



# WALTERS & HANNA INSURANCE AGENCY, INC.

242 S.Cleveland-Massillon Rd.

P.O. Box 5430

Akron OH 44334-0430

John H. Hanna, CIC  
330-668-2300  
800-686-1133

Tim Walters, CPCU, CIC  
330-668-2300  
Fax 330-668-2319

January 13, 2011

The Fellowship of Grace Brethren Churches

Attn: Tom Avey

Re: Brotherhood Mutual-Partnership Groups

Dear Tom,

Thank you again for your interest in the Partnership Group Program. I trust the attached synopsis will provide a better understanding of the parameters.

As I mentioned, there is not a down side to this program. The potential for your fellowship is the dividend. The benefit to Brotherhood Mutual, and we their agents, is marketing. We have opportunity to submit proposals to more potential clients.

If a program is implemented on a national basis, it will be administered by the Brotherhood home office in Ft. Wayne. Any Brotherhood agent in any state will have access to place churches into the group, so any current client/agent relationship will not need to be disturbed.

I will look forward to meeting with Pastor Bob Fetterhoff next week and offer further explanation at that time. Feel free to contact me at any time with questions. Thanks.

Sincerely,



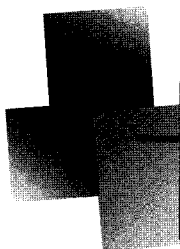
John Hanna, CIC



*Insurance for your Home, Auto, Life, Health, Church, and Business*



[www.waltersandhannains.com](http://www.waltersandhannains.com)



## **WALTERS & HANNA INSURANCE AGENCY, INC.**

**242 S.Cleveland-Massillon Rd.**

**P.O. Box 5430**

**Akron OH 44334-0430**

**John H. Hanna, CIC**  
**330-668-2300**  
**800-686-1133**

**Tim Walters, CPCU, CIC**  
**330-668-2300**  
**Fax 330-668-2319**

# **The Fellowship of Grace Brethren Churches**

**John H. Hanna, CIC**

**Walters & Hanna Insurance Agency Inc**

**P. O. Box 5430**

**Akron, OH 44334-0430**



*Insurance for your Home, Auto, Life, Health, Church, and Business*



**[www.waltersandhannains.com](http://www.waltersandhannains.com)**

## PURPOSE

Brotherhood Mutual Insurance Company, one of the leading church and related ministry insurance specialists in the country, is pleased to present this Partnership Group Program for your review and consideration.

The Partnership Group Program is built on a concept of teamwork. Teamwork always yields greater efficiency and allows members of the team to benefit in ways they couldn't by acting alone.

As you study the Brotherhood Mutual Partnership Group concept in the following pages and review the benefits, you will see that our Program involves no risk for your churches and/or eligible related ministries. In other words, you have something to gain, but nothing to lose.

If your group collectively enjoys a better-than-average claims experience, we will share our profit with you in the form of a dividend (or, in some states, a retrospective premium refund). Many church groups use our refunds to benefit special ministries such as camps, mission churches, or simply to help fund the expenses of their administrative office.

We are not a stock insurance company operating in the best interest of our stockholders. We are a mutual insurance company, operating in the best interest of our policyholders. We were founded in 1917 expressly to bear the insurance burdens of the Christian community.

While our independent agents and company employees come from diverse backgrounds, we all have one thing in common—a strong Christian commitment and desire to help you protect your ministries. Our mission is protecting yours. We welcome the opportunity to serve you and your churches/related ministries.

## GROUP ELIGIBILITY REQUIREMENTS

1. The Brotherhood Mutual Partnership Group Program is available to any national/regional group of churches of like faith and practice that are affiliated as a denomination, association or fellowship of churches and related ministries.
2. Your group must have a central administrative or service office that communicates frequently with your member churches and related ministries.
3. The administrative office executive or representative must agree to notify member churches/related ministries of the availability and potential benefits of the Brotherhood Mutual Partnership Group Program.
4. Notice to member churches/related ministries must include at least an introduction letter (sample enclosed) and Partnership Group Insurance Survey (sample enclosed) after the Group Program is first implemented.
5. The administrative executive or representative must furnish Brotherhood Mutual a complete list of all member churches and grant permission for the churches to be contacted by a licensed Brotherhood Mutual agent. This list will be kept confidential.
6. The Group's executive official or representative must at least annually remind member churches/related ministries about the Brotherhood Mutual Group Program, by mention during meetings or through any form of correspondence with group members.

