



LETTER FROM THE PRESIDENT

It has been a tumultuous few months of late, as events both close to home and across the country have challenged the religious community.

In Charleston, the death of the Reverend Clementa Pinckney and eight other members of Mother Emanuel AME Church sent shockwaves rippling through the state and nation. Mother Emanuel has been a devoted policyholder for years. Reverend Pinckney was an SMCI board member for five years before he died, but more than that, he was a friend. His legacy will be a lasting one. An article in this edition of The Gatekeeper chronicles just a few of his accomplishments.

Reverend Pinckney's death has led some churches to revisit the issue of security. It is an issue we have touched on before, but we thought it was worth reviewing in light of June's senseless tragedy. At Southern Mutual Church Insurance, we stand ready to be a resource for our churches on security issues. We have had many conversations with law enforcement officials, and there are things our policyholders should consider. We go over that list in this edition of The Gatekeeper.

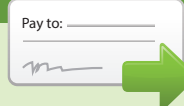
Just a week after horrific events in Charleston, a U.S. Supreme Court decision legalizing same-sex marriage nationwide caused some of our policyholders to have questions about the ruling's impact. We insure many churches and their views are likely to vary on this issue. Our goal is to protect our policyholders however they choose to practice their religious beliefs.

We are taking time in this edition of The Gatekeeper to share our thoughts and to offer some guidance on this issue. Dealing with tough matters facing churches is not new to us. Since 1928 we have helped our churches face issues such as affordable coverage, arson, sexual molestation, copper theft, etc.

Finally, we at SMCI are pleased to offer coverages to churches in Kentucky beginning in the fourth quarter of this year. Though the state is new to us, Kentuckians have much in common with many of our current policyholders in neighboring states. We look forward to serving the Bluegrass State.

Robert Bates, CPCU, CRM, CIC, AIS

President & CEO, Southern Mutual Church Insurance Company



Southern Mutual pledges to be there for policyholders in their time of need, whether they are recovering from a fire or expanding to meet a growing congregation's needs.

That is why we are happy to offer mortgage loans of up to \$300,000 for expansion, renovation or remodeling. We offer competitive rates, and we can have the check in your hands in less than six weeks.

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Payment Is A Click Away

At Southern Mutual, 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, smcins.com, and click on the "online payment" link near the top right side of the page. The instructions on that page will walk you through the process.

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Photo credit: Jonathan Boncek

The Reverend and Senator Clementa Pinckney 1973-2015

Emanuel means "God is with us." And He is, even in times when horrific events surpass human understanding. Times such as that tragic evening in June when a gunman entered historic Mother Emanuel AME Church in Charleston, SC, and took nine lives.

Among those lost: Clementa Carlos Pinckney, senior pastor at Mother Emanuel and a Southern Mutual Church Insurance board member since 2010.

The community, state and nation knew him by many titles. Reverend. Senator. Husband. Father. Leader. He had but 41 years on this Earth, but he used his God-given gifts every day to inspire those whose lives he touched and to make a difference in the world around him.

Reverend Pinckney began preaching at age 13. By age 18 he was appointed pastor of his church. He later earned a bachelor's at Allen University and masters degrees from the University of South Carolina and the Lutheran Theological Southern Seminary. He was a doctoral student at Wesley Theological Seminary.

Senator Pinckney began his political career in the South Carolina House of Representatives at age 23, the youngest African American ever elected to the state's General Assembly. He was elected to the state Senate in 2000, and he continued to serve until the time of his death.

Reverend Pinckney is survived by his wife, Jennifer Benjamin Pinckney, and two daughters, Eliana Yvette and Malana Elise. The SMCI Family is mourning the loss of our beloved Director and friend. Our prayers are with all the families and church members touched by the tragedy at our policyholder Mother Emanuel AME Church.

