARM), and by extension the insurance activities of the GENCON family of companies. It pleases me to say that 2013 has been a great year for ARM and our affiliated companies.

ARM

ARM revenue is based on three main sources, sometimes referred to as “the three-legged stool.” These are:

1. **Fees from the captive insurance companies (GENCON) paid to ARM.** These are used to conduct the business of its insurance (e.g. underwriting, marketing, claims, etc.).
2. **Placement commissions generated from placing insurance coverage in the market for needs not covered by GENCON** (e.g. aviation, cyber liability, life insurance, AD&D, to name a few); and
3. **Administrative fees are paid for services** such as NAD health care administration, managing workers compensation funds, or managing a survivor death benefit fund for employees in Africa.

Over the past three years, the income of ARM from GENCON Insurance has been reduced more than two million dollars. Why? This has been done to help stabilize the captive insurance company in its activities and to provide it a buffer. The other major challenge for ARM is the current and future status of medical care in the United States. The impact of the Affordable Care Act will increase the cost of healthcare. The only certainty we currently have is the uncertainty...
of how the full implementation of this legislation will fully impact the church over the next few years.

**GENCON**

GENCON is operated by ARM and provides the insurance needed for certain lines of business, which protect church assets. Primarily these are property, casualty, employer’s liability inclusive of sexual molestation, hospital liability for parts of the world church needs, and automobile for church organizations.

As 2013 comes to a close, the good news is the lack of any major hurricane activity involving properties insured by GENCON. For instance, the eastern coast of the United States has had very little hurricane activity. The severe damage in the Philippines recently does not impact GENCON as the church’s coverage is placed in the local market.

That is not to say that the insurance company has not paid some very large amounts for other losses throughout the year. During 2013 we have assisted a number of conferences with rebuilding churches destroyed by fire. The highest value property claim involved the Pine Springs Ranch youth camp located in Southeastern California. The camp was affected by the wildfires that burned through Southern California earlier this year.

ARM has seen a rising trend in the values associated with settling liability claims. It is no longer unrealistic to have multi-million dollar settlements for deaths and severe personal injuries.

**SOUTH AMERICA**

ARM operations based in Brasilia, South America are growing and strengthening. A number of coverage programs have expanded for the Division through the leadership of manager Jabson da Silva and his team. ARM takes seriously the challenge to provide coverage for entire South American Division, encompassing both Portuguese-speaking Brazil and the other countries that are Spanish language based.

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**Products and Pricing**

To provide the best insurance products with expansive coverage to meet the needs of our clients at competitive pricing is always a challenge. Over the course of the last year we have worked to keep our costs associated with providing insurance products at an optimum level while recognizing the impact that losses have on each client’s cost. Reduced claims losses mean price adjustments are less severe although inflation and the market also impact pricing.

Purchasing reinsurance needed to operate the insurance programs has provided mixed results. The trend is still to higher pricing of insurance in the market with five to 10 percent being the norm. Those numbers do not include any losses figured into the mix. The bottom line is that
higher losses equal higher prices.

The insurance industry, as a whole, is looking at how new risks are impacting their clients. ARM has been providing cyber liability coverage to help the church protect itself from the exorbitant costs of electronic mishaps. These can come in the form of lost computers containing the personal identifiable information of individuals, to an organization being hacked and having private information stolen and used for identity theft. Addressing the cost of such a loss is very high with specific requirements of notification to victims of such losses.

**Risk Management is a Priority**

All the insurance in the world does not take away the challenges of a loss. It doesn’t change the impact on a child from abuse or the loss of a person’s abilities from a personal injury. Risk management through education, prevention and loss control are still the keys to the success of the ministry of ARM. To this end we have committed extensive resources to meet the challenges faced by the church.

Remember, our ministry is to protect your ministry. ARM is strong and ready to move into 2014 with the determination to expand its ministry to serve you.

By Bob Kyte,
President of Adventist Risk Management, Inc