## CHURCH/RELATED MINISTRY GROUP BENEFITS

1. This is a voluntary participation group insurance program. Member churches/related ministries have complete freedom to request and evaluate an insurance proposal from a licensed Brotherhood Mutual agent. The proposal may be rejected without further obligation or expectation.
2. Each church/related ministry will receive an independent review of their insurance program. The insurance proposal will be specifically tailored to the needs of the group member. This review includes a property survey and building evaluation to help the member verify they are purchasing the right amount of building insurance.
3. Upon request, the administrative office will be protected as an additional insured on each member's liability insurance policy.
4. Member churches have the option of selecting any licensed Brotherhood Mutual agent to be their insurance advisor. If your member church/related ministry is presently insured with Brotherhood Mutual, that member can simply request to be enrolled in your group.
5. The dividend or premium refund applies only to the property/liability package policy. Auto and Workers' Compensation claims will not be included in the calculation.
6. Member churches/related ministries will be introduced to insurance professionals specifically trained in the insurance and risk managements of needs of religious organizations.
7. Finally, the biggest advantage of the Brotherhood Mutual Partnership Group is the potential for a dividend or retrospective premium refund, if your group collectively enjoys better-than-average claims experience. Up to certain levels, Brotherhood Mutual will return excess premiums that were not needed to pay losses. The check is made payable to your administrative office and may be used in any way that is most beneficial to your ministry operations.

## BROTHERHOOD MUTUAL BENEFITS

1. The group-sponsored insurance survey helps us identify those member churches/related ministries interested in receiving an insurance evaluation and proposal. This reduces our sales expense by eliminating trial and error contact.
2. We find churches insured in dividend/refund programs try harder to maintain safe premises, thereby reducing losses and the corresponding disruption to ministry operations.
3. The Group Program helps eliminate normal buyer hesitation to change from one company to another.
4. The Group Program helps us develop and maintain a long-term client/company relationship.

# DIVIDEND/RETROSPECTIVE PREMIUM REFUND QUALIFICATION REQUIREMENTS

## A. Qualification Criteria

1. The first of the month following the receipt and approval of the Letter of Authorization (sample enclosed) and Partnership Group Application (sample enclosed), will become your Group's program anniversary date.
2. Your Group will validate as an official Partnership Group twelve months following the program anniversary date, but only if a minimum of ten member churches have been insured within the Group during the first twelve month period (anniversary year).
3. Dividend/Refund eligibility begins at the end of the second program anniversary year (see note 4.b. below).
4. The normal three-year dividend or retrospective premium refund cycle begins at the end of the third anniversary year, and dividends/refunds will be calculated if:
  - a. there are a minimum of 15 churches in your Group; and
  - b. your total Group premium for each of the three preceding anniversary years, added together, exceeds \$45,000.

Note: If there are 15 churches at the end of the second anniversary year, and the Group premium for the first two anniversary years, added together, exceeds \$45,000 - then a dividend/refund will be calculated at the end of the Group's second anniversary year.

5. All dividends or retrospective premium refunds are subject to approval by the Brotherhood Mutual's Board of Directors and cannot be paid until approved by our Board .

## B. Dividend/Retrospective Premium Refund Calculation Formula

1. Dividends/refunds are based on the Group's accumulated premiums and losses for the latest three anniversary years.
2. Your Group's three-year loss ratio shall be calculated by dividing the total three-year incurred losses by the three-year earned premium of all eligible member policies insured in the program.

3. If the Group's three-year loss ratio is better than the Company's three-year loss ratio for the same period, the dividend or retrospective premium percentage is the difference between the Company loss ratio and the Group loss ratio, subject to the maximum limits below.
4. The following maximum limits on dividend/refund percentages apply:
  - a. 7.5% maximum - when the accumulated three-year Group premium exceeds \$45,000 but is less than \$100,000.
  - b. 10% maximum - when the accumulated three-year Group premium exceeds \$100,000.
  - c. The maximum dividend/refund percentage allowed will be reduced one percentage point for every percentage point the Group's three year loss ratio exceeds 35%.

The partnership Group Program is subject to revision at any time by Brotherhood Mutual's Board of Directors, without prior notice to our Agents or Partnership Groups.



# PARTNERSHIP GROUP DIVIDEND/RETROSPECTIVE PREMIUM REFUND EXAMPLE

A. Assumptions (for illustration purposes)

1. \$1500 annual premium for each member church policy.
2. 35% Group Loss Ratio (Group losses/Group premium).
3. 45% Company Loss Ratio (Company losses/Company premium).
4. These assumptions are realistic based on historic dividend/premium refund calculations.

B. Anniversary Year 1—15 churches enroll and develop \$22,500 current year group premium.

DIVIDEND/REFUND POTENTIAL (Not eligible)	<u>NONE</u>
---	-------------

C. Anniversary Year 2—30 churches enroll and develop \$45,000 current year group premium.

Year 1 and Year 2 premium total	\$67,500
Group loss ratio	35% or less
Maximum dividend/refund	7.5%
DIVIDEND/REFUND POTENTIAL (Current year premium \$45,000 x 7.5%)	<u>\$ 3,375</u>

D. Anniversary Year 3—45 churches enroll and develop \$67,500 current year group premium.

Year 1, 2 and 3 premium total	\$135,000
Group loss ratio	35% or less
Maximum dividend/refund	10%
DIVIDEND/REFUND (Current year premium \$67,500 x 10%)	<u>\$6,750</u>

