**ANGLICAN INSURANCE BOARD REPORT TO 2020 GENERAL SYNOD**

**Introduction**

The Anglican Insurance Board (the 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. The Board manages the Trust. The Board is not an insurance broker.

**Membership**

Currently the Dioceses of Nelson, Christchurch and Auckland 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**

The NZ market has hardened and is driven by a new risk assessment process and insurer capacity. A hard market is characterised by continuing rate increases and withdrawing of capacity. In Wellington the withdrawal of capacity has seen some insurers only insuring new cover if they have had a cancellation. Natural Catastrophes (earthquakes) have driven the market since the early 1990’s with cyclical measures when capacity is under pressure. Other wider catastrophic losses in other territories (windstorm, floods, US hurricanes) add to that capacity pressure. Beyond the upper North Island (Auckland, Waikato) all locations with high Natural Catastrophe risk have hardened. Wellington risks have significant scrutiny and solid underwriting information such as building & ground condition reports are perquisites before insurers consider premium pricing. 50% premium increases are not unusual for Wellington.

The hard to write areas (high Nat Cat regions, specifically Wellington through the Hikurangi subduction and Alpine Fault) will remain challenging.

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**

The introduction of new legislation has been delayed and is under review. The situation is currently that there remains a major benefit in operating a single Anglican Church Master material damage/business interruption policy and 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.

**All Churches Insurance Bureau (ACIB)/ Concordia Underwriting Agency**

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.

Concordia’s terms and conditions have also been found to be competitive with local market insurers and they have successfully negotiated significant new business since commencement.

Recently, Concordia have signaled that a dividend will become payable to their foundation customers. This is likely to be paid in 2020.

**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 Colleen Kaye and Cheryl Middlekoop have been appointed to the Board and Alison Jephson has retired. We are very appreciative of Alison’s service as a Board member and latterly as Chairperson.

The Board positions are:

|  |  |  |  |
| --- | --- | --- | --- |
| Nominated/appointed by | Name | Date first elected/appointed | Expiry of current appointment |
| Tikanga Maori | Don Shaw | 2001 | 2020 |
| Tikanga Pakeha | Colleen Kaye | 2018 | 2020 |
| Tikanga Pasifika | Don Baskerville | 2001 | 2022 |
| House of Bishops | +Steven Benford | 2017 | 2020 |
| Appointed by GSSC | Garry Wilson | 2017 | 2020 |
| Appointed by GSSC | Ira Wilkinson | 2014 | 2022 |
| Appointed by GSSC | Cheryl Middlekoop | 2019 | 2022 |

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.

AIB has invested in a new cloud based administration system which was successfully installed in time for the 2019 material damage renewal. Members now have on-line access to insured assets, claims, financial status and reports via the AIB website.

**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 Ira Wilkinson

Executive Director Chair

February 2020