



Corporate Profile

Concordia Underwriting Agency LP



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Introduction

Concordia Underwriting Agency (Concordia) has been formed as a result of a joint venture between AllChurches Insurance Bureau Limited and Aviation & Marine Underwriting Agency (A&M). AllChurches Insurance Bureau Limited participants include the Anglican Insurance Board, Methodist Church New Zealand, Baptist Union New Zealand, Elim Church, ACT Apostolic Church, Christian Churches NZ, Lutheran Church, and members of other denominations. Relationships extend to include associated organisations that schools, retirement villages, private hospitals, rest homes, care and charitable community service organisations.

Aviation & Marine Underwriting Agency (formerly Aviation Co-operating Underwriters Pacific Ltd) has been providing specialist insurance underwriting services to clients and insurers since 1982, representing Lloyds and international insurance markets.

Purpose / Vision

The purpose of Concordia is to provide specialist insurance services to faith, education, heritage, and care and community service organisations by providing broad insurance cover specifically tailored to the unique needs of these organisations at competitive premiums.

Concordia also underwrites selected commercial insurance, and personal lines insurance in support of core business.

In addition to providing broad cover at competitive prices, a fundamental reason for the creation of Concordia is to be the conduit for providing risk management services to clients to minimise the frequency and severity of losses. This will help maintain cost effective insurance by stabilising insurance cycles. Concordia will also be the vehicle for providing other added value services in the future such as valuation, risk management and other online services.

The vision for Concordia will also be to contribute to the community through grants and donations that support ministries and charitable services that help enrich the lives of others.

Insurer Security and Strength

Concordia Underwriting Agency is 100% supported by QBE Insurance (International) New Zealand, and/or certain underwriting syndicates at Lloyds. Both QBE and Lloyds have an A+ claims (Strong) payment rating from Standard and Poor's. QBE is regarded as a leading New Zealand based insurer and Lloyds is one of the world's largest insurance organisations.

Concordia acts as a representative of QBE/Lloyds by designing and underwriting insurance policies, managing claims and administrative functions on their behalf. Approximately 30% of all Lloyds premium comes from worldwide cover holder agreements through Managing General Agencies such as Concordia who represent global distribution and underwriting centres for Lloyd's syndicates.

In order to operate as an MGA, Concordia must be able to demonstrate business practices and compliance that meet the stringent requirement of Lloyds cover holder agreements, including and management of premium trust accounts that are regularly audited.

Insurance for Assets and Revenue



Major Policy Features can include:

- Clients can insure for replacement value, including disaster cover, regardless of age or construction of buildings, at competitive premium rates.
- No disaster deductibles apply in respect of all residential property.
- Policy deductibles for disaster insurance are capped for commercial property to ensure they remain affordable. The capping of deductibles for high value assets can potentially save clients millions of dollars.
- The programme includes improvement cost required by a regulatory authority to upgrade damaged property for increased seismic strength, without additional charge. Without this benefit, clients may have to fund considerable amounts for seismic upgrade costs before repairs can be completed.
- The programme does not have any heritage restrictions on the restoration of any heritage property. Repairs to heritage property can easily be significantly more than normal repair costs.
- Business Interruption is excess free and includes client optional deferred indemnity period for the loss attachment point.

Other Significant Features



Policies of insurance can include:

- Replacement, indemnity or functional replacement value options. Functional replacement value provides for replacement cover but for a building which can functionally replace the existing building, generally of a smaller size.
- Constructive total loss means undamaged buildings are covered for rebuilding on another site along with damaged buildings, if reinstatement on the existing site is prohibited by a regulatory authority.
- Insurance will apply for non-disaster perils such as fire, flood, and cyclone for up to 110% the sum insured as an added protection against unintended underinsurance.
- Earthquake cover is available regardless of age or location of buildings at standard rates for those regions.
- Prompt and personal claims service
- Loss of revenue is insured
- Additional costs of maintaining the organisations business is insured
- Capital additions and extensions to the property is automatically insured when completed
- Contract works cover is provided
- Cover for goods in transit including clergy household effects
- Employee's personal effects (not otherwise insured)
- The property of others in care is insured.
- Lost or stolen keys
- Landslip and subsidence damage to buildings and contents
- Hidden gradual damage in residential property from internal water systems
- Machinery breakdown
- Demolition cover
- Temporary repairs
- Cover for monuments and works of Art
- Money insurance
- Refrigerated Goods
- Resident's effects (not otherwise insured)
- Theft covers in addition to burglary (breaking and entry)
- Prevention of access cover
- Ability to reinstate equivalent buildings on alternative sites for alternative purpose.
- Underground services, infrastructure, landscaping and fences where declared values are provided
- Claims preparation costs

Some of these features are insured to pre agreed limits with the insurers.