IN MEMORY The nine who died in the shooting at Mother Emanuel AME Church in Charleston, SC:

- The Reverend Clementa Pinckney
- Cynthia Hurd
- The Reverend Sharonda Coleman-Singleton
- Ethel Lance
- Susie Jackson
- Tywanza Sanders
- DePayne Middleton-Doctor
- The Reverend Daniel Simons
- Myra Thompson



Legal Landscape

Regarding Same-Sex Marriage

In a landmark decision of Obergefell v. Hodges in June, the U.S. Supreme Court declared that states must license marriages between two people of the same sex and also must recognize such marriages conducted in other states. This ruling, in essence, made same-sex marriages legal in all 50 states.

Much about the ruling's impact is unclear. Further litigation and rulings will provide clarity on this issue. While the ruling applies to civil unions, it does not take away any rights churches, synagogues or any religious organization have under the law to adhere to their religious doctrines and their sincere convictions that divine precept prohibits same-sex marriage.

But, as Chief Justice Roberts himself put it, "hard questions arise when people of faith exercise religion in ways that may be seen to conflict with the new right to same-sex marriage."

For churches, key questions include whether pastors must marry same-sex couples or churches must make their facilities available for functions that contradict their religious beliefs.

At Southern Mutual Church Insurance, we realize that many of our more than 8,500 policyholders someday will face decisions about same-sex marriage. If a policyholder declines to perform such a ceremony and a lawsuit results, we would evaluate the situation as we would any other claim. That is, we would investigate the claim to determine if coverage is afforded under the insured's policy. Each claim would be evaluated on its own merits. If it is found that a claim involving same-sex marriage falls within the scope of coverage, we would provide defense and pay damages subject to the terms and limits of the policy.

The General Liability coverage offered by Southern Mutual Church Insurance, and other companies in the industry, is designed to protect

an insured from a third-party lawsuit claiming damages for bodily injury, property damage, personal injury or advertising injury. For those situations where liability coverage does not apply, we offer Miscellaneous Legal Defense Coverage that provides reimbursement for legal costs. This special optional coverage was designed in response to churches concerned they would not be protected in a case where no bodily injury, property damage, personal injury or advertising injury was alleged. We recently increased the available limits and lowered the cost in order to make this optional coverage even more affordable to our policyholders.

We continue to research the implications of this new law and how it impacts our insurance products as we strive to support our policyholders. We encourage all policyholders to review their bylaws or other governing documents and make sure they accurately reflect the church's religious beliefs. These documents should clearly outline the church's spiritual purpose, including its position on same-sex marriage.

Churches should consider consulting a local attorney for assistance in creating these policies. Laws vary from state to state, and it is important for churches to craft policies based on their specific beliefs. Churches also must be careful to adhere to their governing documents consistently, whether officiating a marriage or allowing the use of their facilities. Explain with patience and sensitivity when dealing with the public. Many of our churches have advised they see this as an opportunity to share their faith and beliefs.

Southern Mutual Church Insurance will continue as we have since 1928 to be a source of protection, information and advocacy for our policyholders and agents. As more information becomes available, we will continue to update you on the legal landscape and product offerings to protect our policyholders.

Pastor's Bible Survives Fire That Destroys Georgia Church

It was not just any Bible that Pastor Barry Teutsch left in his office at Westview Baptist Church in Hawkinsville, Ga., that April 2015 night. It was a special Bible, one given to him as a Christmas gift a few years earlier from 10-year-old Luke who considers Teutsch a bonus grandfather.

It was not the Bible the pastor used in the pulpit each Sunday. It was the one he used for Bible study each week, filled with notes and thoughts. Because that was what Luke had asked him to do.

"When he gave it to me, he said, 'I want you to take this Bible, and I want you to write in it just like you do yours,'" Pastor Teutsch recalls. "And when I graduate, I want you to give it back to me."

For Luke, now 13, the reasoning was powerfully simple. "I want to read and learn," he said. "He knows a lot, and I need to know these things, too."

