THE EPISCOPAL CHURCH IN HAWAIʻI

UNINSURED RESERVE FUND
DISBURSEMENT POLICY

Purpose

The Uninsured Reserve Fund (the "Fund") is a pooled diocesan reserve established to assist congregations and cathedral of The Episcopal Church in Hawaiʻi with property losses resulting from natural disasters when those losses are not fully reimbursed by insurance, including applicable insurance deductibles.

Funding and Nature of the Fund

Congregational contributions to the Fund are calculated using the replacement value of each congregation's buildings and contents multiplied by the rate established by Diocesan Council, currently 0.03% annually.

All contributions are pooled for the mutual benefit of congregations of the Diocese. A congregation's contributions do not establish an individual account, balance, ownership interest, or entitlement to receive an equivalent amount from the Fund. The contribution formula determines how the Fund is funded; distributions are based on qualifying losses, documented need, available Fund , and approval under this policy.

Eligible Losses

The Fund may help with direct physical damage to congregational buildings, contents, and other covered church property caused by hurricanes, tropical storms, windstorms, earthquakes, floods, wildfires, tsunamis, and other natural disasters as determined by Commission on Finance and Commission on Property.

Insurance First

A congregation shall first seek recovery under all applicable insurance coverage when the loss may be insured. Fund assistance may be provided for an applicable insurance deductible and for eligible portions of a loss that are excluded, uninsured, underinsured, or otherwise not reimbursed by insurance. The Fund is not intended to replace insurance coverage that a congregation is expected to maintain.

Excluded Costs

The Fund shall not ordinarily pay for routine maintenance, deferred maintenance, deterioration, normal wear and tear, pre-existing conditions, elective remodeling or improvements, or losses caused by a failure to reasonably maintain or protect property. Assistance is generally limited to the reasonable cost of restoring damaged property to substantially its condition immediately before the qualifying event. The fund shall not pay costs that are not recognized or defined as covered costs under the applicable insurance policy,

Determining the Amount of Assistance

The eligible uninsured loss shall be calculated as the reasonable restoration cost, less insurance proceeds and other reimbursements received or reasonably available.

Unless waived or modified because of financial hardship or other extraordinary circumstances, the affected congregation shall participate in the cost by paying the lesser of (a) 10% of the eligible uninsured loss or (b) $5,000. The Fund may provide assistance for the remaining eligible amount, subject to available Fund and required approval.

Example: If a storm causes $18,000 of eligible damage and insurance pays $8,000, the eligible uninsured loss is $10,000. Under the standard participation provision, the congregation would pay $1,000 and the Fund could provide up to $9,000.

Congregational Appeal for Donations

The affected congregation shall make a reasonable good-faith effort to seek voluntary donation to help pay for the qualifying loss. Any donations received shall be remitted to the Diocese and credited to the Uninsured Reserve Fund to help replenish amounts distributed from the Fund.

Availability of Funds and Multiple Claims

All distributions are subject to the availability of Fund assets. No congregation has an automatic right to reimbursement. If a single disaster affects multiple congregations Commission on Finance and Commission on Property may delay final awards until the extent of diocesan-wide losses is known and may prioritize, limit, or prorate distributions to ensure equitable assistance and preserve the Fund's ability to respond to the needs of the Diocese.

The aggregate amount distributed form the Fund in any fiscal year shall not exceed the endowment draw rate established by Diocesan Council for the fiscal year.

Commission on Finance should periodically establish and review an appropriate minimum reserve level. A distribution that would materially reduce the Fund below that level should require specific Diocesan Council approval.

Application Requirements

A congregation requesting assistance shall submit sufficient documentation, including:

- the date, location, and cause of the loss;
- photographs or other evidence of the damage;
- the insurance claim and coverage determination, if applicable;
- the amount of any deductible and insurance proceeds;
- repair or replacement estimates, proposals, or invoices;
- the amount requested from the Fund;
- a certification identifying any other source of reimbursement for the same loss; and
- a brief description of efforts made to seek voluntary donations to help pay, including the amount of any donations received or pledged.

Review and Approval

Requests shall be reviewed by Commission on Finance and Commission on Property. Diocesan Council may retain approval authority for larger or exceptional claims. The commissions shall determine whether a loss is eligible under this policy and recommend the amount of assistance, considering the documents submitted, available insurance, congregations' participation amount, the applicable annual draw limitation, and the available balance of the fund.

Exceptions

Diocesan Council may approve exceptions to this policy when necessary to address extraordinary circumstances, congregational financial hardship, preservation of an essential congregational facility, or equitable treatment following a widespread disaster. Such exception may include authorization of distributions exceeding the annual draw limitation when warranted by extraordinary circumstances. Any exception shall be specifically approved and documented in the Council record.