# PARTNERSHIP GROUP

## DIVIDEND/PREMIUM REFUND STATISTICS

Year	Total Number of Groups	Number that Received Dividends/ Refunds	Total Dividends/ Refunds Paid by Company	Average Dividend/Refund per Group
1986	67	30	\$111,751	\$3,725
1987	69	37	\$187,764	\$5,075
1988	72	42	\$235,190	\$5,600
1989	116	44	\$270,965	\$6,185
1990	145	54	\$269,679	\$4,994
1991	149	60	\$328,798	\$5,479
1992	162	67	\$390,540	\$5,829
1993	183	76	\$456,262	\$6,003
1994	188	70	\$411,000	\$5,800
1995	207	73	\$428,000	\$5,865
1996	208	70	\$456,645	\$6,523
1997	223	75	\$449,250	\$5,990
1998	239	91	\$549,303	\$6,036
1999	253	95	\$568,959	\$5,989
2000	275	114	\$556,519	\$4,881
2001	261	91	\$547,598	\$6,018
2002	266	101	\$875,021	\$8,663
2003	264	119	\$952,583	\$8,005
2004	264	126	\$1,609,911	\$12,777
2005	280	127	\$1,928,419	\$15,184
2006	309	130	\$2,272,384	\$17,480
2007	268	136	\$2,363,042	\$17,375
2008	276	136	\$2,295,961	\$16,882
2009	277	122	\$2,172,710	\$17,809
Total dividends/refunds paid for past 24 years = \$20,688,214				

# BROTHERHOOD MUTUAL INSURANCE COMPANY

## Partnership Group Application

Group Name:

---

Headquarters Address:

---

---

---

Name and Title of  
Executive Officer:

---

---

Business Telephone:

---

Geographic Region  
of Group:

---

---

---

Number of Member  
Churches/Related ministries:

---

Sponsoring Agency:

---

Do the churches in your denominational group participate in foreign mission trips? ☐ Yes ☐ No

Designate Billing Method:

- ☐ Direct bill to member churches  
☐ Central bill to Headquarters

Accepted by:

---

Officer

---

Date

*Please return this application and the cover Letter of Authorization to your Brotherhood Mutual Sponsoring Insurance Agency.*

(Sample Letter of Authorization)

To: Brotherhood Mutual Insurance Company  
Attn: Daniel B. Book, CIC, AIC—Sr. Manager-Sales  
P. O. Box 2227  
Fort Wayne, IN 46801

Dear Mr. Book:

Attached please find our Partnership Group Application. We have reviewed the eligibility requirements and will by notification letter inform our churches of the availability and potential advantages of this program.

We understand that only licensed Brotherhood Mutual agents may place our members' insurance coverage into our Partnership Group.

We will contact our Sponsoring Brotherhood Mutual Agent anytime we have an administrative concern about our Group Program. We also understand we may contact you directly if the Sponsoring Agent is unable to resolve our concern. Thank you for offering this Program to our churches.

Sincerely,

Group Executive  
Name and Title

# BROTHERHOOD MUTUAL INSURANCE COMPANY

## Partnership Group Insurance Survey

Group Name:

\_\_\_\_\_

Member Church Name:

\_\_\_\_\_

Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

E-Mail Address:

\_\_\_\_\_

Church Telephone:

\_\_\_\_\_

Church Insurance  
Coordinator's Name:

\_\_\_\_\_

Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

E-Mail Address:

Telephone:

\_\_\_\_\_

Residence

\_\_\_\_\_

Business

Name of Current  
Insurance Company  
Church Package  
Policy Term

Coverage Effective

Month

Day

Year

Coverage Expires

Month

Day

Year

Does your church participate in foreign mission trips? ☐ Yes ☐ No

Please indicate best time to  
contact church regarding  
a Partnership quote:

☐

Contact us immediately

☐

Contact us 60-90 days prior to policy anniversary  
date.

☐

Other

\_\_\_\_\_

*Please return this form using the envelope attached.*



**Brotherhood Mutual**  
Insurance Company

M-55 (9-91)

(Sample Member Church Notification Letter)

To: Member Churches  
From: Group Executive  
Subject: Partnership Group Program

Dear Leader:

I am pleased to inform you about the Partnership Group Program we have arranged with Brotherhood Mutual Insurance Company. This is a voluntary participation program that provides high-quality property and liability insurance protection for our Group churches and related ministries.

You are under no obligation to participate in this program, but there are potential benefits for us if you do. If our member churches/related ministries collectively enjoy a good claim record, Brotherhood Mutual may be able to pay our Group office a dividend or premium refund that could reach several thousand dollars annually, if enough of our member churches elect to participate in the program.

Let me encourage you to at least review an insurance proposal from a licensed Brotherhood Mutual agent prior to your next insurance policy anniversary date. If Brotherhood Mutual's quote is lower than or close to your current premium, your participation in our Group Program could help generate extra income for the benefit of our Group. If you find that Brotherhood Mutual is not competitive, simply elect to remain with your present insurance company.

The Sponsoring Brotherhood Mutual Agent for our Group Program is [Name/Address/Phone #]. You may select this agent, or any other licensed Brotherhood Mutual to prepare your quote if that is your preference. If you are presently insured with Brotherhood, please ask your current Brotherhood Mutual Agent to place your insurance coverage into our Group.

You may indicate your interest in our Group Program by completing and returning the enclosed questionnaire to [me or our Sponsoring Agent].

Sincerely,

Group Executive