RISK MANAGEMENT AND INSURANCE

OPERATIONS MANUAL

November 2009 – Revision and Update
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
<td>2</td>
</tr>
<tr>
<td>Establishment</td>
<td>2</td>
</tr>
<tr>
<td>Current Position</td>
<td>2</td>
</tr>
<tr>
<td>Future</td>
<td>3</td>
</tr>
<tr>
<td>Work by the Board</td>
<td>3</td>
</tr>
<tr>
<td>Financial Projection of the Board</td>
<td>3</td>
</tr>
<tr>
<td>OPERATIONS MANUAL</td>
<td>5</td>
</tr>
<tr>
<td>GENERAL INSURANCE INFORMATION</td>
<td>5</td>
</tr>
<tr>
<td>Risk Management</td>
<td>5</td>
</tr>
<tr>
<td>Assets –</td>
<td>6</td>
</tr>
<tr>
<td>Physical loss or damage</td>
<td>6</td>
</tr>
<tr>
<td>Sums Insured and Form of Insurance</td>
<td>7</td>
</tr>
<tr>
<td>Valuation</td>
<td>8</td>
</tr>
<tr>
<td>Insurance Cover</td>
<td>9</td>
</tr>
<tr>
<td>Special Limits</td>
<td>9</td>
</tr>
<tr>
<td>Consequential Financial Costs</td>
<td>12</td>
</tr>
<tr>
<td>Legal Liability</td>
<td>13</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>14</td>
</tr>
<tr>
<td>Contract Works</td>
<td>15</td>
</tr>
<tr>
<td>Other Insurances</td>
<td>15</td>
</tr>
<tr>
<td>Excess</td>
<td>16</td>
</tr>
<tr>
<td>Affinity Group</td>
<td>16</td>
</tr>
<tr>
<td>ANNUAL RENEWAL OF COVER</td>
<td>16</td>
</tr>
<tr>
<td>Review</td>
<td>16</td>
</tr>
<tr>
<td>Valuations</td>
<td>17</td>
</tr>
<tr>
<td>Information that will go to the Insurer</td>
<td>17</td>
</tr>
<tr>
<td>Renewal Cover and Premium Negotiation</td>
<td>17</td>
</tr>
<tr>
<td>Premium payment</td>
<td>17</td>
</tr>
<tr>
<td>Administration during the Insurance Year</td>
<td>18</td>
</tr>
<tr>
<td>CLAIMS PROCEDURES</td>
<td>18</td>
</tr>
<tr>
<td>Forms of claim</td>
<td>18</td>
</tr>
<tr>
<td>Completion of claim form</td>
<td>18</td>
</tr>
<tr>
<td>Legal liability Claims</td>
<td>19</td>
</tr>
<tr>
<td>Excess</td>
<td>19</td>
</tr>
<tr>
<td>Loss Control</td>
<td>20</td>
</tr>
<tr>
<td>Compliance</td>
<td>20</td>
</tr>
<tr>
<td>Contacts</td>
<td>20</td>
</tr>
<tr>
<td>GENERAL INFORMATION</td>
<td>20</td>
</tr>
<tr>
<td>Board</td>
<td>20</td>
</tr>
<tr>
<td>Consultant to Board</td>
<td>21</td>
</tr>
<tr>
<td>Board Secretary</td>
<td>21</td>
</tr>
<tr>
<td>Accounts</td>
<td>21</td>
</tr>
<tr>
<td>Website access</td>
<td>21</td>
</tr>
<tr>
<td>Ansvar Insurance</td>
<td>21</td>
</tr>
<tr>
<td>ADDENDUM</td>
<td>22</td>
</tr>
<tr>
<td>References</td>
<td>22</td>
</tr>
<tr>
<td>Activity Checklist</td>
<td>23</td>
</tr>
</tbody>
</table>

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INTRODUCTION

Establishment

The Anglican Insurance Board (AIB) was established by the General Synod / Te Hīnota Whānui in May 2004 with a very simple objective which is the reduction, in both the short and long term, of the total cost of insurance - premiums, levies and fees - that are paid by the entire Church to the lowest possible level, whilst maintaining best long term security for the forms of insurance considered appropriate by Trustees.

The AIB Canon is XXX11.

All decisions regarding matters such as:

- whether or not insurance is the appropriate risk transfer mechanism;
- how much insurance is purchased;
- what excess is acceptable;
- the employment or not of an insurance broker or consultant and their remuneration;
- continuation or establishment of formal or informal self insurance funds

remain solely and firmly and in the hands of the Dioceses, ngā Hui Amorangi or other individual Members.

AIB will:

- act as the bulk-buying agent for the Church and its various Members;
- negotiate premium rates;
- manage any additional prudent level of self insurance in excess of an Member’s self insurance;
- provide advice about best insurance practice;
- give assistance and advice regarding loss control and including compliance
- give advice and assistance with claims so as ensure the most satisfactory outcome.

