



Methodist Church of New Zealand

INSURANCE FUND

**Methodist Church of New Zealand
Te Hāhi Weteriana o Aotearoa**

Administration Division
P O Box 931
CHRISTCHURCH 8140

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RISK MANAGEMENT

An important part of the mission of the Church down through the ages, and which continues today, is to provide an environment where people can feel supported and protected through the trials and tribulations which they experience in the wider community. The Church must strive to provide a place where all people can feel safe and free from abuse.

However, despite our best endeavours things do go wrong. Issues can arise affecting one building or a group of two or three people or they can, as was seen in the 2010 and 2011 Christchurch earthquakes, affect a large number of physically separate properties and whole communities of people. It is important for the Church to be pro-active in managing the environment in which we carry out our mission, including the need to review the seismic strength of buildings. Currently Conference requires buildings to be strengthened to 67% of New Building Standard (NBS).

Being proactive is known as “Risk Management”, and is an important concept in both our business and personal lives.

In its simplest form risk management is the identification of problems or difficulties that could await us in the future, and developing a plan to either avoid the problem or minimise any adverse impact.

In an advanced form, risk management can involve complicated and complex arrangements to balance out both adverse and beneficial results to achieve an expected outcome.

The Church, through Parishes, Committees, Synods, Missions and Boards is called to assess and deal with many and in some cases quite complex risk situations.

Conference, through the establishment of the Insurance Fund, has sought to provide Methodist Church groups and affiliated organisations with an effective tool to resolve risk issues around property, as well as certain liabilities or obligations of care owed by the Church to other people or organisations.

This leaflet is an attempt to describe and explain the operation of the Board of Administration Insurance Account, and the ways in which the Church can minimise its chances of loss or damage together with the upset and problems that usually accompany such an event.

BOARD OF ADMINISTRATION INSURANCE ACCOUNT

The Insurance Fund is an account authorised by Conference and operated by the Board of Administration through the Methodist Connexional Property Committee (MCPC) to purchase insurance cover for the Church's buildings, contents, possible liability exposures and other "insurable risks" from the insurance marketplace. The cost of the cover provided is allocated on a property by property basis for all properties on the Church insurance schedule, being all properties where title is held in the name of or on behalf of the Conference of the Methodist Church of New Zealand.

The Fund operates as a **managed fund** where cover is purchased on a "calamity, first loss basis" for a sum sufficient to cover the Church's likely loss in a disaster affecting a part of New Zealand e.g., an earthquake and consequent fire affecting Wellington or a volcanic eruption in Auckland. The Church nationally carries a substantial share of claims made against the cover. Following Conference's decision, the Fund provides replacement cover as the standard unless the local Synod has recommended that, in furtherance of its agreed property strategy, functional replacement cover or cover indemnity cover shall be used, and MCPC has approved that recommendation.

Individual properties are protected through the Fund for the **values recorded** in the schedules of property used by the Fund, with individual values being reviewed every two years and adjusted by valuation, or other advice from parishes for contents cover or business interruption cover. **The nominated sum insured is the maximum available to settle any claim;** therefore it is vital that the properties insured are revalued by a registered valuer every two years. This includes commercial property as well as dwellings/residential property. The Insurance Fund provides a subsidy of 75% of the cost of the valuations.

The Fund expects Parishes to only have to meet a modest excess in respect of claims and it allocates parishes a premium charge to cover the cost of the national insurance cover plus the risk assumed by the Church.

The Fund uses a **national charge out** rate per \$100 of cover disregarding location, construction or any other consideration. This is contrary to normal insurance arrangements where premium rates vary depending on construction, location, earthquake zone etc. The Fund endeavours to express the concept of “**connexionalism**” where bigger help smaller or, in insurance language, the lower risk properties help the higher risk. A penalty premium applies to properties not meeting Conference requirements with regard to security/fire alarms.

Normally the Fund operates in surplus from year to year. This surplus is used to extend and improve the level of service and insurance protection available to the Church including the provision of a full range of **liability covers** for the Methodist Church of New Zealand (as detailed on pages 21-36)

SCOPE OF COVER

MATERIAL DAMAGE

The policy documents, which have been developed over many years, provide for a very **comprehensive** and wide ranging cover for all property owned by the Methodist Church of New Zealand or for which it has accepted responsibility. The extent of cover is regularly reviewed and maintained in the most inclusive language available.

All insurance policies require the insured to take normal, prudent and reasonable steps to safeguard and protect the property covered. This includes regular and necessary maintenance being undertaken and that the premises are secured when vacant.

The policies are very detailed and wordy documents and rather than distribute unnecessary copies, the Fund welcomes requests for confirmation of coverage for any specific questions or scenarios.

The policy includes **full earthquake** cover to the sums insured for all properties. For residential property the policy covers any losses over the Earthquake Commission limit of \$100,000 on buildings and \$20,000 on contents, up to the full value of cover.

LIABILITY COVERS

The Fund provides **automatic cover** for the Methodist Church of New Zealand and its Presbyters and Deacons, office holders and employees undertaking their proper roles and activities **bona fide** on behalf of the Church against a number of potential risks including:

Professional Indemnity

Employers Liability

Trustees Liability

Statutory Liability

Directors & Officers Liability

Public Liability

Employment Disputes

Criminal Defence Costs

Internet Liability

Malpractice Liability

MALPRACTICE LIABILITY

Currently the cost of these covers is provided from the operating surplus of the Insurance Fund. As long as the liability insurance premium (which is based largely on claims experience and market conditions) does not increase significantly, this arrangement may be expected to continue.

WHAT SHOULD BE INSURED

The Insurance Fund provides cover for the following risks for all properties listed in the Insurance Schedules

BUILDINGS

Includes attached additions and extensions, improvements and permanent fixtures and machinery serving the building windows, and ornamental glass including stained glass*, walls, gates and fences, landscaping, paths and site improvements.

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The Fund requires on file details of the type of structure including construction materials, seismic strength, age and floor area. The Fund also needs to know if the property is listed on any local or national data base as an historical or heritage property.

These details **do not** currently affect the premium rate or the extent of cover.

