

Information Paper

Agenda Item: **Synod - Insurance**
Prepared by: Gavin Holley [General Manager]
Date: 3rd July 2025

1. Executive Summary:

In September 2024 Synod approved two motions [see page 15], requesting CPT to (i) evaluate the feasibility of the Diocese self-insuring [Motion 13], and (ii) to investigate key sites that might be insured and repaired following a major natural disaster [Motion 17]. Insurance of Christ Church Cathedral is excluded from this paper.

This report makes the following key observations and conclusions with regard to the motions:

Risk Appetite & Risk Assessment - Buildings

Risk appetite in this context can be broadly defined as the level of risk associated with its buildings that the Diocese is willing to accept. Reaching organisational agreement on risk appetite would normally be the first step of several in working toward any desirable risk mitigations [including insurance].

It is recommended that the Diocese and Synod address the acceptability or otherwise of the current risk appetite policy and undertake a buildings risk assessment prior to any substantive consideration of options to assume or mitigate risk [not being limited to self-insurance and material damage insurance only].

Self-Insurance [Motion 13]

Self-insurance occurs when an organisation resolves to [and can] meet the risk of cost of repair or replacement of an asset [to a lesser or greater extent], rather than transferring that risk such as in the case of an insurance policy with an insurance company, because it is considered more economic.

Self-insurance for material damage to churches and halls [\$560m cover for \$392k insurance premium currently] could be achieved through the establishment of a \$30m - \$40m fund derived from the sale of some 60 or so Diocesan properties [likely requiring the closure of some 6 to 10 ministry units], subject to (i) agreement of each ministry unit, (ii) suitable amendments to the CPT Act, and (iii) variations as necessary of property trusts.

Instead of selling such a significant number of properties and self-insuring, the sale of circa \$10m of property might be sufficient to establish an endowment to meet the future premium costs of church/hall material damage insurance premiums.

Otherwise, the most significant means of reducing the cost of insurance whilst maintaining suitable cover is to sell under-utilised churches and halls [and land], with the consequential benefits of additional funds to support capital projects and generating income.

Natural Disaster Insurance – Key Buildings [Motion 17]

The motion effectively asks that consideration be given to the Diocese having the capacity to ensure that a set of Key Buildings could be repaired, restored or replaced following a natural disaster such as a major earthquake, with particular reference to the predicted imminence of the Alpine Fault rupturing.

The subject of this motion is a consideration that has previously been discussed by both CPT and Standing Committee. It has the ability to assist the Diocese to more fully and promptly recover in the event of a major natural disaster such as a magnitude 8 alpine fault rupture. It is very straightforward in terms of how this could be achieved with insurers.

As noted by the motion, selection of the buildings/sites would require the involvement of CPT, Standing Committee, the Bishop, the Dean, the Archdeacons, and the DMT. The establishment of any groups and processes is beyond the scope of this paper.

At a premium level of circa \$15k per \$15m insured the additional premium to insure Key Buildings might be in the vicinity of \$100k. The Diocese is under significant financial strain and any funding for the proposed natural disaster insurance cover would be at the expense of currently funded activities [if operationally funded] or the asset base and future funded activities [if funded from capital]. Standing Committee and CPT should confirm a potential source of funding, and its consequential impact, before Synod agrees to take this matter forward. Possible funding options include:

- *General Trust Estate*
- *Ministry Unit Levy*
- *Sale of Property to establish an endowment fund*

Review

This paper would benefit from a review by the Vice Chancellor and Gallaghers [insurance broker].

2. The 2024 Motions

The Diocesan buildings risk strategy has been a topic of discussion for its constituent entities since its inception and especially following the Canterbury Earthquakes. In September 2024 Synod approved two motions [see page 15]:

Motion 13: Insurance of Church Property

Requesting CPT to *“evaluate the feasibility of the Diocese “self-insuring”*”.

Motion 17: Diocesan Insurance in Respect of a Major Disaster

Requesting *“CPT to work with Standing Committee, the Bishop, the Dean, the Archdeacons, and the DMT to investigate”* how a minimal number of key churches [assumed to include halls] throughout the Diocese might be insured and repaired following a major natural disaster [e.g. Alpine Fault Rupture].

This paper considers both motions.

3. Preliminary Discussion:

It’s worthwhile to briefly consider (i) risk, risk appetite, risk assessment, and risk mitigation, (ii) history and context, and (iii) financial challenges faced by the Diocese and ministry units, before further discussing the motions.

Risk

Risk can be simply defined as a measure that something may go wrong. Risk can be avoided [e.g. by not doing something], reduced [e.g. putting in place some protections], transferred [e.g. gaining an underwrite] and accepted [e.g. not preparing for a risk]. In the context of risk,

Motion 13 largely promotes a level of *risk acceptance* [by the Diocese], whilst Motion 17 promotes a level of *risk transfer* [to insurers]. These are explained later in the paper.

