

Section 5

INSURANCE

Risk Management

An important part of the mission of the Church 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 proactive 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 the 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 then 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.

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

The following information is an attempt to describe and explain the operation of the BOA Insurance Account and the ways in which the Church can minimise its chances of loss or damage together with the upset and problems that accompany such an event.

BOA Insurance Account

The Insurance Fund is an account authorised by Conference and operated by the BOA 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 the 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 requires replacement cover as the standard unless the local Synod

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has recommended that, in furtherance of its agreed property strategy, functional replacement cover or 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 Underwriting Agent requires a two-yearly revaluation of insurance. The Insurance Fund provides a subsidy of 75% of the cost of the valuations.

The Fund uses a national charge-out rate per \$100 of cover regardless of location, construction or any other consideration. This is contrary to normal insurance arrangements where premium rates vary depending on the 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 of having security/fire alarms installed.

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.

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 \$300,000 on buildings, 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, directors, missions, trusts, boards, parishes and employees of all Church entities and the BOA undertaking their proper roles and activities bona fide on behalf of the Church against a number of potential risks including:

Professional Indemnity

- Public Liability
- Statutory Liability
- Employers Liability
- Employment Dispute Cover
- Directors and Officers Liability
- Directors and Officers Costs and Expenses (N/A North America)
- Crime Liability

- Medical Malpractice Liability
- Cyber Liability

Currently, the cost of these covers is provided as part of the insurance package.

Please note, under the current cover, there is a \$5,000 excess on most liability covers with the exception of \$500 excess on Employers Liability and \$30,000 on employment-related claims. There is a \$5,000 excess per claim for Directors and Officers' Liability and Costs and Expenses.

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.

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 database as a historical or heritage property.

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

***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 vinyl and carpet glued down 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 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.

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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 ongoing 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 and Loss of Income

Cover is normally expressed as “\$ per annum for the nominated timeframe number of 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 where 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 to most locations around the world. Contact the Connexional Office for details. The travel cover is not available for travel for leisure.

Vehicle Insurance

The Fund can provide vehicle insurance for motor vehicles that are owned by parishes or Church organisations. We are not able to provide vehicle insurance for missions. Contact the Connexional Office for details of cover and premiums.

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 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 that call for prevention rather than insurance (although there are a few genuine risks that 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 upkeep 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 the 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 oversight of the management and maintenance of a property. It reflects the strategy of the Methodist entity; 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 historical 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.

For example:

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

Insure for Replacement Value

- Is the building of lesser importance such that reconstruction/ rebuilding would be to 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. 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.

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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 usage different to the existing building - so as to meet a different need. The insurance will only be available with the recommendation of 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 the 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.

All registered valuations for functional replacement value must also show the replacement value of the currently 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.

Vacant or unused buildings must be reported to the Connexional Insurance Manager as these will only be covered for indemnity value and are at a higher risk of intentional damage.

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.

Underinsurance 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 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 requires a valuation prepared by a registered valuer every two years. Currently, the Insurance Fund will meet 75% of the costs of replacement insurance valuations.

All professional fees should be included in "replacement" and "functional replacement" values. These may be architects, surveyors, local authority planning consents or bylaw 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 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 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 found in Appendix 4 at the back of this handbook.

Earthquake and Natural Disaster Cover

Natural disaster cover includes earthquakes, natural landslips, volcanic eruptions, hydrothermal activity, as well as tsunamis and fires resulting from these natural disasters.

The Earthquake Commission provides Earthquake and Natural Disaster Insurance on residential properties only to a maximum value of \$300,000 for buildings. EQC no longer provides cover for contents. The Insurance Fund policy provides full earthquake 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 (Commercial)

For disaster cover, different excesses apply.

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

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

Excesses for Natural Disaster (Residential – EQC)

An excess is an amount you must contribute toward an EQ Cover building claim that is accepted under the EQC Act 1993.

If your accepted EQ Cover claim is for \$20,000 or less, an EQ Cover building excess of \$200 (incl. GST) will be deducted before the rest is paid. If your accepted EQ Cover claim is for more than \$20,000, 99% of this amount will be paid, as an EQ Cover building excess of 1% will be deducted.

The building excess is calculated at 1% of the maximum amount payable, including GST, and deducted from the amount of your claim.

Fire and Emergency Levy

In addition to the Earthquake Commission, the Insurance Fund also collects the Church's Fire and Emergency Levy obligations in terms of its insurance arrangements. FENZ is currently reviewing the way in which the Fire and Emergency Levy is collected. The review could impact on the way in which these levies are charged to the Church.

Risk Management and Assessment

Risk management is more concerned with prevention – avoiding the event. Prevention not only saves money, but 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.