*Because of both the financial and sentimental value of stained glass windows, the Insurance Fund recommends the use of “window protectors” for all stained glass to guard against impact damage. Cover for unprotected windows in the event of impact damage is limited to \$5,000 per panel.

CONTENTS

Contents are any item not included in the building valuation and can be considered as any item capable of and likely to be removed prior to any sale of a building. **Contents include** carpets and drapes, furniture, paintings, books and sheet music contained in a building or items such as rubbish containers which may be in the open, but on the premises. Fixed vinyls are covered under buildings.

Refrigerated goods are covered up to a maximum of \$20,000, listed as a separate contents item.

The fund **does not** insure the private property of Presbyters or other Church members, employees or any community groups even when that property is stored on or used within Church buildings or for church purposes.

MONEY (CASH)

Where building and/or contents cover exists, the Fund also provides automatic cover for loss of money (for example the offerings of a Church service) of up to \$5,000 for any one location, (and special provisions for Central Missions to \$50,000) subject to reasonable proof as to the amount lost. This cover is for cash only. The Insurance Fund does not cover money removed from bank accounts by fraudulent means.

It must be noted that loss of cash through the dishonesty of employees/Parish officials can be claimed only if the loss is discovered **within 72 hours** of the offence and sufficient details exist to reasonably support the sum claimed.

The Insurance Fund can provide the following covers “on request”

BUSINESS INTERRUPTION

This very useful cover protects both gross **income** expected from a property and the **additional costs** faced by the Church group or organisation in carrying out their on-going activities whilst their building was being repaired or rebuilt as the result of an insurance event, for example, fire, water damage, or earthquake.

ADDITIONAL COSTS & LOSS OF INCOME

Cover is normally expressed as “\$ per annum for ...?... months” being the expected time to replace the building in the event of total loss e.g. \$20,000 p.a. for nine months would provide a maximum cover of \$15,000 over the nine month period from the date of damage to the building. For sites with more than one building, separate business interruption cover (BI) is required for each building that a BI claim is likely to be the outcome from an insurance event. The BI cover is not attached to the site but to each building on the site. The Christchurch earthquakes highlighted the very real and expensive costs of dislocation, and the lengthy periods that may be experienced before the status quo is once again available.

TRAVEL INSURANCE

The Fund can arrange competitive travel insurance for church employees, representatives and their families travelling on behalf of the Church (or for personal travel) to most locations around the world. Please contact the Connexional Office for details.

VEHICLE INSURANCE

The Fund can provide competitive vehicle insurance for motor vehicles that are owned by Parishes or Church organisations. Please contact the Connexional Office for details.

OTHER COVERS

The Fund can also provide specialist insurance such as contract works insurance, excess money cover for fairs, collections etc., and any other form of insurance that may be required.

Contract works insurance provides cover for sudden and accidental physical loss or damage that occurs to a property insured during the construction period of a building project.

The Methodist Connexional Property Committee requires that **any building work requiring a building consent requires Contract Works Insurance.**

The greater the notice of a group's requirements, the more likely appropriate cover can be arranged.

RISKS THAT CANNOT BE INSURED

There are some types of damage which call for prevention rather than insurance (although there are a few genuine risks which cannot be insured). It needs to be clearly understood that insurance provides compensation for certain accidental happenings, and is not intended to provide money for normal repairs, maintenance and up keep of premises. For example, water damage from a poorly maintained and leaky roof is not an insurable event whereas water damage from a severe storm probably is. The Fund expects normal, prudent standards of care and protection to be exercised in respect of all Church property.

The Insurance Fund will **not** cover:

- Gradual or foreseeable deterioration or damage
- The correction of faulty construction practices
- Damage by fungal infection or vermin
- Lost or corrupted data stored or held in computer equipment
- Bespoke or significantly altered software packages. (Regular "backup" and offsite storage of copies of data and programmes should be an established procedure)

- The Fund will not provide cover where normally available safeguards e.g. surge or spike protectors for computer equipment are not used or buildings are left unsecured
- The cost of bringing undamaged parts of a building up to current Building Code

Regular maintenance is essential and it is prudent to set aside funding for deterioration and renewal. Synod Property Advisory Committees have a significant role in assisting parishes with Insurance and maintenance questions.

SUMS TO INSURE

Note: Cover is “plus GST” so sums insured are all net of GST.

STRATEGY

Determining the appropriate sums to insure is a significant responsibility for those who have the oversight of management and maintenance of property. It reflects the strategy of the Parish or Organisation, what is the intention for the future if this particular building was lost? Where properties are ‘listed’ by the Historic Places Trust or in local body district plans as historic or heritage properties, the costs of repair can, in some cases, be much greater than the cost of replacement, and specialist valuations may be needed in such instances.

As examples:

- Is the building of such strategic importance that it would be reconstructed to similar size and current equivalent building materials?

Insure for Replacement Value

- Is the building of lesser importance such that reconstruction/ rebuilding would be to a size, and/or design, and/or style, and/or usage different to the existing building – so as to meet a different need?

Insure for Functional Replacement Value

Conference has indicated that normally, all properties will be insured for replacement value.

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Functional Replacement Value is available, but only on the recommendation of the Synod and with the agreement of MCPC.

Only in exceptional circumstances can Indemnity Value be used, and only on the recommendation of the Synod and with the agreement of MCPC.

REPLACEMENT INSURANCE

“Replacement” insurance with regularly reviewed sums insured reduces the possibility of short recovery (from either a “partial” or “total” loss) and also provides the ‘safety net’ that would replace any, or all of the buildings or contents, to a similar size and current equivalent building materials up to the sum insured.

Although limited to the sum insured if there is a total loss, and the valuation is less than two years old, the Insurance Fund may be able to provide a “margin” of an additional 10% over and above the sum insured, if the replacement cost is greater than the sum insured.

FUNCTIONAL REPLACEMENT INSURANCE

Functional replacement value should only be used if the building is of lesser importance, such that reconstruction/ rebuilding would be to a size, and/or design, and/or style, and/or the usage different to the existing building – so as to meet a different need. The insurance will only be available with the recommendation of the Synod and approval from MCPC. This will not be available for listed historic properties.

Functional replacement value can lead to less than full cover being available for repairs to property in the event of a partial loss (a much more frequent occurrence than total loss) The Insurance Fund considers the implications of this form of cover should be very carefully considered before any decision is made. It should not be seen as a means of reducing insurance costs.