Current Position

When AIB commenced operation, and as a Church Member decided to use the AIB facility, AIB simply continued their insurance programme unchanged but with the use of a superior insurance policy wording. AIB also took advantage of best practice insurance cover and cross fertilised from one Member to another.

AIB next established single bulk buy policies with the same renewal date of 1st April and gained the advantage of bulk buying and use first loss forms of cover.
The next step, from the 1st April 2009, was to establish a layer of self insurance in excess of the excess levels that each Member employs for all risks excluding earthquake for all asset and business interruption insurance.

This layer of self insurance is capped at an amount per annum and for any one claim event. All claims in excess of the self insurance are insured and the self insurance fund is accumulated by contribution from each Member but without increase in overall insurance premium cost.

We have also established a bulk buying "Affiliate Group" insurance scheme that provides personal insurance for Clergy and Parishioners (house, contents, vehicle, trailers, pleasure craft etc) with Ansvar Insurance that gives a discount from standard premiums to the Insured and also earns a small commission for AIB that will be offset against the promotional costs of the scheme.

Future

We will be monitoring the outcome of the self insurance and may change the amount as the fund grows and/or as further Members join.

We also expect to apply the advantage of bulk buying to vehicle and legal liability insurance.

We cannot emphasise too much that a saving in the cost of Church insurance releases funds for the work of the Church and its ministry. So far we estimate that, without allowing for reductions in outside consultants and brokers fees (which at inception of AIB we found were approx $350,000 per annum), we have reduced past costs by $650,000 per annum and at this time the total of Members premiums that flow through AIB are approx $2B per annum.

From time to time AIB may not be able to supply the lowest cost or quotation and, if that happens, we simply ask you to tell us what needs to be done for AIB to be competitive and to, in other words, give us a second chance.

And finally please always keep in mind that AIB is part of the Church and, as such, its existence and sole purpose is to serve you to your best interest and for your benefit - it is certainly not a competitor

Financial Projection of the

From all of the information that has been gathered there is no doubt that the Anglican Church has paid proportionately more for its insurance programme than the other denominations for many years - and it will continue to do so if it
does not change its purchasing methods and make use of its total financial power.

However, insurance is a business that, although long-term, is also subject to continual change as it responds to supply and demand and alterations in risk projection. These points lead to several very important practical issues.

No financial projection can stand for more than a very short period because the Insurer’s perception of premium need and the risk will alter as claims-to-premium ratio changes and reinsurance costs, investment returns and equities and administration costs increase or decrease.

So self-insurance projections that AIB will make will be at a point in time and can easily change as the programme and activity develops.

Bear in mind throughout that AIB’s objective is to save money for the Church and not to build itself into another cost centre holding revenue within its own account.

At inception AIB funded itself through sharing the savings that it made with the Members that it acts for.

When the lowest cost premium levels were reached, AIB charged for its services at a rate of up to 7% of total insurance cost (this compares to commission rates that are paid to brokers/agents by Insurers of up to 20%). This 7% loading will be reduced if AIB’s cost of operation can be met by a lower figure. AIB also earns some minor income from premium flow investment.

AIB has no agency arrangement with any Insurer other than Ansvar Insurance and therefore some insurances that Ansvar Insurance do not underwrite must be handled either through a selected insurance broker or direct with another insurer. AIB will give assistance whenever this situation arises.

AIB is also generally available to give advice on insurance and risk management issues.
The concept of "Risk Management" is well established and accepted as a very good method through which risk can be handled and managed.

Those who wish to know more about the method will find a wealth of information on web sites - in New Zealand the site of the New Zealand Society for Risk Management is a good place to begin and this will lead to the Australian / New Zealand Standard 4360 (2004) and its various booklets and to the Ministry of Civil Defence and Emergency Management and their various publications including a booklet entitled "Safety Planning Guidelines for Events" that will be very useful to those leading and managing events that may be for either entertainment or fund raising.

In the Addendum we have reproduced some extracts from the Risk Management Standard and we have produced a list of organisations that have publications involving Risk Management and loss control and / or standards.

We are, of course, surrounded by risk and it should be kept in mind that most risk cannot be assessed in terms of probability or severity. This means that many risks have to be assessed from personal perception and, of course, that perception will vary from one person to another.

The principle of "Risk Management" is to ensure that the total cost of risks faced is kept to a level that is as low as possible having regard to self insurance or risk retention commensurate with long term security.

The total cost of risk is made up of the:

- Cost of self-insurance.
- Cost of elimination or control of risks in both severity and probability - fire protection is an example.
- Cost of transferring the risk to another party - mainly insurance but sometimes a variation in a contract price.
- Cost of administration.

The objective of the principle is that, to the best of their ability, those who have responsibility for risks faced will ensure that those risks have no more impact on the Member than the Member can bear and with best of security in both the short and long term.

