

## **REPORT OF THE INSURANCE/RISK MANAGEMENT SUB-COMMITTEE**

The Insurance / Risk Management Sub-Committee functions as a sub-committee of the Diocese of Niagara's Financial Advisory Committee and provides advice on those matters related to its' oversight of the Synod's Insurance Program and Risk Management related matters;

The Sub-Committee shall carry out an annual review of the Synod's policies with the broker's assistance and report its findings to the Finance Committee;

A review of the Diocese Insurance Program and Risk Management related matters shall be presented at the Synod's Wardens and Treasurers Workshop by a representative from the Insurance Risk Management Sub-Committee and staff.

### **Sub-Committee Members include:**

Kathryn Anderson, Linda Daniels-Smith, Brent Davis, Neil Groombridge, Pat Johnson, Violet Whitehouse, Peter Zulauf (Chair), Judy Conning (FAC representative), Kim Waltmann, (Secretary), Jody Beck, (Diocesan Treasurer- Ex Officio)

### **Staff Support**

Jody Beck (Treasurer) and Insurance Administrator and Kim Waltmann (Secretary) are Ex-Officio members of the Sub-Committee. They have and continue to be an immense asset for the Sub-Committee and its work and are owed a vote of thanks by all our members for their ongoing encouragement and support.

### **Insurance Carrier**

The insurance carrier for the Diocese is ECCLESIASTICAL INSURANCE OFFICE PLC. The Ecclesiastical is an independently owned business founded in the United Kingdom in 1887 by Anglican churchmen. Current group assets are approximately £1.81 billion and net assets of approximately £460 million. The Canadian branch was established in 1972 with offices located in Vancouver, Calgary, Toronto, and Halifax. Representation is through the independent broker network. Ecclesiastical remains a market of choice for faith & related non-profit organizations.

Ecclesiastical is regularly audited by independent rating agencies. In 2012, ratings reflected its financial strength and stability with an A.M. Best A (Excellent) rating. As of March 2013 the A.M. Best rating for the Canadian operations of Ecclesiastical was A (Stable) and Standard and Poor's April 2013 rating was A-.

### **Insurance Broker**

Our insurance Broker, PEARSON DUNN INSURANCE has provided insurance products and service for thousands of commercial, institutional and specialized entities in Ontario and across Canada for over 40 years. Areas of business include but are not limited to the insurance of public entities, not for profit entities, religious institutions, education/ private schools, athletics.

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After working for a major insurer for 35 years, and as Pearson Dunn's broker of record for the Diocesan account DAVID RICKETTS has decided to retire. The Sub-Committee wishes to thank David for his many years of service and for his support of this Sub-Committee. We all wish David all the best in his future endeavours.

We are pleased to let you know that Linda Papadopoulos - Vice President, Corporate Risk Management with Pearson Dunn will support the work of the Sub-Committee as of October 1, 2013, with Eric Donnelly handling the day to day needs related to the Diocese Insurance Program.

Linda has a B.Sc. in Accounting and Finance, Chartered Insurance Professional (CIP), Canadian Certified Insurance Broker (CCIB) and Canadian Risk Management (CRM) Designations and over 29 years of experience in the financial services industry.

Laurie Basiak, Vice President, Commercial Operations and Nancy Au – Vice President, User Group Programs and their staff at Pearson Dunn will provide assistance as needed. George McCarter, President of Pearson Dunn will be available as may be needed.

### **Ongoing Services from PEARSON DUNN / ECCLESIASTICAL INSURANCE**

Services include but are not limited to: direct response in serving the insurance needs of the Diocese; attendance at meetings with staff, the Diocese and this Sub-Committee; maintenance of exposure and claims data; assist with matters related to the valuation (for insurance purposes) of church owned properties; provision of insurance surveys of church owned properties in order to identify potential hazards; offer auto fleet surveys and driver safety tips; participation in preparation of the annual insurance report, provision of information on market trends and pricing; conducting an annual market search; confirmation of placement and binding of coverage; issuance of certificates of insurance as may be required; liaise and communicate with Diocesan staff and account managers at Ecclesiastical; provide advice on matters related to self insured retentions, deductibles, gaps in coverage, inadequate and alternative coverage; provide advice on risk management issues and support for the development of a risk management program for the Diocese; provide assistance with claims coverage / adjustment related matters as needed.

A summary of all coverage, limits and deductibles is available to keep parishes informed on the Diocesan Insurance Program.

### **Risk Management**

A manual on Church Insurance and Risk Management is available to each parish through the web. This manual will assist Wardens and Treasurers with their duties and responsibilities regarding matters related to Liability, Money Handling, Fiduciary issues and the mitigation of risk.

### **Insurance and Market Conditions**

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The Sub-Committee completed its annual review of the Synod's policies for the 2013 term with the support of David Ricketts. The Sub-Committee was apprised of overall insurance industry performance and market conditions.

Challenges regarding market availability remain relatively unchanged for our specialized class of business. Insurers are prone to be selective when they look at the classes of business they wish to underwrite. This is particularly the case with Physical and Sexual Abuse insurance and other classes of insurance written on a "Claims Made" format.

Recent claims in 2012 have severely impacted our property loss ratio, which now sits at 110%. The overall loss ratio for the Diocesan account for 2012 was 88% with a 10 year average of 76%. Given the size of our account and the fact that there have been only two years of poor claims performance in the past 10 years has permitted our broker to successfully limit the impact our rates. Changes in pricing for 2012 can be largely attributed to increased valuations of church properties.

It has been the practice that Pearson Dunn complete an annual market search to ensure our contracts remain price and coverage competitive. The outcomes of the search are reviewed with the Sub-Committee as part of the annual insurance review.

The Ecclesiastical policy is a "standard" policy with some specific enhancements when compared with other church policies. The program covers a broad scope of property casualty exposures, which are highlighted in the summary of coverage made available to the parishes by our Broker and more specifically in the detailed policy wordings maintained by staff at the Diocese. The User Group Insurance program is a mandatory program throughout parishes in the Diocese. The program provides coverage for outside groups using church owned premises.

In May 2013, a review of the Diocese Insurance Program and Risk Management related matters was presented at the Synod's Wardens and Treasurers Workshop by a representative from the Insurance Risk Management Sub-Committee and the Diocesan staff.

For 2013 the Sub-Committee will review the Diocesan Insurance Program and market alternatives, taking into consideration the mandate given to the Insurance Risk Management Sub-Committee. In addition to pricing, this review will take into consideration the stringent requirements as to insurer ratings from A.M. Best and Standard & Poor's, the insurers proven track record in insuring the needs of faith based communities, the insurers capability to meet our specific insurance, risk management and program service needs both at the company and broker level.

In addition to the preceding, the Sub-Committee will also delve into matters related to the impact of the added work for staff both at a Diocesan and parish level as well as the added costs associated with a transfer to a new carrier. These include but are not

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limited to the need to extend coverage terms and discovery periods for abuse, directors and officers and errors and omissions coverage written on a “Claims Made” format. The Sub-Committee will be working closely with staff and our current brokers to arrive at a recommendation on the best way forward respecting the Diocesan Insurance Program.

In closing, I would like to express my personal appreciation to the Sub-Committee Members for volunteering your valuable time in support of this important work. On behalf of the Sub-Committee, I would like to convey the thanks from all our members to the Diocesan Financial Advisory Committee for its support and to our Diocesan staff of Jody Beck and Kim Waltmann for your commitment and valued support for the work of this Sub-Committee.

H. Peter Zulauf – Chair  
Insurance Risk Management Sub-Committee