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 need an approved fire evacuation scheme, 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 the employment of 10 or more people are provided
- specialised nursing, medical or geriatric care is provided
- accommodation is provided for more than five persons (other than three or fewer household units).

FENZ approves such schemes 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 FENZ for approval of the evacuation scheme. For more information, you can visit the NZ Fire Service Online Services website at <https://onlineservices.fire.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 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, RENZ and 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. 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 cooperative ventures have GST included for both premiums and claims where refunds are made to the cooperative 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, 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.

Water damage claims

- Excess \$2,000 per claim

Loss of Money claims

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- Standard excess \$250.

For all other claims for a property without an operating alarm system

- Excess \$1,000 per claim.

(For cooperative ventures, the appropriate excess plus GST.)

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 the cost, whichever is the lesser amount.

Residential Fire Alarms

The Insurance Fund will reimburse the supply cost of long-life battery smoke detectors installed in Church-owned residential properties. The law requires smoke detectors in all leased properties (including parsonages).

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.

Claim forms are found in Appendix 3 at the rear of this handbook and are also available on the website, <http://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 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.

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 tradesperson. 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), <https://www.building.govt.nz> or contact the Connexional Office or your territorial authority.

Any work over \$50,000 in value, or requiring a Building and/or Resource Consent, also requires the approval of the Methodist Connexional Property Committee before the work is undertaken.

Professional Liability Insurances

Professional Indemnity

This insurance is designed to:

1. Protect the Insured from claims made against them for any Loss arising from any Claim for civil liability in respect of the conduct of the Professional Services, provided that such Claim is first made against the Insured during the Period of Insurance.
2. Protect the Insured from claims made against them for any Defence Costs resulting from a Claim for civil liability in respect of the conduct of the Professional Services, provided that such Claim is first made against the Insured during the Period of Insurance.

Public and Products Liability

This insurance provides cover for all sums which the Insured shall be legally liable to pay as compensation on account of:

- a. personal injury or
- b. property damage

as a result of an occurrence happening in connection with the business of the Insured.

Statutory Liability

This insurance is designed to indemnify the Insured for costs incurred with the Insurer's consent, following unexpected and unintentional breaches of NZ Statutes. Costs insured are those of being represented in any investigation or inquiry from which a prosecution may result and the costs of Fines and Penalties that may be awarded other than under the Health and Safety Statutes.

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 Dispute Cover

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

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Contract or the laws and regulations of the Methodist Church of New Zealand, the Privacy Act 1993 and/or the Human Rights Act 1993.

The excess on Employment Disputes Insurance is \$10,000, and professional advice is mandatory.

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.

Directors and Officers' Costs and Expenses

This insurance is designed to cover:

- a. the Insured for all Loss, except where such Loss has been paid; or
- b. the Organisation for all Loss, for which indemnification has been granted to the Insured as permitted or required by law.

Commercial Crime Liability

This insurance is designed to pay for a loss if the Insured has suffered a loss because of:

- a. an internal crime
- b. an external crime
- c. a theft or
- d. physical loss or damage.

Medical Malpractice Liability

This insurance covers payment on behalf of the Insured for any loss arising from any claim alleging a Medical Incident by the Insured in the conduct of Professional Healthcare Services, provided that such claim arises from an act, error or omission of the Insured during the period of insurance.

Cyber Liability

Cyber Liability Insurance protects the Church against liabilities arising from data protection laws, management of personal data and the consequences of losing information. This includes credit card numbers, medical records, birth dates, passport numbers and other private personal information which can be stolen and used inappropriately. Equally, the loss of corporate information such as intellectual property and proprietary information could severely disadvantage the Church.

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 Insurance and Property Manager 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

In order to ensure a claim is not declined and to protect Church personnel, it is important that the steps below are followed:

- Notify the claim or circumstance in the first instance before taking any steps.
- Make no liability admission.
- Claim settlements or the costs in connection with that claim will require the prior written consent of the Insurer (obtained through the General Secretary / Insurance Property Manager).
- Do not make any admission or payment in connection with any official investigation, inquiry, commission, examination, prosecution, administrative proceeding or regulatory proceeding.

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.

Early notification is essential to ensure the policy requirements are met and the claim is approved. Please call or email your notification to the Insurance and Property Manager 03 366 6049.

Notifications and Claims Process Summary

Buildings and Contents

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

Insurance Claim form (Appendix 3 at the rear of this handbook)

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.

The Insurer's prior agreement is required before admission of liability or offer to settle can be made. Legal or Employment advice can only be obtained from the panel of legal advisors agreed to by the Church and our Insurers. Call the Insurance and Property Manager 03 366 6049

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

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necessary) of an appropriate defence to the claim and is therefore considered to be “privileged” and legally protected.

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 a claim being declined.