For example if a property is insured for functional value and this is less than 70% of the full replacement value then “average” will apply to partial loss claims. The Parish will need to be able to cope with the possibility of having to contribute towards the costs of repair for a partial loss in the proportion of:

**Functional Replacement Value (\$500,000) X Cost of repair (\$150,000) =
Parish Exposure (\$75,000)
Full Replacement Value (\$1,000,000)**

All registered valuations for functional replacement value must also show the replacement value of the current existing building.

INDEMNITY INSURANCE

The indemnity value is determined by the second-hand value of the item at the time of its loss. An indemnity insurance is an undertaking to make good a specified loss to the same condition but no better (or worse) than the position immediately before the damage caused by an insurance event.

As with functional replacement insurance, in the event of a partial loss, there will only be a partial settlement for any repairs in the proportion of indemnity to replacement. Indemnity cover will only be available with the recommendation of the Synod and approval from MCPC.

A new indemnity valuation including an allowance for demolition must be provided.

Only in exceptional circumstances should Functional Replacement cover or Indemnity cover be used. These can only be an option where the building would not be replaced and the Parish or Organisation can cope with the possibility of having to contribute towards the costs of repair for a partial loss.

SHORT COVER/UNDER INSURANCE

Most Churches have **far more** supplies, equipment, and furnishings than they are aware of. Due to inflation, the cost of replacing them is often several times their original purchase price. Equally, increases in building costs can render replacement values of two or three years ago well short of the actual costs of replacement.

Under-insurance is a **potential disaster** in the event of a loss. While it usually occurs innocently (by being unaware of the true extent and value of property

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or chattels) it is sometimes used as a method of reducing the premium payable.

Either way it is a dangerous practice in that the insured will never recover their position in the event of a total loss, i.e. the Parish would end up with only the nominated sum, and if this is not based on a current valuation (no older than two years) the Parish may be forced to purchase something older, or lesser or fund the shortfall in value to rebuild or repurchase to the same standard as before the loss. The Insurance Law concept of “average” could also apply where the insured is considered to be self-insuring the shortfall and even minor claims may be apportioned between the Insurer and the Insured. Consequently, we cannot advocate this course of action as prudent for any parish, as it is a form of misrepresentation of the true extent of the risk.

VALUATIONS AND SCHEDULES

BUILDINGS

To ensure adequate covers are retained, the Fund recommends a valuation prepared by a registered valuer every two years. Currently the Insurance Fund will meet 75% of the costs of replacement insurance valuations. The Insurance Fund is currently investigating a national revaluation contract where the Fund will meet the cost of all revaluations.

Note that all professional fees should be included in “replacement”, and “functional replacement” values. These may be architects, surveyors, local authority planning consents or by-law compliance, hard landscaping, driveways, paths, fencing and any other outdoor infrastructure. A full and proper allowance must also be made for demolition costs and expected building cost inflation over two years.

Churches with stained glass windows need to regularly review the replacement cost of the windows and to have building valuations increased to cover this likely cost. If a stained glass window is of significance it should be listed and valued separately.

The Insurance Fund insures under a “calamity, first loss basis” with a declared indemnity value. Accordingly, separate valuations to determine statutory

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indemnity limits (e.g. fire service levies) are currently not required, as the figures needed to calculate this are included in replacement insurance valuations.

CONTENTS

The adequacy of contents cover should be reviewed regularly especially as significant items are bought or sold/dispensed with.

Pipe organs are considered to be part of the contents cover but should be listed separately. Pipe organs typically have replacement values of many hundreds of thousands of dollars and specialist valuation advisors are required to assess the value of each pipe organ.

The contents schedule should include details of plaques and memorials. Photos of these are useful for future restorations, copies of these and the contents schedule should be stored off site.

As with building cover the Church recommends replacement values and the quantum and value of all the contents should be reviewed, using a **written schedule**, at least every two years.

The Insurance Fund will not meet claims on **individual items** of contents with a replacement value greater than **\$5,000** unless those items are identified, with appropriate values, on a contents schedule held by the Fund.

Contents schedule forms are available from the Connexional Office or from the website, www.methodist.org.nz

EARTHQUAKE & NATURAL DISASTER COVER

Natural disaster cover includes earthquake, natural landslip, volcanic eruption, hydrothermal activity, as well as tsunamis and fires resulting from these natural disasters.

The Earthquake Commission provides Earthquake & Natural Disaster Insurance on residential properties only to a maximum value of \$100,000 for buildings and \$20,000 for contents. The Insurance Fund policy provides **full earthquake**

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and natural disaster insurance to the nominated sums insured for all property, and after the contribution from the Earthquake Commission for residential property.

As the Earthquake Commission levies a charge on residential property for its cover, their premium is taken into account when the Fund's charge out rate for residential property is set so that the total premium for residential property is the same as for "commercial" property.

EXCESSES FOR NATURAL DISASTER

For disaster cover different excesses apply.

For all of New Zealand (except Wellington & Christchurch) the excess is 2.5% of the site value (sum insured) capped at \$150,000.

For Wellington & Christchurch the excess is 5% of site value capped at \$200,000.

FIRE SERVICE LEVIES

In addition to Earthquake Commission the Insurance Fund also collects the Church's Fire Service levy obligations in terms of its insurance arrangements. *The New Zealand Fire Service is currently reviewing the way in which the Fire Service Levies are collected. The review could impact on the way in which these levies are charged to the Church.*

RISK MANAGEMENT AND ASSESSMENT

Risk management is not really about insurance – that is a remedy for a past event.

Risk management is more concerned with **prevention** – avoiding the event. Prevention not only saves money it also, and more importantly, prevents the heartache and grief that occasions all major (and most modest) insurance claims, especially those involving fire or desecration of Church buildings.

RISK ASSESSMENT INSPECTIONS

The Insurance Fund can arrange inspections of properties to determine whether any improvements or changes are needed to “housekeeping” or other matters to diminish the likelihood of a loss.

