

Diocese of Niagara Insurance Risk Management Sub-Committee Report

Mandate

The Insurance / Risk Management Sub-Committee functions as a sub-committee of the Diocese of Niagara's Financial Advisory Committee. Its purpose is to provide advice on matters pertaining to the Synod's Insurance Program and Risk Management related concerns.

The Sub-Committee is tasked with carrying out an annual review of the Synod's policies with the broker's assistance and to report its findings to the Finance Committee.

Staff may request a Sub-Committee representative to assist in providing an overview of the Diocesan Insurance Program and Risk Management related concerns to the Synod's Wardens and Treasurers Workshop.

Sub-Committee Members include:

Kathryn Anderson, Linda Daniels-Smith, Brent Davis, Neil Groombridge, Pat Johnson, Violet Whitehouse, Peter Zulauf (Chair), Kim Waltmann (Secretary) and Jody Beck (Diocesan Treasurer)

Staff Support

Our Staff, Treasurer Jody Beck and Insurance Administrator and Secretary, Kim Waltmann are Ex-Officio members of the Sub-Committee. They are an immense asset for the Sub-Committee and its work and are owed a vote of thanks by all our members for their ongoing assistance and support.

Insurance Review

Over the spring and summer the Insurance Risk Management Sub-Committee conducted an in-depth review of the Diocesan Insurance Program, Broker and Carrier services and Risk Management support. In tandem with this review the Sub-Committee prepared RFP documents in order to review market alternatives in the event that we were unable to attain a meeting of the minds between the Diocese and our existing Broker/Carrier respecting our insurance program / risk management needs, pricing concerns and administrative support for our staff.

In addition to the preceding, the Sub-Committee remained mindful of the importance in ensuring that our insurer of choice provided evidence of a proven track record in insuring the needs of faith based communities and having a solid rating from A.M. Best and Standard & Poor's. Further considerations of the Sub-Committee included; costs and risks associated with an increase in work load for staff both at a Diocesan and parish level (in the event of diminished Broker Carrier services), as well as the significant added premium expense related to the need to extend discovery periods for losses incurred prior to a transfer of insurance to a new carrier. This latter concern is specifically related to policy limitations contained in liability contract wordings written on a "Claims Made" format, such as is the case with Abuse, Directors and Officers and Errors and Omissions insurance policy wordings.

The following outlines the ongoing services the Sub-Committee and staff deem critical to the management of the Diocesan Insurance Program. Broker and Carrier services shall include but not be limited to:

- providing 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 where applicable 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 Diocese 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
- provision of a summary of all coverages, limits and deductibles to keep parishes informed on the scope of the Diocesan Insurance Program.

In conclusion as a result of the successful and co-operative meetings with our Broker/Carrier, the positive changes and enhancements to our program, combined with the Sub-Committee's deep concerns surrounding risks inherent in moving coverage to new carriers under "Claims Made" policy wordings, the Sub-Committee unanimously recommended that the Diocese continue to work with Pearson Dunn Insurance and the Ecclesiastical. This recommendation was communicated to the FAC for its final decision.

Highlights on Program Changes for 2014

- Current valuations remain unchanged for this term and there will be no Inflation Factor Increase for the 2014 term
- No independent appraisals will be required except where there have been significant changes to property or capital expenditures
- Ecclesiastical will conduct appraisals for 5 – 7 identified properties annually free of charge
- The Ecclesiastical and the Diocese will conduct a pre-renewal review of properties to be considered for survey
- Replacement Cost coverage applies unless specifically endorsed otherwise. Flexibility will be provided to insure for Replacement Cost or Actual Cash Value
- A 30% reduction in the 2013 2Q endorsed additional Premiums
- No quarterly premium adjustments on property
- the "automatic acquisition" clause for newly acquired properties will be increased to \$1 million and 90 days
- limit for "on premises" extension increased to \$1 million
- Disappearing Deductible – no change

- Vacancy Checklist – no change
- Abuse protocol in place – no change
- Demolition rates – no change
- Legal/Connex & Professional Assist – to continue
- A 2 year rate guarantee subject to:
 - As is deductibles
 - Attaining a pre-agreed “Earned Loss Ratio” level
 - Satisfactory renewal of Treaty Insurance
- Payment plan now available for 4 months (originally 3 months)
- Broker services will be on a flat “fee” basis as opposed to commission.
- Separate policy for Day Care outside the Diocesan Insurance Program
- Program Expiry date changed to February 1

Insurance Carrier

The insurance carrier for the Diocese continues to be the 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 £1.5 billion and net assets of approximately £494 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 2013, ratings reflected its financial strength and stability with an A.M. Best A (Excellent) rating. As of February 2014, the A.M. Best rating for the Canadian operations of Ecclesiastical was A (Stable) and Standard and Poor’s latest rating (June 2013) was A- / Stable.

Insurance Broker

Our insurance Broker remains PEARSON DUNN INSURANCE. Pearson Dunn 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. Staff support for the Diocesan Insurance Program includes:

- Linda Papadopoulos - Vice President, Corporate Risk Management - Team Leader
- Erin Donnelly - Account Manager
- Nancy Au – VP Special Lines, User Group Program Team Leader
- George McCarter – President and Linda Basiak – VP Commercial will provide support as may be needed

Risk Management

While there is a manual on Church Insurance and Risk Management available to each parish through the web, Pearson Dunn will be providing increased support in this area of our Program needs. Assistance will be provided through information sessions on topics that will provide us with risk management tools to prevent and reduce loss. These can include but are not limited to: contractual agreements, Non-Owned Auto exposures, abuse protocols, continuity/disaster recovery plans, certificate of insurance tracking, slip and fall hazards, hazard checklists and board responsibilities and protection insurance.

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 Diocese Financial Advisory Committee for its support and to our Diocese 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