

CHAPTER 3 - INSURANCE

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INSURANCE

1.0. GENERAL DESCRIPTION

- 1.1. The Auckland Anglican Insurance Fund was set up under legislation provided by Diocesan Synod, that is "The Diocesan Insurance Statute 1988". This Statute is included in the section of this handbook containing the Diocesan Statutes.
- 1.2. The Fund is administered by the Insurance Officer who is employed by the Anglican Trusts Board. The office is situated at 12 St Stephen's Avenue Parnell.
- 1.3. Insurance cover is placed with various insurance companies as recommended by the Diocesan insurance brokers. The companies used are reviewed annually and cover will be placed according to the cost of insurance cover, performance and the reputation of the companies involved. Reinsurance is usually spread between two or three large insurers.
- 1.4. The Master Policy is held by the Insurance Officer and may be viewed on request. The insurance year runs from 1 July to 1 July each year.
- 1.5. The Insurance Fund provides its own "in house" Fund to cover losses between the excess set and \$2,500. Losses below the excess set are borne by the Ministry Unit. Losses above \$2,500 are borne by the external insurers. Meeting the cost of minor claims in house, that is up to \$2,500, reduces significantly the cost of buying the external insurance. Historically most claims are relatively inexpensive but are expensive to process, therefore the large insurers find the excess being offered of \$2,500 attractive and thus lower their premiums.
- 1.6. In summary, insurance claim reimbursements are allocated as follows:

0 to excess set	Ministry Unit cost (called the "excess" or "deductible")
excess set to \$2,500	Auckland Anglican Insurance Fund
\$2,500 and over	external insurers

2.0. VALUATIONS

- 2.1. On site valuations of all properties are undertaken every three years by Registered Valuers, at no cost to the Ministry Unit, with one third of all Ministry Unit properties being valued each year. The Registered Valuer provides updates to valuations annually in between site valuations based on the movement of prices and costs. Therefore property valuations are always up to date. The cost of inspections is borne by the Auckland Anglican Insurance Fund.
- 2.2. Valuations are based on the cost to replace each building with a new building of equal specification, remembering that the value of land is not included. The Registered Valuer holds detailed information on all buildings including floor size, construction materials, when built, etc. Details of valuation are sent to all ministry units with the renewal invoices in July of each year.

- 2.3. Valuations also include all contents, including stained glass windows, organs, fittings and furniture. Contents valuations are "new for old".
- 2.4. Ministry Units are responsible for valuing the contents of churches and halls. It is acknowledged that it is difficult to place a value on things such as altar linen and the like. Church Stores, situated at 8 Robert Street Ellerslie Auckland have some expertise in this area and will usually value items presented to them.

3.0. DETAILS OF COVER

3.1. Accidental Physical Loss or Damage

- 3.1.1. Buildings, including fixtures therein and thereon, the walls, gates and fencing pertaining thereto and outbuildings used in connection therewith, external signs, awnings, structures pertaining thereto. Cover is for full replacement. A discount applies to those buildings which have monitored sprinkler systems installed.
- 3.1.2. Contents of every description of premises owned or occupied, buildings and other contents for which the Insured is responsible. Again, cover is for full replacement.
- 3.1.3. Money in transit or on the Insured's premises or at the private residence of persons duly authorised by the Insurers, limited to any one loss of \$5,000 in respect of any one occurrence. The limit increases to \$80,000 if the money was in a locked safe or strong room.
- 3.1.4. Property in the care, custody or control of the Ministry Unit is also covered.

3.2. Business Interruption

Loss of revenue is covered for 12 months, loss of rents for 24 months. Loss of plate takings (offerings) are covered for 12 months.

3.3. Additional Costs

Additional increased costs for working are covered for 24 months.