In practice this means that in general:

- types of risk faced will be identified and, particularly when there is a change in activity, regularly reviewed.
- risks will be evaluated and considered in terms of their probability and severity.
• the event of risks that are considered to be highly probable may be funded from the annual expenditure budget instead of insurance.

• the result of all other risks will be insured as far as insurance is available and is cost effective.

• wherever it is economic to do so, the result of risks will be eliminated or reduced in probability and severity through managerial or physical actions.

There are three categories of risk to which, in this context, the above practices apply:

• Physical loss or damage to assets.

• The consequential financial costs following the above and / or loss or damage at the premises of suppliers and / or prevention of use or access including loss of revenue/gross profit, payment of wages and salaries, increased costs of work or fees.

• Legal liabilities.

Examples of the application of the above risk management principles are as follows but before proceeding we must issue a word of caution.

Consideration and debate about the theoretical application of the theory of Risk Management can become addictive. Some have spent their entire careers developing the detail of the thesis without actually using it in a practical way - and when it is applied the application can become bogged down in the theoretical - the only advantage of the use of the thesis is when it is applied in real practical situations.

Assets –
Physical loss or damage

The risks faced include, for example, accidental loss or damage, fire, explosion, earthquake, lightning, storm, flood, aircraft, malice, burglary, theft, impact etc.

A more complete list of risks is available on request from AIB or from the Ansvar Insurance Risk Management and Loss Control Manual.

Each risk can be assessed for its probable impact - it is, for example, more likely that a wooden building will be a total loss through fire than one made from concrete. But a concrete building will probably suffer more damage in an earthquake.

It is, of course, possible to compile a detailed schedule of risks with each risk having an assessment of maximum possible effect or loss. Such information can be useful underwriting information and persuade the insurer to charge a lower rate but, in practice, the insurance sum insured is most likely to be based on the two catastrophic risks of fire and earthquake and consequently the fact that the maximum loss by burglary might be only a minor amount becomes almost immaterial.

So it is most likely that the fire risk assessment will become the sum insured for all risks excluding earthquake at any one location and the earthquake
assessed risk will apply to any one event over a geographical area. Insurance applies to events that are fortuitous so very probable risks - a simple example is wear and tear - are not suitable for insurance. All other risks that have an unacceptable potential cost, regardless of how remote they may be, should be insured. The remoteness of the risk should be reflected in the insurer’s premium and/or the cost of the insurance may be economically controlled by the level of primary self-insurance/excess used.

Sums Insured and Form of Insurance

Establishing the sum insured is most important and the first step is to consider the future use and value of the asset to the operation.

There are/can be a variety of responses to both buildings and contents:

- The item will be repaired or replaced as is using the same form of construction and/or the same item of plant or machinery, the same fixtures and fittings, the same location, the same layout/facilities.

  The insurance term for the cover required is "Replacement." (See below).

- The item will need to be replaced but in a different form including construction, materials, facilities or layout or location that will fulfil the need.

  The insurance term here is "Functional Replacement." (See below).

- The item is more or less redundant and if lost we would not replace it.

  The insurance term is "Indemnity" (See below)

- The item is not only redundant but it has absolutely no value and is due for demolition.

  The item can be insured for only the cost of its demolition and removal.

Whatever the response to the above several issues arise:

- The great majority of loss events will result in partial and not total damage and generally the preference will be to have the insurer pay for a full reinstatement repair cost.

- A full sum insured will not be achieved unless consideration is given to the effect of inflation during the 12 months insurance period and during - at worst - the period of demolition, re-planning, tendering and reconstruction.

- Functional Replacement insurance will insure for reinstatement of partial loss. But the Insurer will have lost the premium for the difference between the functional and full replacement value. The majority of Insurers will, consequently, only grant a full replacement of partial loss cover if the sum insured, on which the premium is
calculated, is not less than 70% of the full replacement value.

- Indemnity legally means "to put the insured back into the same state that applied before the loss took place." In practice, therefore if, at the time of a loss or damage event, the item is in the same condition or state that it was in when it was first constructed (this may be due to the actual material or to maintenance) then, due to the lack of depreciation, a claim for indemnity may be the same as a claim for replacement.

**Valuation**

Whenever an asset is insured for its Replacement value that value will need to be authenticated and the best way to do that is by use of a qualified valuer.

The valuer will survey the asset and record all of the details required to estimate its replacement cost and will then supply a certificate stating the asset’s indemnity value, its replacement value and including the estimated cost to demolish part or all, either damaged or undamaged, sections of the entire asset following a major loss event. The valuation will also include the projected values for inflation during the insurance period to follow and if required during the period that it would take to rebuild the asset from scratch.

Insurers require that the valuation of assets insured for their Replacement value is restated each renewal. Unless, however, changes have been made to the asset during the year the Insurers will accept a "desk" valuation - no physical inspection for a reasonable number of years.

