



Why Is It Important To Be Incorporated As A Church?

By Disciples Church Extension Fund

March 2, 2020

This is a question that gets asked often by our church leaders and congregations. Especially since if your church reports to the Christian Church (Disciples of Christ) and is covered under the organization 501C3.

Answer: The primary reason for a church to be incorporated is liability protection. Any grouping of people, if they have not otherwise chosen an organizational form, the default form is an unincorporated association. In an unincorporated association, every person is liable for the acts of the association. So, for example, if there are a slip and fall every person who has ever been associated with the organization, whether a member or not shares liability. The primary way liability occurs is if the unincorporated church takes a loan, secured or unsecured, and then the unincorporated church defaults, every person who has been ever been associated with the church is potentially personally liable for repayment. If a church is incorporated, then the corporate veil protects the people associated with the church from liability.

I don't see the need to be Incorporated for those reasons because we have insurance as a church to cover that... so why should I still be incorporated?

Answer: In a slip & fall, if insurance is insufficient to meet a judgment, which frequently happens with small churches, anyone who has ever been associated, member or not, is liable.

Tip: Although you love your church you never want to put yourself and family in jeopardy because the church is not incorporated and put you as a member, leader, elder, deacon, etc. in a lawsuit.