Matters that Property Managers should keep in mind when assessing the preparedness of individual properties are set out in the **Loss Prevention Check List, also available on the website: www.methodist.org.nz**

ALARMS

The Insurance Fund promotes the installation of **monitored** intruder and smoke alarms for all Church properties and Conference has determined that alarms be fitted to all Churches with a replacement value in excess of \$300,000. A penalty premium is charged on all buildings with a replacement value over \$300,000 without an alarm.

The Insurance Fund provides a **subsidy** for the installation of a monitored alarm system of \$2,000 or 80% of cost whichever is the lesser amount.

FIRE EVACUATION PLANS

Every property needs an **evacuation plan**, known to its occupants for the safe evacuation of the property in an emergency.

Some properties, including buildings where any of the following apply;

- 100 or more people can gather in a common venue
- early childcare facilities are provided
- facilities for employment of 10 or more people are provided
- specialised nursing, medical or geriatric care, is provided
- accommodation is provided for more than 5 persons (other than 3 or fewer household units)

need an **approved fire evacuation** scheme. Such schemes are approved by the Fire Service and six monthly trial evacuations are required.

The owner of a building that meets the criteria for needing an evacuation scheme is required to make a written application to the Fire Service National Commander for approval of the evacuation scheme. For more information and

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sample Fire Evacuation Schemes you can visit the NZ Fire Service Online Services website at <https://onlineservices.fire.org.nz>

A copy of the approved Fire Evacuation Scheme for each property should be lodged with the Insurance Fund. Email to: info@methodist.org.nz

PHOTOGRAPHIC RECORD

The Fund is grateful for photographs of all insured property, site plans for properties with several buildings on one site, and details of special features of particular properties that would have a bearing on their replacement or restoration.

The Insurance Fund can now accept and store digital photos or images of Church buildings. Images should be supplied electronically as “jpg” files with appropriate descriptions – please include the risk numbers from your insurance risk detail advice or invoice.

PREMIUMS

Annual premiums are established early in December for the insurance year which runs from 1 January to 31 December the following year. The Insurance Fund has to pay the full year’s premium and charges to the Church’s Insurers, Earthquake Commission etc. at the start of the Insurance year.

Premiums are payable by monthly instalments charged on the 20th of each month and payment is made by direct debit or by prior arrangement paid in full in advance.

Insurance risk detail advices (certificates of cover) are produced with the first instalment invoice in January. If there are any changes to cover throughout the insurance year a new insurance risk detail advice and invoice will be sent out to show the change in sums insured, and the change in the monthly premium amount.

Alterations to sums insured, additions or deletions of properties give rise to proportionate additional or refunds of premiums to the next charging date.

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Any changes received after the end of a month will not be reflected in a change to the monthly premium until the next month's payment.

GST

Sums insured are recorded net of GST.

Premiums and claims within the Methodist Church of New Zealand GST group registration are transacted "GST exempt".

Transactions involving co-operative ventures have GST included for both premiums and claims where refunds are made to the co-operative venture rather than payments direct to suppliers.

CLAIMS

NOTIFICATION

- The Fund requires all claims to be notified to the Connexional Office as soon as the damage is discovered. ***In line with normal insurance requirements, claims not notified within 30 days of the occurrence may be declined.***
- Notification can be made by telephone, facsimile, email or post but for involved or substantial claims, e.g. over \$5,000 expected cost, prompt notification by telephone during office hours would be appreciated.

EXCESS

The Fund has three levels of excess for material damage claims.

For buildings served by an **operating alarm system** at the time of a loss occasioned by fire vandalism or burglary

- Excess \$500 per claim.

For all other claims for a property in this insurance year.

- Excess \$1,000 per claim.

Loss of Money claims are subject to a standard excess of \$250.

(For co-operative ventures the appropriate excess plus GST)

NOTE: A separate claim needs to be lodged for each event. A Parish cannot for example accumulate four broken windows damaged at different times and file one claim with one excess.

Claims forms are distributed to Parishes each year and additional forms are available on request or available on the website, www.methodist.org.nz

BURGLARY AND THEFT CLAIMS

The Fund requires all claims involving theft, burglary and dishonesty to be reported to the police and a copy of the complaint notice forwarded to the Insurance Fund.

ASSESSORS

For claims above \$5,000 or where special circumstances may apply, the Fund will normally appoint independent professional assessors to assist in processing the claim and undertaking restoration and repair.

RECOVERIES

The Fund will seek the assistance of the insured group to recover any amounts available from the sale of damaged goods or other procedures to minimise the cost of any claim to the Church. Any stolen property recovered after an insurance settlement is completed will be the property of the Insurance Fund.

BUILDING ACT 2004

The Building Act 2004 has introduced some very significant policies that will impact on maintenance and building costs for Churches.

All territorial authorities (TAs) are required to develop registers and policies with regard to Dangerous and Insanitary Buildings and Earthquake Prone Buildings. In both cases the TA can require remedial work to be undertaken either to safeguard the public, or to bring the building up to current building code compliance when work requiring a building consent is undertaken. For example, a fire in the corner of a Church could require relatively straight forward repair work, but would require consent. That could trigger a requirement to upgrade the whole of the building to code compliance.

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Following the Canterbury earthquakes the insurance industry does not cover the cost of bringing undamaged parts of a building up to code or Building Act compliance.

The Act also requires that certain work in buildings can only be done by or under the close supervision of a registered builder or trades person. Church buildings will (and some work on parsonages may) fall into the area where a registered person is required.

For more information see **Ministry of Business, Innovation and Employment (MBIE)**, www.mbie.govt.nz or contact the Connexional Office or your territorial authority.

Note: Any work requiring a building or resource consent also requires the approval of the Methodist Connexional Property Committee before the work is undertaken

PROFESSIONAL LIABILITY INSURANCES

PROFESSIONAL INDEMNITY, TRUSTEES, FIDELITY GUARANTEE AND OFFICE BEARERS LIABILITY

This insurance is designed to:

- Protect the Insured from claims made against them by third parties alleging any act, error or omission in the course of their business activities or duties resulting in the third party suffering an alleged financial loss.
- Protect trustees or office bearers from loss arising from claims made against them in the discharge of their duties on behalf of the trust or organisation.

