



CONCORDIA
Underwriting Agency

January 2017

NEWSLETTER TO CHURCHES PARTICIPATING IN ALL CHURCHES INSURANCE BUREAU PLACEMENT

Lloyd's Coverholder Status

In August 2016 Concordia Underwriting Agency Limited Partnership was granted Coverholder status with the Corporation of Lloyd's. This means that Concordia can underwrite any individual placement up to \$17.5 million on behalf of Lloyd's syndicates. Any risk over this amount is placed into a secondary Lloyd's/QBE facility.

All syndicates involved and QBE have a Standard and Poors financial rating of A+.

Renewal Terms offered for 1 January 2017 Placement

In 2016 the insurance programme for All Churches members was mostly shared on a 50/50 basis between London and QBE. Those members with smaller deductibles were insured 100% with QBE.

QBE offered the same premium rates as last year and wished to rescind the monetary cap of \$150,000 on natural disaster claims but rather reverted to the range of 1% to 5% of site sum insured for each claim depending on cresta zone (this is normal New Zealand practice).

The panel at Lloyd's offered to maintain the \$150,000 monetary cap on natural disaster claims (a very important consideration for large value sites) and offered the existing fire premium rates and some reductions on disaster rates.

Concordia decided to endeavour to place 100% of the 1 January 2017 renewal

with the London markets, or as much risk as they could absorb.

Insurance Placement for 2017

Concordia coverholder agreements allow Concordia to price and bind cover within pre agreed guidelines automatically into a binder insurance facility. Policy coverage is identical to our existing policy. QBE does not participate in this facility at this time, as they could not meet the Lloyds terms for pricing and also changes QBE required to disaster deductibles made them uncompetitive in 2017 for the binder renewal business. However discussions will continue with QBE to be a participant on renewal in 2018.

For site locations over \$17,500,000 in value, these are outside the binder authorities and are separately insured in a placement 70% Lloyds and 30% QBE. Concordia had endeavoured to place all cover in to Lloyds as QBE has higher disaster deductibles applicable to their share of the programme (see below), but QBE capacity was required to complete the placement.

Concordia Insurance Renewal 2017 – Disaster Deductibles

Concordia leads the market for providing low cost disaster deductibles for high value sites. Generally, insurance market standard deductibles are:

- Wellington 5% of site value
- Christchurch 2.5% of site value
- Auckland / Northland 1% of site value

- Elsewhere in New Zealand 2.5% of site value

Concordia has been successful in negotiating with insurers a *cap* on these deductibles by:

- 1) Limiting the application of the % site deductible to the sums insured on the *individual* buildings effected and not the *whole of site value, and then*
- 2) Limiting an overall *cap* for the whole of the site to \$150,000 if a number of buildings are effected or the whole site is effected

Concordia's binder reinsurance markets in Lloyds of London continue to provide deductible caps described in (1) and (2) above for the 2017 renewal.

Lloyd's insure 70% of the portfolio and QBE 30% for those sites in excess of binder limits of \$17,500,000 in value. However QBE will no longer provide the overall site cap of \$150,000 as described in (2) above for 2017. This means percentage deductible above will apply to their 30% share of any loss. They will however limit the cost of the deductible to a total \$750,000 for all of All Churches members through one event.

Claims

Concordia will be responsible for managing all claims in 2017. Godfrey Loss Adjusters have been employed to provide this service as a third party administrator. All Claims occurring from 1 January 2017 should therefore be notified to Godfreys and their details are on Concordia's website.

Kaikoura Earthquake

The earthquake near Kaikoura also affecting Wellington has caused the New Zealand market to harden for 2017 renewals. We have heard mention of 20% premium increases from some

insurers & a refusal to insure new properties so having the ability to move between the New Zealand and the London market has worked to our advantage this renewal.

Earthquake Claims

The properties covered under the ACIB placement have been largely unaffected by the "Kaikoura earthquakes". The importance of adequate insurance cover, especially Business Interruption cover has been reinforced by the experience of businesses of all types where damage to their premises or to neighbouring properties has forced their operations to close

Activity in 2017

Concordia has retained Don Baskerville on a part time basis to promote Concordia's services to those churches that use other insurers. Concordia's services are also open to any charities as well. If you know of any charities that might care to contain their insurance costs in 2017, please email their contact details to Don at Don.Baskerville@concordia.org.nz

Another matter which will occupy the thinking of Concordia and All Churches Insurance Bureau this coming year will be the impact of changes to the basis of and quantum of the Fire Services Levy. We will keep you informed of developments. This is projected to affect insurance renewals after 1 July 2017.

Details of Your Insurers

In the next 2 months Concordia will produce another newsletter that will carry details of the syndicates with whom you are insured. Some of these syndicates have business activities that would form a significant proportion of the New Zealand market (i.e. they are as big as some of the larger New Zealand based insurance companies).

Communication Topics

In 2017 we will be writing newsletters, arranging meetings and consulting focus groups.

One meeting that we will organise will be for you to meet the Chief Underwriter at Novae Syndicate who lead our underwriting panel and sponsored our coverholder application to the Corporation of Lloyd's.

What do you want to learn about?

What are the big issues in front of you?

What sort of information do you want to hear from the insurer panel?

What is your preferred way of learning information?

If you can answer any of these questions please email Don Baskerville on Don.Baskerville@concordia.org.nz and he will find answers and ensure that FAQs are posted on the website or a newsletter is written or a meeting is held.

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