When employing the valuer it is worthwhile having a talk about how the valuation will be done and particularly what the valuer's perception is of "Indemnity."

The valuer will also, of course, be able to give a value for the Functional replacement value of the asset provided the replacement criteria is established.

Generally contents, although insured for Replacement, are not professionally valued - and the Insurers are aware of and accept this - with the value being set by either at worst a general consensus or at best a proper inventory with real replacement values.

There is a great danger, of course, that general consensus comes up with the wrong value and that the inventory is not updated and, of course, the time that this danger becomes apparent will be when a major loss happens.

Completion of an inventory is, unfortunately, onerous but it is really the only way to ensure that what is owned and its value can be established - not only in order to find out what sum should be insured but also what was actually owned before the loss happened.

It is therefore recommended that:

- A contents inventory list is compiled - if possible electronically - and replacement values are allocated item by item.
- Photographs or, even, a video/DVD supports the list.
The entire record is stored, if possible at two locations, and away from the asset it records.

A guide inventory is contained in the Ansvar Insurance Risk Management and Insurance Manual for Churches, copies of which will be supplied by Ansvar Insurance on request.

**Insurance Cover**

Having examined a wide variety of insurance contract wordings used by brokers and insurers AIB can state that the wording that it has negotiated with Ansvar Insurance for the Church is as wide - and in some areas wider - as any other similar contracts that are in the insurance market.

A single set of insurance policies have been arranged to cover the entire Church with the Insured being named as:

"All Members and persons that are part of the Anglican Church in Aotearoa New Zealand that have appointed the Anglican Insurance Board to act as their insurance agents as more fully listed with the Insurer and any Member, more than half of whose equity is directly or indirectly owned and any other Member for whom the Church either exercises management control or elects to accept responsibility"

Although it is necessary to give detailed underwriting information to Ansvar Insurance including the names of all Members that appoint AIB it will be seen that all Members that appoint AIB are insured without the need for a listing in the policy.

Each Member insured selects its own level of insurance and self-insurance, which may be by a simple excess with or without the establishment and use of a self-insurance fund.

The wording used is commercially valuable but in total commercial confidence an electronic copy will be made available on request.

The wording includes the following standard extensions and sums insured will also be supplied on request or they will be shown in the annual insurance certificate supplied to you by AIB:

**Special Limits**

**Claims Assessment Extension:**

This is to pay for the costs that you may wish to spend on proving a claim / loss. Bear in mind that the Insurer may also employ a loss adjustor at their cost.

**Claims Investigation:**

This is an amount that you might need to call on to pay for the costs in confirming that a loss has happened and also how it happened provided a claim that is covered by the insurance eventuates.
Clergy and Employees Goods in Transit:
Covers the risk of loss or damage to personal effects and furniture whilst in transit in New Zealand following a formal location transfer.

Contract Works:
The amount of cover that the Insurer automatically grants for either extension or renovation of existing assets or new buildings. The cover has to be ratified by completion of a questionnaire. Higher sums insured are available on request. The insurance will extend to cover the interests of contractors.

Contract Works Additional Costs:
This extension covers the extra costs such as additional legal work, new documents, tenders, additional lenders charges for loan extensions, accounting costs, refinancing, additional insurance, new building permits, additional advertising, leasing or marketing - all caused by a contract works insurance claim event.

Electric Current Damage:
Covers burning out of electrical appliances caused by the electric current used.

Machinery Breakdown and / or Boiler Explosion:
This extension covers these risks which are often only insured by specific insurance policies to a defined limit per event.

Ministers, Employees, Trustees & Directors Effects:
Applies whilst working and only if there is no other applicable insurance and does not cover items whilst in transit.

Gradual Loss or Damage:
The intention is that this cover applies to slow leakage water damage caused internally and to dwellings only that takes some time to become apparent.

Keys and Locks
This extension covers the cost of replacing keys or locks following a loss event, for example a burglary.

Landslip, Erosion, Subsidence:
The reason for mentioning these risks is because the Insurer does not wish to give cover for the full asset sum insured.

**Margin Clause - Unspecified Locations:**
- Any one unspecified location:
- All unspecified locations combined:

This grants an automatic increase in the specified and declared sum insured of up to 40% but subject to the extra limits stated here.

The objective is to try to prevent underinsurance in a major loss.

**Money Extension Section A:**

**Money Extension – Additional limit under Section A in respect of any seasonal or other extraordinary accumulation:**

Section A of this extension applies to money held in the premises during normal hours or whilst in a locked safe.

**Money Extension Section B:**

This is the cover if the money is outside of a safe - or at someone's home - outside of normal hours

**Monuments:**

This extension removes any doubt regarding whether Monuments - that are not owned - are insured.

**Protection Costs Extension:**

Covers the costs spent in trying to stop an event from spreading.

