

Stewardship, TNCRRG, and the Risk Management Function

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It would not be immediately evident to many people that the title of this article constitutes a logical proposition. They might accept that the risk management function in a Catholic organization *perhaps* relates to stewardship principles and involves stewardship activity, but how does an insurance company even purport to be so related and/or involved?

To address this question, let's begin by first examining the definition of stewardship. According to the *Catholic Encyclopedia, Revised Edition*, published by Our Sunday Visitor Publishing, **stewardship** is defined as: "A biblically-based concept which implores Christians to use what they have—money, time, talent and service—in such a way that it honors God as the Creator of all things visible and invisible and contributes in a conscious way to the building of God's kingdom on earth. In imitation of the wise steward of the Gospel (Luke 12:42: 16:2), Christians ought to exercise a responsible administration over resources, personal and corporate, because these resources are ultimately not theirs but the Lord's." [Excerpted pp. 937-938]



Next, consider that the Church's resources (assets) that need to be responsibly administered include: people (first and foremost); physical assets (buildings and their contents, vehicles, equipment, sacred objects, fine arts, valuable documents, etc.); and financial assets (bank accounts, trust funds, investment accounts, foundation assets, land use rights, lease interests, etc.). The Church's risk managers employ various tools and techniques to protect all these resources so that the clergy, laity, and Church financial managers can in turn employ them in an undiminished fashion to further all the work of the Church. The tools used by risk managers include: transferring risk via contract; preventing and mitigating loss via risk control; further mitigating damage via claims and litigation management; retaining risk that is predictable and largely controllable; and transferring risk via insurance. Whatever the tools or techniques chosen and effectuated, it should be clear that the result is the protection and preservation of the resources used by the Church to expand the kingdom of God on earth. So, without question, risk management does qualify as a form of stewardship.

Recognizing that insurance is one of the tools utilized by risk managers to perform their stewardship function, does that then automatically establish that an insurance company (TNCRRG or any other) is a steward on behalf of the Church?

I would unequivocally respond **no**, because stewardship is not simply about form and function, but rather, it is critically about intent.

The point is that all insurers accept transferred risk, while some insurers (not nearly all) also provide quality risk control and claims management services. The question, however, is: what is their motivation?

I would never be as bold and presumptuous as to claim that I know the answer to that question. The reader can best determine the answer through her or his dealings with their organization's insurance carriers.

On the other hand, I *can* speak directly to the motivation of The National Catholic Risk Retention Group, Inc. (TNCRRG). Purely and simply, we exist to serve and assist the Church. Our company Vision states: "We protect the assets of the Catholic Church." Our company Mission stipulates: "TNCRRG exists to assist the Catholic Church to be a better steward in the performance of its ministry by identifying risks and providing solutions for the management of these risks."



Has TNCRRG accomplished this mission? Needless to say, we can always improve, do more and do it better. And yet, the record speaks for itself. TNCRRG has paid scores of millions of dollars of claims on behalf of the Church. We have distributed very substantial cash and stock dividends to our shareholders. Our VIRTUS® programs are by far the most widely adopted and highly awarded suite of safe environment programs utilized within the Church today. Also, our litigation planning and management workshops have received recognition and commendation by the USCCB Office of

General Counsel "for your leadership on behalf of the Church."

Does this mean that I, my staff, and our Board believe you are derelict in your duties if you do not exclusively utilize TNCRRG products and services? The answer is that nothing could be further from the truth.

The truth is that we take nothing—and no relationship—for granted. We believe we have to earn your trust and loyalty each day in everything we do for the Church. We are committed and dedicated to constantly improve the value of TNCRRG services for our shareholders and other Church clients. And the TNCRRG Board has stipulated this position of commitment in writing, not only within the Annual Report's Vision statement, Mission statement and Core Values statement, but also in a "Foundational Principles" document produced and approved by the Board in 2002. I would like to share it with you here.

- As a general rule, over any extended time horizon, the Church is best served by attending to its own insurance and risk management needs, including via internal retention of its own Catholic risks of loss.
- The existent Catholic risk management organizations cannot dictate to any bishop and his financial team (nor to any religious superior and his or her team) how best to handle their local insurance and risk management needs.
- As an immediate corollary, the existent Catholic risk management organizations should function with maximal collegiality, collaboration, cooperation, and mutual support, thereby offering bishops and religious superiors the greatest flexibility and resources possibly available, to support them in the design of solutions for their local insurance and risk management needs.
- Stewardship demands the design and implementation of insurance and risk management programs that offer the highest limits, broadest coverages, best services, and lowest prices over any extended time horizon. Catholic risk management organizations need to recognize that they are not the best stewards by birthright, but rather, because of consistently effective and efficient management and operations.
- Catholic risk management organizations should agree to honor and protect the organizational and operational integrity of each other.
- Catholic risk management organizations need to reach agreements regarding underwriting, risk control, and claims management standards that are of the highest quality, but that also do not create needless obstacles to cooperation/integration.
- Catholic risk management organizations must abide by communication processes, and be willing to share communicated content, in the most mutual, reciprocal, and collegial manner possible.

Let me ask the reader, where have you seen anything like this statement before—either outside of or within the Church?

TNCRRG is decidedly a steward on behalf of the Church. As such, we are always grateful for your support, assistance, cooperation, and loyalty.

By Michael J. Bemis, President & CEO – TNCRRG

TNCRRG Summer News Briefs

Fourth Annual Conference for VIRTUS® Program Coordinators

The captioned event will take place September 6th and 7th in Chicago (registration begins at 5:30 on September 5th). As with its preceding events, this conference will again bring together several dozen coordinators, representing archdioceses, dioceses, and religious communities from literally across the country, plus Teresa M. Kettlekamp and Sheila Kelly of the USSCB Office of Child and Youth Protection, to participate in interactive workshops and to listen to expert presentations on topics of interest to safe environment coordinators. This annual event has been a perennial major "hit" with safe environment coordinators, so you may wish to check with your safe environment personnel to be certain they are aware of it. For further information, call 888-847-8870 and inquire about the coordinators' conference.

TNCRRG Annual Winter Meeting—2008

Mark your calendars to save the date for this meeting, which will occur beginning Sunday, January 27th and concluding Tuesday, January 29th at the Sheraton Yankee Trader Beach Hotel in Fort Lauderdale. The program will include a company business meeting and update; presentations by the Audit, Investment, and Stakeholder Relations & Strategic Initiatives committee chairs; demos of new TNCRRG web-based applications for shareholders; all followed by three workshop presentations (including one extended session) by several experts, each speaking on risk management matters of critical import for the Church today. Mass, two receptions, as well as complimentary breakfasts, breaks, and lunches round-out the program.



NCS Risk Services, LLC

TNCRRG has formed an additional subsidiary entity—NCS Risk Services, LLC, which itself is governed and managed by National Catholic Services, LLC (the already existent wholly-owned TNCRRG entity which provides underwriting, claims management, risk control, brokerage, and marketing services to TNCRRG).

NCS Risk Services, LLC was formed to enable National Catholic Services, LLC to reach out via provision of products and services to non-Catholic religious denominations, and also, secular non-profits such as school districts.

While NCS Risk Services, LLC will be a tax-paying entity, it has been structured—and will be operated—to greatly minimize any unrelated business taxable income exposure for National Catholic Services, LLC or for TNCRRG.

By Michael J. Bemis, President & CEO – TNCRRG

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To learn more about National Catholic, view our annual report or see our latest financials, visit our company website:

www.nationalcatholic.org

To learn more about child sex abuse prevention programs and other risk control programs, visit the VIRTUS® program website:

www.virtus.org

