**ANGLICAN INSURANCE BOARD REPORT TO 2024 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 approximately $1.5b. Disaster cover is taken up by many members, with premium rates varying by region.

Members also take advantage of a full range of liability and motor vehicle 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**

Material Damage and Business Interruption

* Capacity remained available but less so in Wellington; elements of competition have returned, although generally focused on loss free clients in low hazard industries (Unfortunately, Church risk is not considered a low hazard industry).
* There has been a continued slowdown in base natural disaster rate increases compared to previous periods, a trend expected to continue (hopefully) into 2023 renewals.
* Challenges remained for members in higher risk earthquake prone zones, and those with poor loss histories.
* The impact of 2023 weather events has seen another round of significant premium increases

Increases continue to be imposed on motor vehicle contracts and liability contracts in line with claims and claim servicing costs.

**Legislation**

Fire Service Levies - The introduction of new legislation has been delayed and remains 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.

EQC – The EQC has doubled the upper limit of the cover they offer from $150k to $300k (+GST) for domestic buildings disaster cover. This applied to renewals from October 2022 and was actioned at the 1 January 2023 renewal. The levy has reduced from 20c per $100 sum insured (up to $150k) to 16c per $100 (up to $300k). Because the levy doesn’t distinguish between different risks at different locations, this is effectively a move toward greater community rating of natural disaster risk (and away from risk rating for domestic properties). Properties in higher risk areas such as Wellington and Hawke’s Bay will likely see reductions in their premiums while lower risk areas such as Auckland and Northland have received increases.

**AIB Risk Management Limited**

Our last report advised that we would be reviewing our insurer arrangements.

Our existing underwriter has struggling to offer us comprehensive and flexible insurances and coupled with the weather events of 2023 the review was timely. AIB’s investigations included considering if establishing our own insurance company was viable. A feasibility study was commissioned which recommended that AIB go ahead. A very challenging schedule of work was proposed, with the new company only registered on 21 December 2023, just in time for the 1 January 2024 renewal. The result was that AIB could remove some retail costs and access directly some reinsurers. The initial outcome are costs of 15% less than what had been signaled by our previous underwriters.

The company is registered in the Cook Islands, which has the advantage of laws similar to NZ but more in-line with insurance arrangements required by large companies acting for themselves. These type of insurance arrangements are called captives and are insurance companies in all ways other than they do not offer insurance to the general public. We expect the company to provide great benefit to the Church over time as our direct reinsurance arrangements mature.

**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 Jonathon Hensman has been appointed to the Board replacing Cheryl Middlekoop. We are very appreciative of Cheryl’s service as a Board member.

In January we were saddened (and weakened) by the sudden death of Bishop Richard Wallace who was a highly valued member of our Board. +Richard was able to offer us a wider view of the mind of the church and mentor us on our interactions with the wider body. We expressed our sympathy to his whanau at his tangi.

The Board positions are:

|  |  |  |  |
| --- | --- | --- | --- |
| Nominated/appointed by | Name | Date first elected/appointed | Expiry of current appointment  |
| Tikanga Maori | Andrew Tamihere | 2020 | 2024 |
| Tikanga Pakeha | Colleen Kaye | 2018 | 2024 |
| Tikanga Pasifika | Don Baskerville | 2001 | 2026 |
| House of Bishops | Vacant |  | 2024 |
| Appointed by GSSC  | Darrin Goulding | 2021 | 2024 |
| Appointed by GSSC | Ira Wilkinson | 2014 | 2026 |
| Appointed by GSSC | Jonathon Hensman | 2022 | 2026 |

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 financial management and financial reporting to the AIB board. AIB is very grateful for the financial expertise and helpfulness of the Pension Board staff.

AIB’s cloud based administration system has been a success. Members 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 Don Baskerville

Executive Director Chair

February 2024