GENERAL LIABILITY

This insurance is designed to protect the Insured from:

- Liability to pay compensation consequent upon:
 - accidental loss or damage to any tangible property accidental loss of use of any tangible property not otherwise lost or damaged
 - accidental death or bodily injury or illness (including shock, fright, mental anguish or mental injury) to any person

- false arrest, wrongful detention, false imprisonment, wrongful eviction, malicious prosecution, malicious humiliation, libel, slander
- invasion of privacy, wrongful entry, wrongful prevention of access, assault or battery not committed by or at the direction of the Insured unless committed for the purpose of preventing or eliminating danger to any person or property, or any of them.
- Claimants' costs, Insured's costs of litigation and other expenses.

DIRECTORS AND OFFICERS LIABILITY

This insurance is designed to protect directors, senior executives and employees (“Insured Persons”) from loss arising from claims made against them in the discharge of their duties on behalf of the organisation. Reimbursement cover is provided for the organisation where it indemnifies a director, senior executive or employee for claims made against them.

STATUTORY LIABILITY

This insurance is designed to indemnify the Insured for defence costs and penalties (fines) in respect of alleged or actual unintentional breaches of almost all Acts of New Zealand parliament.

EMPLOYERS LIABILITY

This insurance is designed to protect the Insured from loss resulting from claims by employees and persons who are not employees such as ministers, presbyters, deacons, lay persons, volunteers and students suffering personal injury in the workplace not covered by ACC.

EMPLOYMENT DISPUTES

This insurance is designed to protect the Insured from loss resulting from claims by any current, former or prospective employee and persons who are not employees such as ministers, presbyters, deacons, lay persons, volunteers or students alleging any breach of any Employment Contract or the laws and regulations of the Methodist Church of New Zealand, the Privacy Act 1993 and/or the Human Rights Act 1993.

Note: Professional Advice is mandatory

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BODILY INJURY (PUNITIVE AND EXEMPLARY DAMAGES)

This insurance is designed to cover the Insured against claims for punitive or exemplary damages brought by or on behalf of a person who has suffered personal injury resulting from an event in connection with its business, or its ownership, occupancy or tenancy of a building, structure or land.

CRIMINAL DEFENCE LEGAL COSTS

This insurance is designed to indemnify an individual person, whom the Methodist Church of New Zealand regards as part of the Church or for whom it accepts responsibility, for legal costs incurred in the investigation and/or defence of criminal offences and/or prosecutions provided the individual is ultimately found not guilty.

INTERNET LIABILITY

This insurance is designed to protect the insured for the cover of advertising injury, defamation, breach of third party intellectual property through operating on the internet or via email. The insurance includes liability to third parties from inadvertent transmission of viruses.

MALPRACTICE LIABILITY

This insurance is designed to protect the insured for legal liability incurred by giving negligent advice or through a breach of professional duty as this relates to the provision of professional healthcare services. Cover includes associated defence costs.

PROFESSIONAL LIABILITY EXPANDED

PROFESSIONAL INDEMNITY, TRUSTEES FIDELITY GUARANTEE AND OFFICE BEARERS LIABILITY

WHAT IS COVERED

- Claims for compensation arising by reason of any act, error, omission or conduct in the course of the Insured's business (including but not limited to a breach of duty as a Trustee or Office Bearer)
- Legal liability arising from unintentional defamation by reason of words written or spoken by the Insured or employees of the Insured in undertaking the business

- Legal liability arising from loss or deprivation of or damage to documents (as defined) in the physical custody or control of the Insured or whilst in transit until delivery in and between Australia and New Zealand by land, sea or air and by airmail anywhere in the world
- Legal liability for any claim or claims brought about or contributed to by any dishonest, fraudulent, criminal or malicious act or omission of an employee of the Insured
- Reasonable costs and expenses incurred by or on behalf of the Insurer or by or on behalf of the Insured with the Insurer's prior written consent, in respect of the investigation and defence of the Insured against any complaint lodged against the Insured with a statutory registration board or similar regulatory authority
- Claims made against the Insured for liability for breach of fiduciary duty by the Insured directly arising from the conduct of the Insured's business
- Claims for compensation caused by or alleged to be caused by conduct on behalf of the Insured (not being deliberate or fraudulent) which is misleading or deceptive or likely to mislead or deceive which is contrary or alleged to be contrary to the Fair Trading Act 1986
- Loss arising from any claim made against the Insured which is brought or maintained by or on behalf of any other Insured
- Claims made against the Insured for exemplary damages arising from the conduct of its business
- Defence Costs arising out of any attendance by an Insured Person at any official investigation, examination or inquiry in relation to the affairs of the Insured where such official investigation, examination or inquiry made lead to a Claim
- Claims for breach of confidential information or trade secrets, patents, copyrights or other form of intellectual property or the unauthorised use of infringement of the systems or programmes of others

WHAT IS NOT COVERED

The Insured is not indemnified for the following claims:

- In the conduct of any business not conducted for the benefit of or on behalf of the Insured

- Loss or deprivation to documents entrusted to the care of the Insured enclosed in boxes or other covers the contents of which are unknown to the Insured when such loss, deprivation or damage occurs
- Arising from the ownership, maintenance, operation or use of any aircraft, boats, automobiles, or vehicles of any kind by or in the interest of the Insured
- As a result of insolvency, bankruptcy, receivership, statutory management or liquidation of the Insured
- For liability assumed by the Insured by express warranty or guarantee unless such liability would have attached notwithstanding such express warranty or guarantee
- Where the Insured has surrendered or waived any right of contribution or indemnity to which the Insured might otherwise have been entitled, or where the Insured has limited or abrogated or excluded any right of contribution or indemnity pursuant to an agreement with a third party for any work performed or services rendered by them to which the Insured would have become entitled in either contract or in tort or by the operation of any statute
- Brought in a court of law outside Australia or New Zealand
- For a refund of professional fees or where the Insured is not entitled to professional fees
- Whilst performing any function as a Project or Construction Manager.
- Arising from the existence of asbestos
- For liability arising by reason of bodily injury or property damage in relation to any actual or deemed occupation of any real property
- Arising from radioactivity, hazardous properties of any explosive nuclear assembly or nuclear component
- Arising from war
- For liability to pay trading debts
- Arising from liability of the insured arising from the duties of the Insured as a director or legal officer of any company
- For legal liability imposed upon the Insured under the law of contract, other than those liabilities commonly assumed under client/Insured agreements or trading conditions for professional services
- Arising directly or indirectly from the performance or functionality of any Computer Equipment

- Terrorism. For loss, damage, death, injury, illness, cost or expense of whatsoever nature, directly or indirectly caused by, resulting from, or in connection with, any act of terrorism.