Risk Appetite

Risk appetite can be broadly defined as the level of risk the Diocese and its entities are willing to accept in support of mission and ministry. For the Diocesan building portfolio this is not just about risk of continued use, but also the extent to which individual buildings promote [or hinder] mission and ministry and the growth of the Diocese – the latter of which is not the focus of this paper.

Reaching organisational agreement on risk appetite would normally be the first step of several in working toward any desirable risk mitigations. With regard to the protection of buildings, the *mandated* current risk appetite of the Diocese can be summarised as follows:

- The Diocese, ministry units and CPT *will not assume* the financial risk of significant damage to, and loss of, any buildings due to fire, flood and tsunami [i.e. material damage].
- The Diocese, ministry units and CPT *will not assume* the financial risk of significant damage to, and loss of, dwellings due to earthquake [i.e. natural disaster].
- The Diocese, ministry units and CPT *prefer not to tolerate* the financial risk of significant damage to, and loss of, churches and halls due to earthquake [i.e. natural disaster].
- The Diocese, ministry units and CPT *will not assume* the assumption of financial risk due to significant damage to, and loss of, commercially leased buildings as a result of earthquakes [i.e. natural disaster].
- Alternatively explained: the Diocese, ministry units and CPT insure buildings against damage by, and loss because of, fire, flood and tsunami [i.e. material damage]; likewise dwellings [such as vicarages] and commercially leased buildings are insured against natural disasters such as earthquakes; and prefers, where affordable for the ministry unit, to insure churches and halls against natural disasters such as earthquakes.

Risk Assessment

Prior to any consideration of risk mitigation, it is standard commercial practice that a risk assessment be undertaken. The risk assessment, following on from formalisation of an organisational risk appetite, provides the key risk information necessary to consider the nature and level of risk exposure prior to any risk mitigations. In the context of the Diocesan buildings' portfolio, no comprehensive internal risk assessment has been undertaken.

Risk Mitigation

Existing risk mitigations can be matched against the assessed risks to determine the extent to which any residual risk is considered to be below or above the organisational risk appetite. A list [not exhaustive] of existing buildings risk mitigations is provided below:

- Number of buildings [e.g. if some are lost, others may remain for use]
- Location [e.g. not in a tsunami zone]
- Materials [e.g. steel reinforced concrete]
- Design [e.g. no internal gutters]
- Condition [e.g. very well maintained]
- Construction [e.g. seismic capacity at 100% New Build Standard [NBS]]
- Systems [e.g. sprinklers installed]
- Insurance [e.g. material damage cover]
- Regular independent valuations

Examples of additional risk mitigations [on an individual building basis] that will likely occur in future include:

- Strengthening [e.g. to/above 34% NBS]
- Additional fire protection [e.g. sprinklers]
- Healthy Homes [e.g. heating and double glazing]
- Age/Condition [e.g. sell and buy newer residence]
- Betterment [e.g. rewiring and reroofing]
- Sale [e.g. unused buildings]
- Security [e.g. improved locks and cameras]
- Power Supply [e.g. solar]
- New construction to 100% NBS

It is important to note that there can be both operational and legal considerations in establishing a risk appetite and considering risk mitigations [following a risk assessment]. Ministry units and the Diocese might take a more operational approach to risk mitigation for buildings whilst CPT, with its statutory responsibilities as trustee, would take a more legal approach to risk mitigation.

CPT is legally required to administer trust property in a manner that advances the charitable objects on which the property is held. This includes taking reasonable steps [including insuring] to prevent losses to the trust property which will harm the future ability of the trust property to be utilised for its charitable purposes.

Recent History - Insurance

Prior to the Canterbury Earthquakes a number of ministry units were already struggling to afford full insurance cover. Some ministry units had sought and gained approval from CPT to insure some or all of their buildings for indemnity value [IV, i.e. depreciated value], on the basis that if significantly damaged those buildings would be demolished or sold [as they were not critical to mission and ministry].

Despite the assurances from ministry units that buildings insured for IV would be demolished or sold if significantly damaged, some of these buildings were subsequently repaired - at times to the significant financial cost [especially running down of long held reserves] and effort of the ministry unit.

The Canterbury Earthquakes created a 'perfect storm'. The physical and social impact on Canterbury was more extensive and significant, damage to buildings more extreme, more lives were lost, repairs/rebuilds more expensive and took longer, insurers more difficult to deal with, and insurance premiums escalated more than most thought ever possible.

In addition to the above impacts, ministry units have overall seen their income fail to keep pace with inflation whilst insurance premiums continued to escalate so significantly that only a relatively small proportion of churches and halls were insured for natural disaster. Dwellings continued to remain fully insured.