**Spoilage Extension:**

Covers the loss of refrigerated goods due to accidental variation in temperature of the refrigerator but excluding loss of public supply if a 24 hour warning has been given.

**Theft Extension:**

Extends covers to include theft but not by employees or through shoplifting or within retail operations

**Transit Extension:**

This extension is to confirm that the cover
applies while any items are in transit outside of their normal location but excluding theft from unlocked and unattended vehicles.

Consequential Financial Costs

In broad terms the risk of consequential financial costs arises following loss or damage at the premises or those of suppliers and / or prevention of use or access.

The costs may be for loss of revenue/gross profit, loss of rents, the need to continue to pay wages and salaries, increased costs of working or fees and costs involved in presenting a claim to the Insurers.

The risks will be the same as those that may cause loss or damage to assets to which can be added:

- Prevention of access by a loss or damage event that does not cause loss or damage to own premises.
- Outbreak of human disease but excluding pandemic.
- Failure of supplies - electricity, gas, coal, effluent disposal, water, telephone.
- Closure of the area by Public Authority.

The sum insured and form of insurance will vary according to the risk analysis that should be carried out and the resulting identified need.

If there is a business activity then it is likely that a loss of profit insurance will be required and that will mean a sum insured based on an assessment of budgeted net profit and standing charges (gross profit) that will continue after the event. Bear in mind that, if the post loss expectation is that the business will immediately continue but at an alternative location that the insurance need may be one of simple increased cost of working cover only.

If the activity is for the Church then the need is most likely to be for a loss of revenue / income.

The sum insured for consequential loss should consider, as well as the period during which the business may be out of action, the possibility that the loss may occur at the end of the 12 months insurance period.

The sum insured for interruption due to loss or damage caused by a pressure vessel or following machinery or electronic breakdown is restricted to a specific sum insured, details of which are available on application.

There will be a need to establish the period during which the insurance policy cover will pay - known as the "Period of Indemnity" - and this period should be set at a level commensurate with the worst risk analysis / time estimated to return the business or activity to the same state that it was in before the loss event - likely to be a wide spread earthquake.

If the interruption period is estimated to be for more than 12 months then the
sum insured will be set at a multiple of the 12 month trading / increased cost estimate including budgeted / anticipated increases but, within the arrangements made by AIB with Ansvar Insurance, the premium is calculated on only the 12 months period sum.

Within the "Period of Indemnity", there are a wide number of alternative periods and methods available for the cover on payment of wages / salaries. Please check with AIB after establishing the need.

Consideration should be given to the establishment of post loss contingency plans or business continuity plans. AIB will offer assistance with these plans on request and in collaboration with Ansvar Insurance.

Legal Liability

Unfortunately, the law is a moving target, and the risks that arise with this subject cannot be totally anticipated or estimated for their maximum possible cost.

However a sample of the third party risks that can occur include:

- Error or omission that causes a third party to suffer a financial loss - this can include loss of documents and theft of third party funds - arising from all activities and by all persons including Directors, Trustees, Clergy and other Employees.

- Disputes with employees.

- Liability arising in Statutes for compliance and, where legally permissible, for fines and penalties.

- Harassment including sexual.

- Negligent loss or damage or injury to third parties including arising from goods sold or supplied or held in trust.

- Defence costs including from a criminal accusation.

Ansvar Insurance has issued, in response to requests from AIB and AllChurches Insurance, issued a comprehensive legal liability insurance policy that allows the Insured to select from the menu of sections that cover the above risks.

In addition the Ansvar Insurance legal liability policy also allows cover to be selected for employee defalcation for both money or goods and the policy has an automatic extension called "Unsatisfied Judgements" that gives cover up to $30,000 for situations where the Insured has a judgement issued in its favour that it has been unable to collect.

It is for each Member to decide on the level of cover and excess that they wish to purchase.

It should be noted that each cover will have a retroactive date - the period during which the cover will apply to claims made in the current period of insurance for a legal liability that arises from an event in the past.
In view of the above, at each renewal, Ansvar Insurance will require the
Insured to provide a written statement to confirm that it is "not aware of any
circumstances that are considered likely to give rise to a claim."

**Motor Vehicles**

These may be insured against:

- Loss or damage to the vehicle caused by all risks.
- Loss or damage caused by fire or by theft.
- Liability for loss or damage to third party property / vehicles.

Cover can also be extended so as to pay for additional costs due to loss of
use whilst a vehicle is being repaired following a loss or damage event.