SPECIAL CONDITIONS

In respect of claims involving theft or misappropriation of funds for which the Insured is legally liable to account for to another, the liability of the Insurer is conditional upon the following:

- The Insured having taken all reasonable steps to ensure the security of such funds
- All cheques drawn by employees of the Insured being subject to an appropriate procedure involving a minimum of two people

GENERAL LIABILITY

WHAT IS COVERED

- Accidental loss or damage to any tangible third parties property
- Accidental loss of use of any tangible third parties property not otherwise lost or damaged
- Accidental death or bodily injury or illness (including shock, fright, mental anguish or mental injury) to any person
- False arrest, wrongful detention, false imprisonment, wrongful eviction, malicious prosecution, malicious humiliation, libel, slander, invasion of privacy, wrongful entry, wrongful prevention of access, assault or battery not committed by or at the direction of the Insured unless committed for the purpose of preventing or eliminating danger to any person or property, or any of them
- Damage to property in the Insured's physical or legal control (but not property owned by the Insured or held under any hire purchase or conditional purchase agreement nor land, buildings or other things fixed to the land, nor any vehicle held by the Insured for service or repair)
- Exemplary damages consequent upon any accidental death or bodily injury for which compensation is payable under any Accident Compensation legislation
- Statutory obligations in accordance with the New Zealand Fire Service Act 1975 or Forest and Rural Fires Act 1977
- The Innkeepers Act 1962

This information leaflet was last updated in 2014, refer to the website for the most recent version.
http://www.methodist.org.nz/administration_division/resources/information_leaflets

- Lessors Liability

WHAT IS NOT COVERED

Liability arising from:

- Ownership, possession or use by the Insured of any aircraft
- Damage or injury in connection with asbestos
- Cost of rectifying any defect, repair, replacement or refund of any product
- Death or bodily injury or illness to any person arising out of the course of that person's employment with the Insured
- Any representation or warranty made in respect of products
- Libel or slander relating to advertising, broadcasting or telecasting activities
- Loss of use of property not physically lost or damaged resultant from delay in lack of performance of any contract or agreement or from the failure of the Insured's products to meet the level warranted or represented by the Insured
- Pollution
- The failure of any product or design of the product to fulfil the function intended or represented by the Insured
- Product recall
- Levies for expenditure under Sections 44 and 45 of the Forest and Rural Fires Act 1977
- Professional advice
- Damage to property owned by the Insured or in the Insured's physical or legal control
- Property worked upon
- Ownership, possession or use by the Insured of any vehicle required by law to be registered for road use
- War and nuclear risks
- Ownership, possession or use by the Insured of any watercraft
- Terrorism. For loss, damage, death, injury, illness, cost or expense of whatsoever nature, directly or indirectly caused by, resulting from, or in connection with, any act of terrorism

SPECIAL CONDITIONS

In the event of damage or injury in respect of which there may arise liability under this Policy, the Insured must, at the Insured's own expense, promptly take all reasonable steps to prevent other damage or injury from arising out of the same or similar circumstances.

DIRECTORS AND OFFICERS LIABILITY

WHAT IS COVERED

- Any claim first made against any Insured Person individually or otherwise on account of:
 - Breach of duty
 - Breach of trust
 - Neglect
 - Act, error or omission
 - Misstatement or misleading statement
 - Breach of warranty or breach of authority in the course of his or her duties to the organisation

- Claims made against an Insured Person
 - On behalf of the organisation by any claimant who is not an Insured Person
 - By another Insured Person or by the organisation arising out of an employment dispute
 - Brought or maintained by any person being a former director, manager or employee of the organisation
 - Based on a shareholder derivative action brought or maintained by or on behalf of the organisation without the assistance, solicitation or participation of any current Insured Person
 - Brought or maintained by an Insured Person for contribution or indemnity (e.g. cross claims, counterclaims) if the claim directly results from another claim otherwise covered by the policy
 - Brought by or on behalf of the organisation at the instigation of a security holder, receiver, a receiver and manager, official manager and liquidator

- Costs incurred by or awarded against an Insured Person in challenging or bringing court proceedings to set aside any notice affecting his or her position as a director of the organisation
- Claims for loss arising out of a Wrongful Act when acting as a trustee, director or employee of the organisation's superannuation or pension scheme as declared to the Insurer
- Defence costs the Insured Person has become legally obliged to pay which are common to the Insured Person and the organisation
- The estate, heir, legal representative, current or former spouse, de facto spouse or same sex spouse or same sex partner, child or assign of any Insured Person who is deceased, incompetent, insolvent or bankrupt
- Defence costs incurred in connect with the prosecution of an Insured Person under the Health and Safety in Employment Act 1992
- Loss of income by any Insured Person who is a non-executive director as a result of preparing for and attending any official investigation, inquiry, commission, examination, prosecution or administrative proceeding or regulatory proceeding
- An Outside Directorship held by an Insured Person in any other corporation or enterprise that is for the purpose of representing the organisation
- Defence costs or claims made by any shareholder incurred in connection with a claim alleging a Wrongful Act resulting in seepage, pollution, contamination or breach of any law prohibiting or controlling emissions or effluents of any kind, or from any enforcement action or proceeding brought under or pursuant to any law
- Cost of legal representation arising out of any attendance by an Insured Person at any official investigation, examination or inquiry in relation to the affairs of the organisation whether or not there is an allegation of a Wrongful Act

WHAT IS NOT COVERED

- Loss arising out of any claim for death, bodily injury or illness of any person or physical loss of or damage to any tangible property
- Loss arising out of any claim for seepage, pollution or contamination, or breach of any law prohibiting or controlling emissions or effluents of any