When Pastor Teutsch was summoned to the church the next morning, he found it in flames.

When firefighters broke down doors to battle the blaze, the roof collapsed due to the backdraft.

He soon realized what he had left it at the church the previous night. "I could not believe I'd lost Luke's Bible."

Once the blaze was extinguished, the pastor's wife convinced firefighters to let them try to find it.

As Pastor Teutsch approached his desk, he saw that a ceiling tile had fallen on top of Luke's Bible. The Bible was a little singed and had a bit of water damage but it did survive the blaze.

"It was a blessing that it survived," Pastor Teutsch said. "It's mind-blowing to me how God does these things."

The Westview congregation is worshipping in an old Christian school gym now while their church is rebuilt.

He's grateful to his SMCI adjuster's quick, and in some ways unexpected, response after the fire. "I asked him if our policy was going to be cancelled because this was an awfully big loss. He said, 'No. We plan on keeping your business.'"

Teutsch said he was even more impressed when SMCI sat down with him shortly after the fire to review the policy and coverage. The claim was completely paid within months of the fire.

As for Luke's Bible, it means even more to Pastor Teutsch now.

"I am going to do everything I can to live correct and help lead him to the Lord. Luke challenges me, both as Poppa and as a Christian. I am so blessed to have this opportunity."

Assessing Church Security

Even before this summer's horrific events in Charleston, policyholders had questions about church security. At SMCI, we urge churches to be proactive about protection and thoughtfully consider policies or changes, including the possible addition of armed security.

Every church should undergo a security assessment. Sometimes, something as simple as stationing an usher at an entrance can help congregants feel more secure.

SMCI offers optional coverage for "violent acts" that applies when unthinkable acts happen.

Protect Your Church Financially



Churches can purchase additional protection for minimal additional costs. In order to be eligible to do so, they must have certain safeguards in place such as an annual external audit.

It pains us to think that this type of financial misconduct could happen in our communities, let alone in our churches. Here are some tips for avoiding such breaches:

- Make sure two people count and confirm collections and other revenue.
- Conduct the counting in a secure room – do not open collection envelopes in any other place.
- Require two signatures on all checks.
- Perform credit checks on anyone handling money.
- Conduct an annual independent audit.
- Have different people responsible for handling funds and reconciling accounts.
- Create policies for business and travel expense that outline what will be reimbursed and the procedure for doing so.

Ecclesiastes 7:12 tells us that wisdom is protection just as money is protection. That is certainly true at our churches. Sadly, though, it is often necessary for churches to take extra steps these days to protect their money, as far too many places of worship have seen the community of trust breached by financial misdeeds.

At SMCI, all package policies include minimum coverage for up to \$10,000 in losses resulting from dishonesty on the part of the employee or others entrusted with handling church funds.

GUNS IN CHURCHES

Gun laws vary from state to state. Here is a rundown for the region SMCI serves.

South Carolina: Concealed guns are allowed in churches if express permission is given to a permit holder by the appropriate church official or governing body.

Georgia: Concealed weapons are allowed in churches unless the church policy prohibits the presence of weapons on their property.

North Carolina: Concealed weapons are allowed in churches unless church policy prohibits it.

Kentucky: Concealed weapons are allowed in churches unless church policy prohibits it.

Tennessee: Concealed weapons are not allowed in churches unless church policy allows it.

- Establish a church security team that will create policies, including whether to have armed security. The team also could be responsible for establishing patrols when the church is in use.
- Craft a written security policy. Seek guidance from someone with a law enforcement background.
- Develop plans to address situations such as emergency evacuation, shelter-in-place, medical emergencies, lost/missing children and violent confrontations.
- Communicate these plans to all staff and volunteers and drill regularly. Remember, in an emergency, people do what people practice.
- Conduct background checks of all staff.
- Grants are available for security and emergency programs. A local law enforcement agency might be able to point you toward resources.