

Dear AIB members

This renewal sees the beginning of a new era for AIB.

Along with the other denominations who have arranged their material damage and business interruption insurance via the AllChurches programme, AIB is using the Concordia Underwriting Agency to place and underwrite insurances for the next renewal.

After appropriate deliberation, the chance for AllChurches to become a joint venture partner in establishing an underwriting agency with a charitable focus was seen as a unique and rare opportunity that could not be passed by.

This means that AIB's relationship with Marsh is changing as Marsh will no longer be broker for the placement of the overall AllChurches programme.

This opportunity in no way reflects any dissatisfaction with Marsh (as previous broker to AIB and the AllChurches programme) and is because Marsh are a broker and not an underwriting agency.

As in previous years AIB will provide quotes to Marsh for those members who have chosen Marsh as their broker.

Concordia Underwriting Agency

The way Concordia is able to offer AIB greater potential benefits going forward is that part of what they do when determining an insurer (or group of insurers for our programme) is that after negotiating better than market rates by using the buying power of AllChurches (something Marsh have previously been able to achieve) they then negotiate a fee from within that premium that allows Concordia to administer the claims and underwriting that the insurance company/s would normally do.

Some of the benefits anticipated for AllChurches participants are:

- As a joint venture participant we are able to participate in any profits made by Concordia. The concept will enable Concordia to claim back some of the underwriting costs normally paid to the insurers and AllChurches members can thereafter participate in any profits derived from the expected centralised administrative system efficiencies.
- *All of AllChurches underwriting and claims assessment is administered by the*

one system. This enables consistency and centralisation of the data used in underwriting and subsequent negotiation with insurers. This is attractive to insurers.

- A 'real time' administration system where information can be seen and updated throughout the year and in each members own time.
- *No overall programme broking fee paid in addition to the premiums required by the insurers.*
- More insurers without a NZ presence can potentially participate. Many of the largest insurers in the world do not have offices locally so a local underwriting agency that administers their claims and underwriting is attractive to these companies.
- *Over time this will allow for an expected broader panel of insurers thereby keeping pricing tension between insurers and pricing competition for those wanting to participate.*

Renewal

The first responsibility of the AllChurches policy is to provide full cover to the constituent bodies. This has been achieved and we have been able to ensure that the policy delivers the widest wording available. We are aware that there may be instances when some members have been approached with offers for cheaper cover, while not categorically saying that it is impossible for a member on their own to achieve savings it is the general view that it is unlikely that a smaller entity could negotiate savings without sacrificing the benefits of better conditions under the wider cover and so caution is required.

If member Trustees thereafter decide on a strategic basis to not have full cover then there is the opportunity to choose a lower cover within the AIB policy, 'functional replacement' for example.

AIB continues to be able to access considerable savings by setting an aggregate fire service levy across all AIB members, this year's Supreme Court judgement regarding the NZ Ports group insurance scheme and legal advice to AIB indicates that this level of saving is not achievable for Anglican Church constituents insuring on their own outside of the Anglican Church AIB master policy.

Regards
Dave Peters
Executive Director