- kind, or any enforcement action or proceeding brought under or pursuant to any such law
- Claims for the return of remuneration paid to any Insured Person without the prior approval of the shareholders of the organisation where the remuneration is in breach of the law or remuneration is to be repaid to the organisation
 - Personal profit or advantage as a result of “insider trading” or for which the Insured Person was not legally entitled to
 - Dishonest acts
 - Fines or penalties
 - Claims made against any Insured Person by any other Insured Person or by the organisation
 - Claims brought in a court located within the USA or Canada
 - Terrorism. For loss, damage, death, injury, illness, cost or expense of whatsoever nature, directly or indirectly caused by, resulting from, or in connection with, any act of terrorism
 - Asbestos

STATUTORY LIABILITY

WHAT IS COVERED

- Defence Costs and Penalties in relation to an unintentional or expected breach of any Act of New Zealand Parliament which is not an excluded Act

WHAT IS NOT COVERED

- A deliberate breach or deliberate contravention of any provision of an Act.
- A deliberate failure to comply with any lawful order, demand, notice, requirement or determination by any statutory authority or enforcement agency under any of the Acts.
- Any occurrence which was directly or indirectly brought about or contributed by any dishonest, fraudulent, or malicious act or malicious omission of the Insured.
- Investigations of and defence of any:
 - Private prosecutions
 - Criminal action or proceeding brought by the New Zealand Police
 - Application brought by the Commerce Commission under sections 81, 84 or 87 of the Commerce Act 1986

- Defence Costs and Penalties in relation to breach of the following Acts:
 - Arms Act 1983
 - Aviation Crimes Act 1972
 - Crimes Act 1981
 - Summary Offences Act 1981
 - Proceeds of Crime Act 1991
 - Transport (vehicle and driver registration and licensing) Act 1986
- Penalties in relation to breach of Health and Safety in Employment Act but extended to include a sentence of reparation imposed follows a conviction under the Act
- Claim for costs or compensation for which cover is provided by the ARCI Act 1992
- Claims brought in a court outside New Zealand
- Claims as a result of any employee suffering personal injury brought about or contributed to by any deliberate, dishonest, fraudulent, criminal or malicious act or omission of the Insured
- Claims arising from war or radiation
- Terrorism. For loss, damage, death, injury, illness, cost or expense of whatsoever nature, directly or indirectly caused by, resulting from, or in connection with, any act of terrorism
- Claims arising from Asbestos

EMPLOYERS LIABILITY

WHAT IS COVERED

- Claims resultant from any employee sustaining bodily injury, sickness or disease including death resulting there from, disability, shock or mental anguish or injury arising out of or in the course of their employment in the business

WHAT IS NOT COVERED

- Claims where cover is provided by the Accident Rehabilitation and Compensation Insurance Act 1992
- Claims brought in a court outside New Zealand
- Claims brought about or contributed to by any dishonest, fraudulent, criminal or malicious act or omission of the Insured

- Claims where an employee is engaged in any occupation not directly part of the business of the Insured
- Claims arising from war or radiation
- Fines and penalties
- Terrorism. For loss, damage, death, injury, illness, cost or expense of whatsoever nature, directly or indirectly caused by, resulting from, or in connection with, any act of terrorism
- Claims arising from Asbestos

EMPLOYMENT DISPUTES

WHAT IS COVERED

- Breach of any Employment Contract or the laws and regulations of the Methodist Church of New Zealand, the Privacy Act 1993 and/or the Human Rights 1993
- Costs incurred in complying with any Injunction or any order for Reinstatement of any Employee or with any order of a court or tribunal authorised to make orders under the Human Rights Act 1993

WHAT IS NOT COVERED

- Breach of copyright, design or patent or for misuse of confidential information
- Personal grievance claims arising from the dismissal or disciplining of or manner of dealing with an Employee without obtaining or acting in accordance with the advice of the Insurer or of an employment law practitioner engaged to act on approval from the Insurer
- Legal fees or related expenses for legal advice obtained prior to the submission of a grievance or issue of proceedings against the Insured
- Remuneration payable under an Employment Contract
- Breach of the Health and Safety in Employment Act 1992
- Claims by past or present shareholders, partners, directors, officers or proprietors or by or on behalf of any members of their families
- Allegations of harassment whether sexual or otherwise, duress, intimidation or deliberate breach of the provisions of the Employment Contracts Act 1991 or Employment Relations Act 2000 committed or condoned by a shareholder, partner, director, officer or proprietor of the Insured

- Claims outside New Zealand jurisdiction
- Costs incurred in complying with any Injunction or any order for Reinstatement of any Employee or with any order of a court or tribunal authorised to make orders under the Employment Contracts Act 1991, Employment Relations Act 2000 or the Privacy Act 1993
- Allegations of dishonest, fraudulent, criminal or malicious conduct against the Insured
- Lock-outs
- Claims where the original notification was provided more than two years prior and no actual claim had been made within that time
- Terrorism. For loss, damage, death, injury, illness, cost or expense of whatsoever nature, directly or indirectly caused by, resulting from, or in connection with, any act of terrorism
- Claims arising from Asbestos

SPECIAL CONDITIONS

Immediate notice shall be given to the Insurer (through the General Secretary) of any circumstance which may give rise to an employment dispute, including but not restricted to:

- Concerns about competence or performance
- The institution of disciplinary investigations
- Allegations concerning harassment (sexual or otherwise)
- Any investigation by the Human Rights Commission or the Privacy Commissioner
- The institution of any redundancy procedures or discussions concerning the possibility of redundancy
- Any intention to change contracts from collective to individual
- Any intention to advertise a position held by an existing staff member whether temporary or part-time
- Any intention not to appoint any applicant who has claimed priority rights by reason of redundancy or parental leave provisions or otherwise
- Receipt of any actual or threatened claim or grievance by any former, current or prospective employee
- The General Secretary must be informed when any existing notification escalates into a P&G or other formal proceedings as the Insurers must be given the opportunity to direct proceedings from that stage

BODILY INJURY (PUNITIVE AND EXEMPLARY DAMAGES)

WHAT IS COVERED

- Claims for punitive damages or exemplary damages made by a person who has suffered bodily injury, sickness, disability or disease, including death resulting from bodily injury, sickness, disability or disease or mental disability, mental shock, mental anguish and mental injury resulting from an event in connection with the activities of the Insured as a religious organisation or as a result of the Insured's ownership, occupancy or tenancy of a building or structure or land