General extensions to the cover will include:

- Cover for vehicles hired or otherwise in custody
- Employees personal equipment or effects not otherwise insured
- Automatic additions and deletions up to $100,000 any one vehicle
- Riot and Civil Commotion
- Accessories and spare parts and Load securing equipment
- Assessment of Loss
- Trailer Warranty
- Replacement Parts Warranty
- Car sharing Agreement
- General Average
- Motor Vehicle Damage to Leased Premises
- Progress Payments
- Reinstatement of Amount of Insurance
- Salvage Costs
- Earthquake Cover
- Modifications
- Joint Insured
- Rewards
- Subrogation against the Insured
- Third Party Liability Extension to an Employee
- Indemnity to Principals
- Movement of other vehicles
- Interested Parties
- Employees' vehicles used on Insured's business - $30,000
- Breakage of Windscreen and Window glass free of excess
- Breach of Warranty - excess $1,000
- Goods in transit - $5,000
- Removal of accident site debris - $20,000
- Road cleaning costs - $20,000
- Repatriation costs - $20,000
- Overtime expenses alternative cartage of load - $20,000
- Costs of defence of manslaughter proceedings - $100,000
**Contract Works**

Whenever alterations or additions are to be made to existing buildings or major new items are going to be added to the contents or a new building is going to be built, there will be a need to arrange for the asset insurance policy to be noted and extended.

The reason for this need is twofold:

- The risk profile and sum insured will change and the Insurer needs to reassess the insurance cost.
- The insurance during the contract period will need to be noted, so that it gives cover for the interests of the various suppliers and contractors.

Contractors will often offer cover themselves but allowing the contractor to issue the insurance has several disadvantages:

- The contractor will tend to own the insurance and put their interest first.
- The contractor may not know all of the other contractors and sub contractors and there is a danger that some parties to the contract may be missed from the insurance.
- If the work is to an existing building then the contractor will have no interest in that building and / or its existing insurance.
- The contractor may treat the premium as a contract item and load it with a margin.

In fact the standard insurance contract that AIB has arranged automatically provides cover for any contract work up to $750,000 and if more cover than that is required then it can be arranged. All that is required is that the detail of the contract is given to AIB and the applicable proposal form is completed.

**Other Insurances**

Other insurances that you might buy include:

- Personal Accident - with or without Sickness - cover for Clergy or Employees.
- Long Term Disability.
- Medical Expenses.
- Travel to cover Baggage, Medical Expenses, Loss of Deposits / Cash etc.
- Hull insurance to cover various vessels whilst on land or water.
- Aircraft whilst on land or in the air.

As stated elsewhere AIB currently has agency arrangements with only Ansvar Insurance and as they do not provide underwriting facilities for the above risks AIB similarly cannot provide cover with the exception of Travel Insurance where an arrangement has been made with ACE Insurance.
Changes may happen to this position and these will be notified when they take place.

**Excess**

The insurances above will be subject to an excess. The excess applicable will be the amount that has been selected by the Member insured and details will be available from the office / person that arranges the insurance for the Member or from the contact persons listed below.

**Affinity Group**

AIB has negotiated a scheme with Ansvar Insurance that will provide domestic insurances to any person associated with the Anglican Church.

The covers are:

- House - either for a nominated sum insured or on a sqm basis.
- Contents.
- Valuable Personal Effects whilst anywhere in New Zealand.
- Vehicles.
- Trailers.
- Caravans.
- Pleasure Craft and fixtures and fittings.

The arrangement negotiated gives the person a 10% discount on Ansvar Insurance’s standard premiums and a commission - collected by AIB - of 5% (see page 3).

Quotations can be obtained by calling Freephone 0800 123 344

**ANNUAL RENEWAL OF COVER**

**Review**

At the time of renewal the insurance contracts are complete and expire and new contracts are entered into.

The preparation that is required for the renewal is very similar to that required for the original purchase but aided by the past decisions so that the process is one of overhaul and review.

Typical activity will include:

- A review of the risk profile - have there been any changes - either positive or negative that need to be considered and revealed to the Insurer?
- Have any assets been sold or purchased - the AIB policy for Assets has cover that gives automatic cover for any acquisitions up to a value
of $1m but the acquisition has to be revealed to the Insurer?

- Have any activities been started or closed?
- Is the cover for each asset still valid - Replacement, Functional or Indemnity?
- Is the sum insured still adequate - are valuations to be done with actual inspection or only by desk review?
- Are the sums insured and periods of indemnity for consequential loss still correct and adequate?
- What changes have been made to the list of vehicles?
- Are we comfortable with the present levels of excess / self insurance?
- Are the various covers that are being purchased in the general area of legal liability still required and are the sums insured adequate?

A general "Activity Checklist" is attached as an aide memoire in the Appendix.

**Valuations**

It is important that, at least one month before the renewal date, you instruct the valuers to carry out a valuation of your insured properties. It will speed up the review process if the up to date valuations are available at the time of the annual review.

**Information that will go to the Insurer**

Because they are material facts to the contract all of the changes arising from the review will need to be advised to the Insurer.

