**ANGLICAN INSURANCE BOARD REPORT TO 2018 GENERAL SYNOD**

**Introduction**

The Anglican Insurance Board is constituted under Canon XXXII Title B which outlines the purpose, responsibilities and authorities of the Board.

The Anglican Insurance Trust is a registered charitable trust, number CC40696.

The main purpose of Trust operations is to bring together the constituent New Zealand bodies of the Anglican Church in order to access economies of scale in relation to Church insurance programmes. It is not an insurance broker. The Trust is commonly referred to as AIB.

**Membership**

Currently the Dioceses of Nelson, Christchurch, Auckland, Te Pihopatanga o Te Tai Tokerau and some eligible schools insure outside of the Anglican Church Master Insurance policies operated by AIB.

The combined membership holds material damage/business interruption (MDBI) cover worth in excess of $1.5b. Disaster cover is taken up by most members, with premium rates varying by region.

Members also take advantage of a full range of liability, motor vehicle and travel cover as required. It is worth noting that because the risk is spread over a greater number of members, the impact of multiple claims, for example for motor vehicle insurance, is much less that if concentrated within just one member’s insurance portfolio.

**Insurance Environment**

Since the 2016 Kaikoura earthquake local insurers have been signaling and imposing MDBI premium increases across NZ. Some of these have been quite significant with many Wellington customers of local insurance companies being offered 50-100% increases in premiums.

Increases have also been signaled and imposed on motor vehicle contracts and liability contracts, with motor vehicle premiums increasing along-side significant increases in repair costs.

**Fire Service Levies**

It has been well publicised that these are set to rise. A major benefit in operating a single Anglican Church Master material damage/business interruption policy is that fire service levies can be paid based on a single policy and paid in relation to the largest risk, the assumption being that all assets would not be lost in one event. This has always been of benefit to Trust members in that the levy paid is calculated on the highest valued asset that could be lost in a fire and divided across all members. A legal opinion has confirmed that AIB is able to continue to apply this concept to its members under the new regulations that take effect from 1 January 2019 (because they are part of the Anglican Church in Aotearoa, New Zealand and Polynesia and governed by the General Synod/Te Hinota Whanui).

Constituent bodies of the Anglican Church not participating in the master Anglican Church MDBI programme should contact AIB to discuss this issue as their broker/ intermediary may not be fully aware of Anglican Church structures or their ability to mitigate this significant increase in costs.

**Concordia Underwriting Agency**

In our last report to the General Synod/te Hinota Whanui we advised that AIB had entered into arrangements with Concordia Underwriting Agency – a faith and charitable services based underwriting agency.

In the intervening period Concordia has established itself as a cover-holder for Lloyd’s syndicates. This was welcome as it is AIB’s view that insurance provided by Lloyd’s is less exposed to regional premium spikes caused by claims in New Zealand.

Concordia’s terms and conditions have also been found to be competitive with local market insurers and they have successfully negotiated significant new business over the last year including insuring most of the Presbyterian denominations assets.

One very important ‘soft’ benefit that has evolved from our arrangements with Concordia has been the removal of the intermediary (Marsh) who previously placed the Anglican Church MDBI business with various insurers. Not only is a commission payment to Marsh no longer required but brokers and others who were previously reluctant to use the Anglican Church Master programme, primarily because Marsh (a competitor) held the relationship with the insurer, are now starting to use AIB.

Unfortunately there have been delays in some software product development that had been envisaged. AIB is actively endeavouring to work through these issues with Concordia.

**All Churches Insurance Bureau (ACIB)**

AIB continues to be an active member of the ACIB, sharing information and working collaboratively to gain the best possible policy wording, as well as competitive premium pricing.

**Governance**

AIB as an entity needs to operate at the highest level of scrutiny and integrity because of the services it provides for its members. All Trustees have some governance training and/ or professional qualifications, a summary of which is available on the website – [www.aib.org.nz/about](http://www.aib.org.nz/about).

Since our last report Garry Wilson and +Steven Benford have been appointed to the Board and Robin Gunston and +Helen-Ann Hartley have resigned from the Board. We are very appreciative of their service.

The Board positions are:

|  |  |  |  |
| --- | --- | --- | --- |
| Nominated/appointed by | Name | Date first elected/appointed | Expiry of current appointment |
| Tikanga Maori | Don Shaw | 2001 | 2020 |
| Tikanga Pakeha | Alison Jephson | 2010 | 2020 |
| Tikanga Pasifika | Don Baskerville | 2001 | 2018 |
| House of Bishops | +Steven Benford | 2017 | 2018 |
| Appointed by GSSC | Garry Wilson | 2017 | 2020 |
| Appointed by GSSC | Ira Wilkinson | 2014 | 2018 |
| Appointed by GSSC | Vacant |  | 2018 |

The AIB board generally meets four times per annum, and will from time to time hold an extra meeting, either in person or via teleconference. Two meetings per annum are held away from Wellington so that board members have the opportunity to engage directly with insured members.

Patron to AIB is Robin Nairn, who was a prime instigator for the establishment of AIB, seeing it as a way to save time and costs for individual parts of the church, and to add expertise to the purchase of appropriate insurance cover. His continued involvement and wisdom are invaluable to AIB and the church.

The NZ Anglican Church Pension Board staff support AIB’s work through day to day management of premium invoicing and receipts, investment of funds, receipt of claims, and financial reporting to the AIB board. AIB is very grateful for the expertise and willing helpfulness of the Pension Board staff.

**Risks**

AIB’s risk and issues register is comprehensive, including legislative and political changes, personnel and financial risks, as well as risks associated with the insurance environment. The risk register is reviewed at each Board meeting.

**Vision**

AIB board members continue to hold to the vision, that by saving time and money on insurance related matters, the Anglican Church is able to spend more of its resources to see God’s kingdom flourish in Aotearoa, New Zealand and Polynesia.

Dave Peters Alison Jephson

Executive Director Chair

February 2018