

GATE



KEEPER

SOUTHERN MUTUAL CHURCH INSURANCE

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We were there for two churches hit by one wildly destructive tornado in Kentucky



Photo courtesy of WTVF NewsChannel5

The National Weather Service issued a tornado emergency for Mayfield, Kentucky, at 9:26 p.m. on Friday, Dec. 10, 2021.

The massive storm, coming up from Obion County, Tennessee, and eventually tearing through eleven counties of the Jackson Purchase and Western Coal Field regions of Kentucky, hit Mayfield moments later.

Homes were destroyed, trees were stripped of their bark and cars were thrown about. Downtown was devastated. Forty people were killed.

The destructive force could particularly be seen in what happened to First Christian Church and First United Methodist Church, located about a mile from each other. First Christian lost its domed roof and upper walls. The sanctuary of First United Methodist Church lost its stained glass windows and roof. Its columned entrance, with its heavy masonry walls, was still standing but badly damaged – eventually, the entire structure would have to be demolished. Both churches were essentially gone.

The Rev. Joey Reed, pastor of the Methodist church, and his wife fled the parsonage to seek shelter in a closet in the church basement. As it happened, the parsonage was spared while the church was devastated – but the part of the

basement where the Reeds took refuge was less damaged than the rest, and they came through the ordeal safely.

“Thanks be to God the parts of the building that came down didn’t come down on us,” Reed later told The Louisville Courier Journal.

Mitzi Guhy was not scheduled to become chair of the Board of Trustees at First United Methodist until Jan. 1. But her predecessor asked her to step up early and take over, so she did.

And right away, Southern Mutual Church Insurance stepped in to help her. She said the church’s local insurance agency, Peel and Holland, told her that “because we were insured by Southern Mutual Church, we’d be taken care of.” And they were right.

Six months later, those first days after the devastation are now a blur, but Mitzi clearly remembers Mark Wettack, her local adjuster for SMCI, coming out right way.

“Mark was great,” she remembers. “He came down and went through our entire building – something we were reluctant to do” for safety reasons. She was also reassured by SMCI Senior Claims Examiner David Gardiner, who was quickly on the case as well.

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No rate increases for three years. We promise.

The world can be full of unpleasant surprises – storms, fires, floods, broken water lines, vandalism and

more. There is one place where you will not be surprised – your insurance bill from Southern Mutual Church Insurance. We guarantee rates for three years on our commercial package policy, giving churches the financial security and predictability they need.

We have told you this before, and we are telling you again because this simply does not change and tells you something important about us.



“There is one place where you will not be surprised – your insurance bill from Southern Mutual Church Insurance.”



Is your coverage adequate in the face of rising construction costs?

Many of us are troubled by inflation when we visit the grocery store or fill our cars with gasoline. But have you tried building anything lately?

Construction costs are now the highest we have seen in half a century or longer. The U.S. Census Bureau reported earlier this year that 2021 ended with costs up 17.5% year-over-year and 23.5% over two years. This is not counting the cost of land and other non-construction costs.

And the problem has gotten worse in recent months. Moody's Investor Service reported that material costs shot up about 26.7% over the first four months of 2022. Softwood lumber alone jumped about 85% during that period.

Why is this happening? Multiple factors have been blamed:

- **Materials** – For instance, the cost of lumber has increased. Other materials such as gypsum and steel have also gone up – steel prices were up about 17 percent in March.
- **Labor** – Like fast-food restaurant managers, builders have had trouble getting the workers they need in the wake of the

pandemic – but the scarcity of qualified employees in the construction sector started even earlier.

- **Supply chain** – As we have seen, this is one of the most complex effects of the pandemic. With supply chains stretching around the globe, if something goes wrong at one stage in the process, everything gets held up.
- **Fuel** – You are not the only one hurting at the pump. The cost of transporting materials rises with fuel prices, especially with the increase in diesel.

With these factors at play, what do you do if you have to replace part or all of your church building.

The rising costs could mean you need to re-evaluate your coverage. Southern Mutual Church Insurance is here to help. If you would like a review to make sure you are properly covered, please call us at 800-922-5332.

Our inspections take to the air to get a close look at roof conditions



Attention to detail is of the greatest importance to our loss control inspectors. That includes getting a good look at a church's roof. But how can we do that without risking the safety of our experienced inspectors?

Now, it's easy. We use a drone to get really close and see everything that is going on above your heads. Last year we contracted with Loveland Innovations to conduct drone inspections on the roof systems of larger high-value buildings.

On one recent inspection everything looked good from the ground, but the drone showed us some real issues. On a high-resolution screen on the ground, we could see multiple loose, broken and cracked slate tiles. We also saw some areas that had been improperly repaired. All of this was important for our policyholder to know and address to prevent small problems from causing costly damage.

To learn more, please contact our Loss Control manager, Mike Brittain, at 800-922-5332.

SMCI has now expanded into West Virginia

Southern Mutual Church Insurance keeps on growing and reaching out to serve you!

We have now written our very first church policy in West Virginia. In case you are counting, that brings us up to seven states where we are helping protect houses of worship.

Those states also include South Carolina – where we started 94 years ago – Georgia, North Carolina, Tennessee, Kentucky and Virginia.



SMCI expands mortgage loan program

Southern Mutual Church Insurance has long been there for policyholders with a significant capital need, whether a church is recovering from a disaster, or expanding to meet the needs of a growing congregation.