WHAT IS NOT COVERED

- Personal Injury to any employee in or arising from their employment
- Asbestos
- Claims outside New Zealand jurisdiction
- Claims arising out of liability assumed by a contract entered into by the Insured
- Deliberate, intentional, malicious or wilful acts of the Insured
- Dishonest or fraudulent acts of the Insured
- Fines and Penalties
- Professional services
- War or Radiation
- Terrorism. For loss, damage, death, injury, illness, cost or expense of whatsoever nature, directly or indirectly caused by, resulting from, or in connection with, any act of terrorism

CRIMINAL DEFENCE LEGAL COSTS

WHAT IS COVERED

- Costs incurred in the investigation and/or defence of an act or omission for which anyone can be punished under the Crimes Act 1961, Summary Offences Act 1981, Misuse of Drugs Act 1976, Transport Act 1962
- Costs incurred in the investigation and/or defence of any proceeding in the criminal jurisdiction of the District and/or High Court commenced by a charge, information, summons or other initiating procedure provided for by a statute

WHAT IS NOT COVERED

- Criminal Offences to which the Insured has admitted or entered a guilty plea at any time
- Fines and Penalties
- Criminal Offences of dishonesty or fraud or similar offences committed by the Insured or to which the Insured is a party
- Terrorism. For loss, damage, death, injury, illness, cost or expense of whatsoever nature, directly or indirectly caused by, resulting from, or in connection with, any act of terrorism
- Claims arising from Asbestos

INTERNET LIABILITY

WHAT IS COVERED

Your legal liability arising from any claim made against you:

- Under the terms of the Consumer Guarantees Act 1993
- Under the terms of the Fair Trading Act 1986 (Sections 9 to 14)
- Arising out of the actions of any consultant, contractor, sub-contractor or agent but the cover provided under this extension is specifically agreed not to extend indemnity to any consultant, contractor, sub-contractor or agent
- At any time employed by you arising from any claim brought about or contributed to by any dishonest fraudulent, criminal, malicious act or omission, by any person at any time employed by you
- Costs and expenses incurred with the insurer's written consent in defending, investigating, monitoring or settling a claim

WHAT IS NOT COVERED

- Contractually assumed liability
- Insured vs Insured
- Fines and penalties

MALPRACTICE LIABILITY

WHAT IS COVERED

Your legal liability arising from any claim made against you:

- Arising out of the loss of, damage to or destruction of any documents (including electronic records), that were in the custody of the insured

This information leaflet was last updated in 2014, refer to the website for the most recent version.
http://www.methodist.org.nz/administration_division/resources/information_leaflets

- Arising out of the actions of any consultant, contractor, sub-contractor or agent but the cover provided under this extension is specifically agreed not to extend indemnity to any consultant, contractor, sub-contractor or agent
- Arising out of the acts or omissions of any formal medical, audit or quality assurance board or ethical committee convened by the Insured
- Defence costs for legal representation in relation to any coroner's inquest or inquiry
- Arising out of the provision of emergency first aid assistance by a medically qualified employee of the Insured to any person other than a member of that employee's family

WHAT IS NOT COVERED

- Contractually assumed liability
- Insured vs Insured
- Fines and penalties
- Asbestos

EXCESSES

Each of the above Insurance covers is subject to an individual policy excess which varies from policy to policy.

WHAT SHOULD BE NOTIFIED

Advise the General Secretary, as soon as possible, of:

- the discovery of any circumstance which may give rise to a claim under any of the policies
- any threat or intimation of a claim
- any legal proceedings issued against an Insured Person
- the cancellation, suspension or termination of the statutory registration of an Insured person
- notice of intimation by any person or organisation of possible intention to investigate, charge or prosecute the Insured
- investigation, charge or prosecution of the Insured
- the acquisition, merger or consolidation with any other organisation
- any material addition to or material change to the Business

IMPORTANT

Under all circumstances:

- Do not take any steps before notifying the claim or circumstance
- Do not admit liability
- Do not settle any claim or incur any costs in connection with that claim without the prior written consent of the Insurer (obtained through the General Secretary)
- Do not make any admission or payment in connection with any official investigation, inquiry, commission, examination, prosecution, administrative proceeding or regulatory proceeding

IF IN DOUBT, NOTIFY THE GENERAL SECRETARY

NOTIFICATIONS AND CLAIMS PROCESS SUMMARY

BUILDINGS AND CONTENTS

- Secure the premises if necessary
- For significant claims advise the Connexional Office as quickly as possible
- Complete and forward a claims form

LIABILITY COVERS

The Church is required to advise its Insurer as soon as it becomes aware of:

- Any circumstances which may give rise to a claim
- Any threat or intimation of a claim
- Any legal proceedings issued against the Church

No admission of liability or offer to settle can be made without the Insurer's prior agreement.

The Connexional Office must be advised as soon as there is any suggestion of a possible claim or any action which may lead to a claim.

Information Privileged

All information provided to the Connexional Office in anticipation of a possible claim against the Church is primarily to be forwarded to us for the purposes of the consideration and preparation (if necessary) of an appropriate defence to the claim and is therefore considered to be "privileged" and legally protected.

This information leaflet was last updated in 2014, refer to the website for the most recent version.
http://www.methodist.org.nz/administration_division/resources/information_leaflets

There is no need to file a separate notification with the Connexional Office to advise the Church's insurers as that will be a natural but ancillary outcome of the information provided to our office.

All information provided will be for the primary purpose of considering the grounds for and preparation of the Church's potential defence in respect of any claim lodged. The information provided to us will be privileged notwithstanding it may also be shared with our insurers.

The Church is best served where any potential problem is notified at the earliest opportunity – there is no penalty or problem if a claim does not eventuate – late notification however can result in cover being withdrawn.

"IF IN DOUBT, NOTIFY"

ENQUIRIES

The Insurance Fund is administered by the Board of Administration on behalf of the Methodist Church of New Zealand.

Representatives of the Fund can be contacted:

By telephone: 03 366 6049

By facsimile: 03 358 7146

By email: info@methodist.org.nz

By post: PO Box 931, Christchurch 8140

Or at the offices of the
Administration Division
1 Maydell Street
CHRISTCHURCH 8041