

Bill No 7

Mover: The Rt Rev'd Philip Richardson / Seconder: ...

A Bill to Amend Title B Canon XXXII of The Anglican Insurance Board, 2024

Whereas, the General Synod/te Hīnota Whānui passed Statute 644 in 2004 to establish The Anglican Insurance Board; and

Whereas, General Synod Standing Committee received an urgent request from the Board in September 2023 to amend the Canon before 1 January 2024, to allow them to establish a captive insurance company under legislation of the Cook Islands, in order to provide insurance premiums that were achievable for the church when a 40% increase was being indicated; and

Whereas, General Synod Standing Committee resolved in 2023 to amend the Canon as below, effective until the conclusion of the next meeting of the General Synod/te Hīnota Whānui. And at that next meeting of the General Synod/te Hīnota Whānui, it be asked to ratify these provisions and to make them a permanent provision.

The General Synod/Te Hīnota Whānui enacts as follows:

- 1. Title.** The Title of this statute is *Title B Canon XXXII Amendment Statute, 2022*.
- 2. The purpose** of this statute is to ratify the decisions made by General Synod Standing Committee, in under urgency amending the Anglican Insurance Board Title B Canon XXXII.
- 3. Ratification and validation**

In **Title B Canon XXXII Clause 1.3**, the following words are repealed:

“Insurance services” means locating and advising upon available forms of insurance, and procuring or negotiating for insurance contracts with companies and organisations that are authorised by New Zealand law to provide insurance.”

To be replaced with the words:

“Insurance Services” means locating and advising upon available forms of insurance, and procuring or negotiating for insurance contracts with companies and organisations that are authorised to provide insurance acceptable to the Anglican Insurance Board.

- 4.** This Statute shall come into force at the conclusion of this 66th Session of the General Synod/ te Hīnota Whānui.

Notes:

Insurance companies operating in NZ take a portion of risk themselves and reinsure the balance with large overseas based reinsurers who are not otherwise operating in NZ. The NZ insurers add significant operational costs to insureds while doing so. AIB's current structure does not allow us to access reinsurers directly as this can only be done by an insurance company. Recently, AIB completed investigations into what is required for AIB to set up an insurance company with a view to accessing reinsurance markets directly.

The recommendation is to establish a captive insurance company under Cook Island's legislation. A captive insurance company is defined as 'a wholly owned subsidiary insurer formed to provide risk mitigation services for its parent company or related entities.' The main reasons for doing this is that the Cook's legislation is more aligned to our purpose. NZ's current legislation (Insurance Prudential Supervision Act) is largely aimed at managing insurers offers to the public and accordingly attaches expensive compliance much of which is unnecessary to our purpose. Lockton's have established a number of companies under this legislation for entities wanting to only insure their own risk, recent examples are Contact Energy and Wellington Airport.

AIB has the current resources to establish this company.

AIB enquired of JAG Legal if the Trust Deed allows them to do this. They have advised that the Trust Deed "*specifically grants this right to the Trustees of the Trust for the very specific purpose that you intend to establish the proposed company.*"

The definitions of the Deed allows AIB to place insurance with NZ insurance companies only;

"Insurance services" means locating and advising upon available forms of insurance, and procuring or negotiating for insurance contracts with companies and organisations that are authorised by New Zealand law to provide insurance.

So, while AIB can establish this company, JAG's view is that the Deed only allows that company to insure with NZ based retail insurers. This would defeat the purpose of establishing the company and leave us in the same position. Therefore, AIB asked JAG Legal to draft the appropriate deed change to allow the new company direct access to international reinsurance markets.

The August 2023 advice from AIB's current underwriters is an immediate call to action. AIB doesn't believe that proposed increases of possibly in excess of 40%, on top of other recent large increases, are sustainable for many members. Our property renewal is due on 1 January 2024.

Based on JAG's advice, AIB requests that this proposed change go through the required steps within the Church, in time for our renewal.