We will now be there more than ever. We are pleased to offer mortgage loans of up to \$500,000 for expansion, renovation or remodeling.

We offer competitive rates, and we can have the check in your hands in less than six weeks.

Payment just a click away



At Southern Mutual Church, we like to make things easier for our churches. That is why we offer a simple, online payment system for policies that will transfer the money directly from your church's checking account.

Simply go to our home page, www.smcins.com, and click on "Make A Payment." The instructions on that page will walk you through the process.



Call 1-800-922-5332 and talk with Phil Frazier in our Mortgage Loan Department to learn more.

Thomas Alexander joins SMCI board

Join us in welcoming the newest member of the SMCI board of directors, Thomas Alexander!

Alexander is from Walhalla, South Carolina. He is a businessman and owner of Alexander's Office Supply stores and Cleveland Gospel Supply. Alexander is active in Walhalla Presbyterian Church, where he teaches Sunday School and has also served as deacon, elder, and as clerk of session. He is a past president of Walhalla Sertoma Club, Walhalla Lions Club and was named the Walhalla Lion of the Year in 1984-85.

But he is perhaps better and more broadly known as Senator Alexander, having first been elected to the South Carolina Senate in 1994. Before that, he had served in the state House of Representatives since 1987.

He was elected by his fellow senators at the end of 2021 to become president of the Senate. Alexander serves on many legislative committees.

He holds an associate's degree from Anderson College and a bachelor's degree from Clemson University.

He currently serves on the board of Appalachian Council of Governments, as well as the board of directors of the Blue Ridge Bank in Walhalla. He previously served on the Anderson College Alumni Board, The Tribble Center Foundation Board, and as chair of the District Friends of Scouting Campaign for 2001, the Foothills YMCA board and the board of Easter Seals (Anderson-Oconee).



Two churches hit by tornado in Kentucky - cont.

"It didn't take him long to let us know... what the settlement would be," she recalled.

David remembers 2021 as a year that, for churches covered by SMCI, had been relatively free of disasters – "Maybe one of the best years since I've been with the company. And then within a 24-hour period, we had to regroup."

The damage to the many churches in Tennessee and Kentucky were not only the most costly of the year, but "The worst I had ever had in a one-day period." The total damages amounted in excess of \$24 million. He knew SMCI had not seen anything like it in the company's history.

In Mayfield, the congregation of First United Methodist Church is still worshiping down the street at Christ United Methodist Church, which had stepped in almost immediately to help. The

churches worshipped together on Christmas Eve and now they share the same sanctuary on Sundays – one service at 9 a.m., and the other at 11 a.m.

"It's given us the time to do some planning," Mitzi says. The church is about to complete "100 days of praying and listening," and will soon start envisioning the future. The congregation felt closely bound to the 100-year-old building that had to be demolished, which was a terrible shock. All that was preserved was the cornerstone.

But now, the old structure may be replaced by something newer and more accessible. But whatever it looks like, it will happen thanks to SMCI.

"We were really thankful to have Southern Mutual Church Insurance as our insurance handler," says Mitzi Guhy.



LETTER FROM THE PRESIDENT

We hope you are having a wonderful year – that your church is thriving and growing in spirit, and that your challenges are few.

After a difficult 2020 in which so many of our churches were shut down for months, we mostly saw a pretty calm 2021. Then in December, tornadoes ripped through Tennessee and Kentucky and caused more damage than we had ever seen before. It was the worst event in our company's 94-year history.

But that is what we are here for, to help our policyholders when they are struck by the shocking and unforeseen. We went into action immediately to help churches impacted by the devastating storms in Tennessee and Kentucky this past December. In this issue of the Gatekeeper, you will hear from members of First Christian Church and First United Methodist Church in Mayfield, both of which were utterly destroyed – although the congregations bravely carry on. Recovery is still a long process, one they have barely started on, but we are proud to be a part of making that happen, as we have been for churches across the Southeast for 94 years.

You will also see in this edition of Gatekeeper that Southern Mutual Church Insurance stands more ready than ever to help you and your congregation when such a disaster strikes – or for that matter, when things are going so well that you need to expand your physical footprint. We now offer mortgage loans up to \$500,000, at competitive rates. Contact us to learn more.

Speaking of construction, if you have tried to build anything from a home to a church of towering proportions, building costs have gone through the roof. We can't do anything to stop that, but you may want to touch base with us to make sure your church owned buildings are insured adequately.

Speaking of the roof – as many headaches as modern technology can cause, sometimes it can be a blessing. As you will read elsewhere in this Gatekeeper, our loss control inspectors have now turned to drones to get a better, more detailed look at church roofs. We can now safely help you head off problems before they get out of hand.

Be sure to read about Thomas Alexander, our newest board member, and learn about how SMCI is expanding into West Virginia. And of course, as proud as we are to share happy news, we are just as proud to assure you that some of the best things stay the same – we still guarantee rates for three years on our commercial package policy. That is who we have always been and always will be.

A handwritten signature in black ink that reads "Robert Bates". The signature is fluid and cursive, with the first name being more prominent.

Robert Bates, CPCU, CRM, CIC, AIS

President & CEO, Southern Mutual Church Insurance Company

Connect to our online resources

Visit the Resources section of our website to find helpful information about the issues facing churches today. We have created informative articles, videos and handouts about topics such as church security, child protection, cyber security, theft and more. You will also find the latest edition of the Gatekeeper. Visit www.smcins.com and click on Resources.



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