In addition and specifically in regard to legal liability and as mentioned before, the Insurer will require a declaration that will be signed by a responsible person and after general enquiry within the organisation that states that "We are not aware of any circumstances that are considered likely to give rise to a claim."

**Renewal Cover and Premium Negotiation**

This will be undertaken by AIB - with the assistance of any appointed broker as AIB considers appropriate - and the results will then be disclosed to the Church Member for discussion.

AIB with the Members approval will calculate the renewal premiums due and carry out any adjustments required and supply a "Closing" document to the Insurers.

**Premium payment**

Currently, through the use of the facilities of the NZ Anglican Church Pension Board, AIB will issue debit invoices to the Member for prompt payment.

It is over to the Insured Member to charge out and collect premiums from its various centres.
Administration during the Insurance Year

Changes that happened during the year need to be advised to AIB so that it can inform the Insurer and either arrange insurance as required or make endorsements to the existing covers and issue debit invoices.

Changes will include the sale or purchase of an asset - building or vehicle or entering into a new activity.

CLAIMS PROCEDURES

Forms of claim

Any event that causes a financial loss may be a valid claim - AIB is available to give comment and advice on whether or not it is a valid claim.

There are two forms of claim. One is for claims for loss or damage and consequential loss involving own assets and the other for claims made against you by other parties for legal liability.

In both cases there is a common notification process but there are additional issues regarding legal liabilities - see separate section below.

If the loss is large and needs immediate attention then call the AIB Consultant Keith Hales – see the contact details below.

Completion of claim form

Whether large or not, both the AIB’s and the Insurer’s protocols require the completion of the appropriate claim form.

Claim forms can be obtained in electronic form and completed "on line" at:

AIB’s website at www.aib.org.nz and

Ansvar Insurance website at www.ansvarinsurance.co.nz

In both cases you will find a claim notification system that is self-explanatory.

Claim forms are also available from either the manager of the Member insured or from Keith Hales or from Ansvar Insurance Auckland free phone 0800 123 344.

AIB and Ansvar Insurance are proud of their claims handling service and you can expect a very quick response from either once they have the facts of the loss and they consider that an insured event loss has happened.

So when you have a claim select the form required (either asset or liability or vehicle as appropriate) in either electronic or hard copy and then complete it as far as you can. If you don't know the answer to a question then just type "Unknown."

If you are working electronically then "Save" a copy of the completed form on your PC and then send it as an "Attachment" in an email to either Keith Hales with a copy to Chris Cheer or if applicable to the Claims Manager for Ansvar Insurance (see contact details) ensuring that you have included other contact details in your email such as phone number and postal address.

A copy of all claim forms should be sent to AIB.
You may also want to ensure that a copy of the claim form is lodged at some central spot in your organisation.

When AIB or Ansvar Insurance get the claim form they will acknowledge receipt by email or phone to you and confirm the action they want to take to arrange settlement.

In most cases you will be immediately advised whether the insurance applies and either that repair or replacement can proceed up to the estimated cost or, if the claim is large or looks complicated, a Loss Adjustor will be appointed who will make contact with you.

You should, of course, take whatever actions you can to ensure that the effect of the event is minimised.

If a criminal offence has happened you are required to notify the Insurer and the Police immediately.

Legal liability Claims

A claim that suggests that you have caused loss or damage to third party property or financial loss through accident or error or omission or some other failure can be notified to you in the first instance in a wide variety of ways:

- In writing by mail or email
- By word of mouth
- By phone
- By writ

Whatever the means through which the claim is received the best approach is to make absolutely no admission of fault and if a fall back is still required to simply respond by saying that the matter will be referred to a higher level and that a reply will be then made.

Meantime and firstly the Insurers must be told as quickly as possible - they are the experts and they will decide what to do next.

Secondly get statements from anyone in your organisation that knows anything about the allegation. Sometimes getting a statement that says that the person knows nothing about the event can be valuable at a later time.

The Insurers may want to instruct lawyers but you should ask, if this is contemplated, that you are advised about who they intend to instruct so that you can be involved in the selection - keep in mind that although the Insurer is going to indemnify you, the Insurer’s interests in the claim may not be the same as yours.

Excess

Most insurance claims will be subject to an excess that you will have to bear and, of course, if the claim cost does not reach the excess there will be no claim.
Loss Control

The best source of information on loss control is the Ansvar Insurance Risk Management and Insurance Manual (see page 20 for Ansvar contact). AIB can supply this manual to you electronically or alternatively you can ask for a hard copy.

Compliance

There are numerous legal requirements that are faced and in the near future we hope that a standard manual of response will be issued by the combined AllChurches Risk Management Group.