Tailored Cover Removes or Reduces Areas of Non-Insurance

Since the Christchurch earthquakes, many insurers not only significantly increased premiums, but imposed much more restrictive terms of cover. Examples of this includes:

- High deductibles for disaster losses.
- Insurance no longer provides for additional seismic strengthening costs associated with reconstruction.
- Additional costs associated with repairing / restoring heritage buildings have been removed. Many insurers now only cover cost associated with using modern equivalent materials and labour.
- Restrictive cover for older buildings.

Although premiums have reduced in recent years, many of the restrictions in cover still exist. Concordia tailored policy coverage has remedied many of these restrictions, Concordia has:

- Capped the application of disaster deductibles to specific amounts, potentially saving clients thousands or even millions of dollars in repair or reconstruction costs.
- Provided cover for seismic upgrade costs required by a regulatory authority for damaged property.
- No specific restrictions for repairing heritage property.
- Ensured full cover is available for older buildings without punitive restrictions in cover.

To demonstrate the significant advantages of Concordia insurance cover, we highlight in the claims example that follows of a Concordia claims settlement compared to a normal market policy.

Loss Scenario



- The site value \$40,000,000 (site in Wellington or Christchurch)
- Disaster damage \$10,000,000 sustained
- Buildings damaged 1960 era with some heritage features (cost for seismic improvement \$1,000,000 required for building consents and heritage restoration extra cost \$250,000)

Total Cost of Damage			
Damage to Buildings	\$	10,000,000	
Seismic upgrade	\$	1,000,000	
Heritage Restoration	\$	250,000	
	\$	11,250,000	

Typical Policy Recovery				
Total Damage			\$	11,250,000
Less				
●	Disaster Deductible 5% of site value (\$40,000,000)	\$	2,000,000	
●	Seismic upgrade cost excluded	\$	1,000,000	
●	Extra heritage cost excluded	\$	250,000	
Total Deductions		\$	3,250,000	\$ 3,250,000
Paid Claim Settlement			\$	8,000,000

Concordia Policy Recovery				
Total Damage			\$	11,250,000
●	*Disaster Insurance Deductible	\$	150,000	
●	Seismic upgrade cost insured for damaged property		No deduction	
●	Additional costs associated with maintaining heritage features insured		No deduction	
Total Deductibles		\$	150,000	\$ 150,000
Paid Claim Settlement			\$	11,100,000

* A deductible of up to \$150,000 may be deducted for disaster insurance on any commercial property but not residential property

* EQC conditions apply to residential property

Other Insurances



Liability Insurance

A unique feature about the Concordia approach to liability insurance is not just to provide a unique suite of insurance products to clients of faith, education, care and community service organisations, but to also recognise these organisations unique relationships with its congregations, students, patients, clients, family members care givers and employees.

Concordia recognises that managing claims must be handled with a high degree of empathy rather than treat claimants as unrelated third parties.

Unfortunately, many insurers do not treat third party claimants with sympathy; in fact the approach can be quite combative, as these insurers do not understand the unique relationships that can exist between the client and the person claiming against them.

An unsympathetic approach can lead to significant reputational and brand damage for clients if claims are not managed with a high degree of care and empathy.

Concordia recognises that through sensitive management of claims, rather than a combative style adopted by many insurers, better outcomes are achieved for the client, claimant and insurer.

Concordia purpose designed cover allows more latitude to claims management and outcomes.

Other General Insurance

Concordia is also able to provide broad insurance cover in other areas such as motor, marine, personal accident and travel insurance. Concordia is also able to offer personal lines insurance on private dwellings, contents and motor vehicles.

For more information please contact Concordia Underwriting Agency:



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