

## **Report on Insurance / Risk Management Subcommittee**

The Insurance / Risk Management Subcommittee functions as a Subcommittee 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 Subcommittee 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.

### **Insurance**

In 2015 our insurance Broker Pearson Dunn merged its operations with Jones Brown Inc. John Hawkrigg, CEO of Jones Brown commented, "joining these two firms means a tremendous amount of opportunity, mostly to our valued clients as they now have an expanded physical presence for our service in Ontario, and equally so to our underwriting partners and employees as we continue to build Canada's most trusted insurance business." The insurance carrier for the Diocese continues to be the ECCLESIASTICAL INSURANCE OFFICE PLC. The Subcommittee 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.

### **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 the past year, the subcommittee draws to Synod's attention the following updates and highlights:

#### **Claims status**

- The loss ratio for the year is 15% bringing our 5 year ratio down to 33%.
- A loss ratio under 40% triggers 5% premium return. A loss ratio under 20% generates a 10% return. At present that equates to about \$35,000.00 for 2015 to share over all the parishes based on premium's paid. For 2014 we are expecting a return of about \$32,000

#### **Insurance policy changes**

- Functional Replacement Cost is being added for a valuation of buildings for insurance purposes where the Diocese would opt to rebuild in a size, format or with materials different from those which applied with the original structure.
- Cyber Incident Expense insurance has been added at no charge - \$25,000 per occurrence.
- Bomb Scare insurance at \$10,000 per church / \$10,000 annual aggregate for Diocese - no charge.
- Property Profit Sharing Agreement has been enhanced. An earned loss ratio less than 40% but greater or equal to 20% will generate a credit of 5% of the property premium. A loss ratio of less than 20% but greater than 10% will generate a credit of 10% of the property premium.
- Crime coverage remains the same with minor limit increases to the benefit of the Diocese
- Quarterly reporting where changes are under \$1,000,000.00 will no longer be required. The Diocese will continue to report as needed.

- Parishes will continue to be inspected. Where parishes have received recommendations or requests for action to meet insurer requirements regarding their property / liability exposures, a response confirming such compliance is required within the granted timeline.
- Valuation appraisals will now be provided by Ecclesiastical Insurance at no additional cost to the parishes. Ten (10) properties selected by the Diocese will be reviewed by Ecclesiastical each year. Criteria for selection include parishes with high values, parishes which have had major renovations or construction during the year and parishes facing an inordinate level of financial distress.

#### **Screening of Volunteers**

- Persons who volunteer in a parish or at Diocesan level are required to have a “job description”. This is particularly relevant for all volunteers working with children, youth and other vulnerable people. The policy and guidelines are available online.

#### **User Group Insurance Program**

- This program is ongoing and being actively used by the parishes in the Diocese

#### **Policy Renewal Information**

- Property rates have remained unchanged with a \$2500.00 deductible, (disappearing at \$10,000). Credits for good loss ratios apply as noted.
- Functional Replacement Cost rate is subject to a 30% surcharge on the Property rate.
- Replacement Cost Building and Contents is based on the values currently being used.
- Liability coverage no change in rates.
- Physical Sexual Abuse coverage remains unchanged at 2,000,000.00
- Advertising coverage is available. An application is required if coverage is needed.
- Boiler and Machinery coverage remains unchanged with a deductible of \$750.00

#### **Recommendations made to the Financial Advisory Committee (FAC)**

The Subcommittee passed a motion to recommend to FAC the acceptance of the proposed renewal and rates for the Property and Liability Insurance 2015, to be paid over 4 months.

The Subcommittee further recommended that parishes receive separately, a credit for their portion of the 2014 premiums being returned to the Diocese for good loss performance. Finally the Subcommittee recommended where a parish has not paid their insurance premium as of Dec 31 2014, their credit be held in the Diocese Insurance Fund to help cover costs for struggling parishes or special circumstances.

In closing, I would like to express my personal appreciation to the subcommittee members for volunteering your valuable time in support of this important work. The Subcommittee as a whole would like to convey its thanks to the Diocesan Financial Advisory Committee for its support and to our diocesan staff, namely Jody Beck and Kim Waltmann for their commitment and valued support for the work of the Subcommittee.

H. Peter Zulauf  
Insurance Risk Management Subcommittee