3.4. Public Liability

- 3.4.1. Legal liability to cover the liability to Third Parties arising from the business and activities of the Insured, not exceeding \$5,000,000 for any one claim.
- 3.4.2. The Fund provides cover for damage to Third Party property, personal injury and/or illness (excluding loss or damage causing bodily injury), resulting from accidental negligence. However, it must be noted that Church Officers and others running fairs, bazaars and similar activities must never accept any liability on behalf of the Fund and as a claiming Third Party must prove negligence on the part of the person concerned. In all such cases, the Fund will take up the matter with the insurance company.

3.4.3. The activities of contractors and sub-contractors, whether or not they have been indemnified by the Ministry Unit

3.5. Contract Works Insurance

3.5.1. This cover is provided as part of the normal insurance cover. The total cover available is \$2,000,000. If a Ministry Unit is to undertake work such as extensions, refurbishment, etc the Insurance Officer must be informed. The construction of completely new buildings is insured by the Contractor involved.

3.6. Goods in Transit

3.6.1. Household removals by clergy between parishes are covered. Clergy should provide detailed lists of household effects to the Personnel Administrator at the Diocesan Secretariat prior to any move taking place. A \$200 excess applies to goods in transit.

3.7. Trustee Liability Insurance

3.7.1. All Diocesan Trust Boards have liability insurance which totals \$10,000,000. This cover extends to Parochial Trust Boards (see Section 18, Chapter One).

3.8. Earthquake Covers

3.8.1. Earthquake cover for residential dwellings (vicarages) is provided through the Earthquake Commission and their associated levy. The Commission provides a maximum cover of \$100,000 plus GST only per dwelling and \$20,000 plus GST for associated chattels. If vestries wish to have additional insurance to bring earthquake cover up to full replacement then the Insurance Officer needs to be instructed. An increased premium will result. Unless the Insurance Officer is told otherwise the cover on vicarages in the event of earthquake is \$100,000 plus GST.

3.8.2. Earthquake cover on churches and halls is provided by our Insurers. The premium is included in your total insurance invoice. This cover is based on "indemnity value", which, in simple terminology, is what the value of the building is at the time of the earthquake. The older the building the lower its indemnity value as this will decrease with age. If full replacement cover is required in case of earthquake, then an extra premium is required and the Insurance Officer will need to be informed.

3.9. Fire Levies

3.9.1. Fire levies are included with your insurance invoice. The levies are based on the indemnity values of buildings.

3.10. Employer's Liability

3.10.1 The Diocese has \$1,000,000 of cover for events that occur outside of the cover provided by our Accident insurer. This cover will also provide for legal fees and fines

if the Accident Compensation Corporation were to take any entity of the Diocese to court for not complying with the Occupational Safety & Health Act.

3.11. Employment Disputes Insurance

3.11.1 This cover provides for legal fees should the Diocese get into any disputes with employees that result in mediation, the Employment Tribunal, Employment Court or Appeal Court procedures.

3.12. Statutory Liabilities Insurance

3.12.1. This cover provides for legal costs and penalties arising from breaches of all acts of Parliament. Examples might be the Privacy Act, Health & Safety in Employment Act, Fire Regulations etc. The cover is one million dollars.

3.13. Fidelity Guarantee

3.13.1 This cover provides for fraud, embezzlement and misappropriation of money by employees or volunteers. The cover is for \$20,000.

4.0. PREMIUMS & CERTIFICATES

4.1. The insurance period extends from 1 June to 1 June in each year and renewal certificates are issued by the brokers as soon as possible after that date. Payment of the total premium must be made to the Insurance Officer within one month of receiving the certificate. Normally this is by 31 August.

4.2. Any information concerning changes to a Ministry Unit's insurance arrangements should be forwarded by either altering a certificate or by supplying the details in writing.

4.3. Additions and deletions will be processed at any time and the additional premium or refund will show on the renewal certificate issued on 1 June each year.

4.4. Alterations to existing items will only be processed once a year and must be received by the Insurance Officer by 15 April in each year.