Contacts

Ansvar Insurance's Auckland Head Office contact details are:

Freephone: 0800 123 344

Email Claims Department: claims@eig-ansvar.co.nz

Claim notification online: www.ansvarinsurance.co.nz

Jeremy Nobbs is the Claims Manager for Ansvar Insurance and his contact details are:

Postal: PO Box 7042, Wellesley Street, Auckland 1036
Phone: (09) 300 3132
Fax: (09) 366 6107
Email: jnobbs@ansvar.co.nz

AIB Secretariat services are provided by the NZ Anglican Church Pension Board in Wellington. AIB’s contact details are:

Postal: PO Box 12-287, Wellington, 6144
Phone: (04) 473 9369
Fax: (04) 473 9991
Email: aib@aib.org.nz
Website: www.aib.org.nz

The AIB Consultant is Keith Hales in Wellington. His contact details are:

Postal ℅ AIB, PO Box 12-287, Wellington 6144
Phone: (04) 479 5625
Mobile: 021 651 795
Email: kghales@xtra.co.nz.

GENERAL INFORMATION

Board

The Board of AIB is appointed by the General Synod / te Hīnota Whānui or its Standing Committee.

Each tikanga nominates a person to represent its interests and two people with requisite experience (who may be recommended by AIB) are appointed by the General Synod Standing Committee.

The present Board Members are:
• Don Baskerville (Tikangas Pakeha & Pasifika) (Chairman)
• Don Shaw (Tikanga Maori)
• Bruce Duncan (Specialist member)
• Neil Eagles (Specialist member)

Consultant to Board
The Board is assisted with advice from Keith Hales, a self-employed risk management consultant. Keith has spent his entire career in the Insurance and Risk Management business and is a former deputy chair of Marsh New Zealand.

Board Secretary
Christine Lock, an employee of the New Zealand Anglican Church Pension Board, is presently the Secretary to the Board.

Accounts
Special Purpose Financial Statements are prepared for the AIB by the New Zealand Anglican Church Pension Board. These accounts are audited by Deloitte.

Website access
The website for AIB is at www.aib.org.nz

Ansvar Insurance
Ansvar Insurance is the New Zealand operation of the Ecclesiastical Insurance Group in the UK.

Ecclesiastical was established by four Anglicans in 1887 to insure the churches of the Church of England and, in addition, is today, a general insurance company with branches in Ireland, Canada and Australia as well as New Zealand.

Ansvar Insurance in New Zealand is a specialist insurer whose vision is to be recognised as the leading and trusted insurer within the religious and community services sector.

Ansvar Insurance Limited has an A- (Excellent) Financial Strength Rating assigned by A. M. Best.
ADDENDUM

References

The following are publicly available sources of Risk Management, Loss Control and Insurance information:

Risk Management – Australian / New Zealand Standard AS/NZ 4360 - 2004


Teachers Responsibilities - Ministry of Education publications entitled - Education Gazette notice 7/7/2003 re New Zealand Teachers Council and the responsibilities of the School as Employers of Non-Teaching staff and Contractors.

Vetting and Criminal Records - New Zealand Police publications entitled - Vetting Procedure Guidelines, Criminal Record requests, Rata Street School, Volunteer Guidelines.


Outdoor Activities - New Zealand Mountain Safety Council publication entitled - Managing Risks in Outdoor Activities.


The Churches own - ABC Guide to Safety - Working with Children and Young People - copy available from AIB.
Activity Checklist

**General**

- Is the "Management of Risk" on Meeting Agendas and particularly when there is a special event?
- Has the future requirement for assets been considered and in that light are the sums insured adequate?
- Is the Contents Inventory up to date in both items and values and have changes required been notified?
- Is the photographic record up to date?
- Has at least one Fire Service Inspection been made in the last 12 months and does the building have proper fire protection?
- Is the fire evacuation plan up to date and has it been practiced?
- Are non smoking signs displayed?

**Inspection**

- When was the last maintenance inspection done and is one due? Check the records.
- When was the last security inspection done and is one due?
- Are there any hazards that have been identified that have not been fixed?
- When was the last inspection done of the fire extinguishers? - are they full? - do they need maintenance? - are they the right ones for the risk (ask suppliers)? – Inspect hose reels - roll them out and check for leaks and kinks.
- When was the last inspection done of the switchboard and the heating systems - do they need a professional maintenance inspection.
- Have the gutters been inspected and cleaned out.
- Are all the Exits working properly, marked and maintained?
- Are rubbish bins being cleared regularly and are they located away from the building?
- Are the alarm systems - smoke, burglar etc - working okay? – try them - set them off.
- Reconsider whether the system for offerings counting and accounting and banking is secure.
- Check that the lockup procedure is being followed and cannot be improved - do not hide keys on the premises.
- Is there any economic additional protection that could be taken to prevent or minimise vandalism?
- Are valuable items such as portable Audio Equipment, Computer, instruments of locked away or removed from the premises after use?
- Is the local Neighbourhood Watch scheme being used?
- Are steps and paths in good condition?
- Is any activity equipment in good and safe condition?
- Are electrical appliances safe - when were they last checked over professionally?