5.0. CLAIMS COVER

5.1. The excess or deductible set varies from year to year depending on the claims record of the Diocese. It has varied between \$1,000 and \$250.

5.2. Claims above the excess will be met by the Insurance Fund, with the excess being the responsibility of the Ministry Unit.

6.0. CLAIMS PROCEDURE

- 6.1. All instances of damage or loss must be reported to the Insurance Officer immediately the damage or loss is discovered.
- 6.2. Confirmation in writing or on a claim form must be sent to the Insurance Officer within one month. Claim forms are available from the Insurance Officer. A copy of the claims form is at Appendix One to this Chapter.
- 6.3. Details should include - when discovered - where discovered - how it happened (if known). In the case of suspected theft, misappropriation of funds or break in, the name of the Police Station to which the loss was reported and the name of the person reporting must be included.
- 6.4. Claims are divided into two categories according to the costs of repairs or reimbursement:
 - 6.4.1. *Claims under \$2,500*
The Vestry may proceed with the repair or replacement, pay the contractors' accounts and forward the paid account, or copy thereof, to the Insurance Officer for reimbursement.
 - 6.4.2. *Claims over \$2,500*
The insurance company reserves the right to deal with these claims and a completed form must be sent to the Insurance Officer for forwarding to the insurance company's assessor.
Note - when the costs of repairs or replacement cannot be readily ascertained as to whether it is likely to be over or under \$2,500 discuss the claim with the Insurance Officer.
- 6.5. Instances of damage or loss of the same type occurring at different times or at different localities are treated as separate claims.

7.0. POINT OF CONTACT

- 7.1. The point of contact for general enquiries, claims, premiums and valuations is:
The Insurance Officer (Mr Shane Coward)
Anglican Trusts Board
P O Box 37-448
Parnell 1033
Phone 09-302-7200
Fax 09 302 7218

8.0. SPECIAL COVERS

- 8.1. Special covers not included in this chapter can be provided as required, please contact the Insurance Officer to arrange the required cover.

9.0. GENERAL

9.1. Thefts

There are repeated claims for the loss of collection monies from vestries and articles from churches. If these cannot be kept under lock and key it is important that wherever possible they are not left unattended. Because churches are often targeted by thieves for the collection it is prudent to remove the offertory from the premises and bank it as soon as possible. Your insurance provides cover for the offertory when in transit and kept off site (refer paragraph 3.1.3)

9.2. Notification of Claims

In the past, some claims have been submitted several months after the loss or damage has been discovered. Many insurance companies stipulate that claims must be forwarded within one month of the loss or accident. While the Insurance Fund does not wish to be mandatory on this point, it must be appreciated that delayed claims often contain barely enough information on which to assess their authenticity. Where at all possible paragraphs 6.1. and 6.2. must be adhered to.

9.3. Articles not the property nor responsibility of the Ministry Unit are normally the responsibility of the person suffering the loss or damage.

10.0. REVIEW OF EXISTING SCHEME

10.1. At present a review of the existing scheme is under way and an investigation into setting up a mutual scheme with other dioceses and the Catholic Church is being progressed. There are also other types of schemes under review.

11.0. PROFESSIONAL INDEMNITY

11.1. The Diocese has Professional Indemnity Insurance which provides cover for possible breaches of professional behaviour such as sexual harassment, incorrect counselling, slander and similar activities. Refer paragraph 9.3. in Chapter Two.

12.0. USE OF CHURCH PROPERTY BY OTHER GROUPS

12.1. From time to time ministry units hire or lease buildings out to other groups, such as Judo, Boy Scouts, AA meetings. Churches are sometimes used by other denominations either for a donation or no cost. In all situations these other groups must have public liability insurance cover, the reason being that if the group using the church or hall accidentally burnt it down, the Diocese's insurance company would initially cover the replacement cost but would then seek to recover its costs from the at-fault group. If the costs cannot be recovered the premium of the ministry unit will increase.

APPENDIX ONE