Current Insurance Cover

Understanding the current insurance cover and cost is helpful to the discussion that follows in this paper. Insurance is arranged via the brokers Gallagher through a competitive process with potential insurers. Insurance cover is currently with NZI/OMPL. The cost of the

2025/2026 insurance [excludes GST, broker fees and any internal Diocesan/CPT costs] is simplified in the summary below in respect of all buildings, non-residential and residential:

2025/2026 Insurance Premiums	Material Damage	Natural Disaster	Business Interruption	Liability	Total
Insurer Premium	\$492,350	\$107,851	\$5,176	\$39,350	\$644,727
EQC		\$38,122			\$38,122
Fire Service	\$49,992				\$49,992
Total	\$542,342	\$145,973	\$5,176	\$39,350	\$732,841

This paper assumes that the following insurance cover does not form part of the self-insurance proposition:

- Residential cover for material damage and natural disaster [this point is discussed later]
- Business interruption
- Liability

The insurance cover and associated cost that is to be addressed regarding self-insurance is therefore specific to the churches/halls material damage. The cost of this premium for 2025/2026 is \$354,363 [excluding residential] and an associated Fire Service levy of \$37,632 [excluding residential] for total maximum cover of \$560m.

4. Self-Insuring [Motion 13: Insurance of Church Property]

What is Self-Insurance?

Self-insurance occurs when an organisation resolves to [and can] meet the risk of cost of repair or replacement of an asset [to a lesser or greater extent], rather than transferring that risk such as in the case of an insurance policy, because it is considered *more economic*.

Perhaps the most well-known example of this is a large business choosing to repair/replace its motor vehicles in the event of a loss. For the Diocese to self-insure it would need access to funds to the value of the corresponding reduction in the current buildings [Material Damage at Replacement Value] policy cover, and it would need to be determined that there is an economic benefit.

Where an organisation commits to *partially* fund the cost of repair/replacement [without securing an insurance policy to cover the risk of shortfall in funds], then it has *both partially mitigated and partially accepted* the risk. It will not have achieved self-insurance.

Almost all property owners, including the Diocese, *partially* self-insure to an extent when holding insurance policies that apply an excess. The excess is that portion of the sum insured that is left for the insured party to carry at their risk and assumes that the insured party can meet that cost in the eventuality of a claim.

Rationale for Self-Insuring

As discussed above, the commonly accepted rationale for self-insuring is that the *risk mitigation* [funds availability] sufficiently offsets the *decreased risk transfer* [reduced insurance cover] and is a more economic approach.

It is logical that when organisations struggle to meet the cost of rising premiums [in this context it is clear that insurance premiums are becoming increasingly unaffordable for ministry units - see pages 10 and 11] that they turn to consider the option of self-insurance, as well as other options reducing premium costs including:

- Functional Replacement Value [FRV - same size/functionality but not design/construction]
- Indemnity Value [IV – depreciated value]
- Demolition Value [DV – demolition only]
- Increased excess
- Parametrics [agreed metrics determine if the policy responds]
- Captive [offshore] Insurance
- No cover
- Disposal of buildings

From a Diocesan-wide perspective the option that provides by far the greatest level of premium savings, whilst not assuming greater risk, is that of disposal of buildings. This also has the consequential benefits of sales proceeds, returns on investment, and/or reinvestment in other buildings or mission and ministry.

Self- insurance could be successfully achieved by the Diocese where there is:

- i. Economic evidence in support of self-insurance as opposed to external insurance.
- ii. Clarity of the extent to which self-insurance, as opposed to the assumption of risk, is intended to be achieved.
- iii. Actuarial analysis to determine the level of financial risk to be self-insured.
- iv. Establishment of an insurance reserve [ideally fully funded at the outset] able to meet the full cost of the worst case loss scenario or significant claims in subsequent years.
- v. Development of clear rules of operation [e.g. policy cover including excess].
- vi. Funding of additional internal resources to administer the programme, noting that there would be no insurer/actuarial and broker support.

It would be extremely challenging to determine if the Diocese and ministry units would benefit from self-insurance. The insurance industry employs actuaries and has complicated and sophisticated risk modelling systems to estimate risk – CPT has no such expertise or systems.

There is the possibility of saving the cost of approximately \$19k per annum in Fire Service Levies [\$38k current cost less \$19k future cost] following self-insurance of churches and halls. It is assumed that any savings in broker fees would be offset by the cost of additional necessary CPT resources.

Establishing a Self-Insurance Fund

As mentioned previously, there is some insurance cover that is not considered to be part of the self-insurance proposition. Natural disaster cover is considered important for Diocesan residential and commercially leased properties, with such cover being available only as an addition to material damage policies with insurers [and possibly parametric cover, which this paper does not consider]. Natural disaster cover [insurer and EQC/NHI] would not be available on self-insured properties.

Accepting that there may be a financial benefit to the Diocese in self-insuring and that it is for material damage replacement cover for churches and halls, this could be achieved through

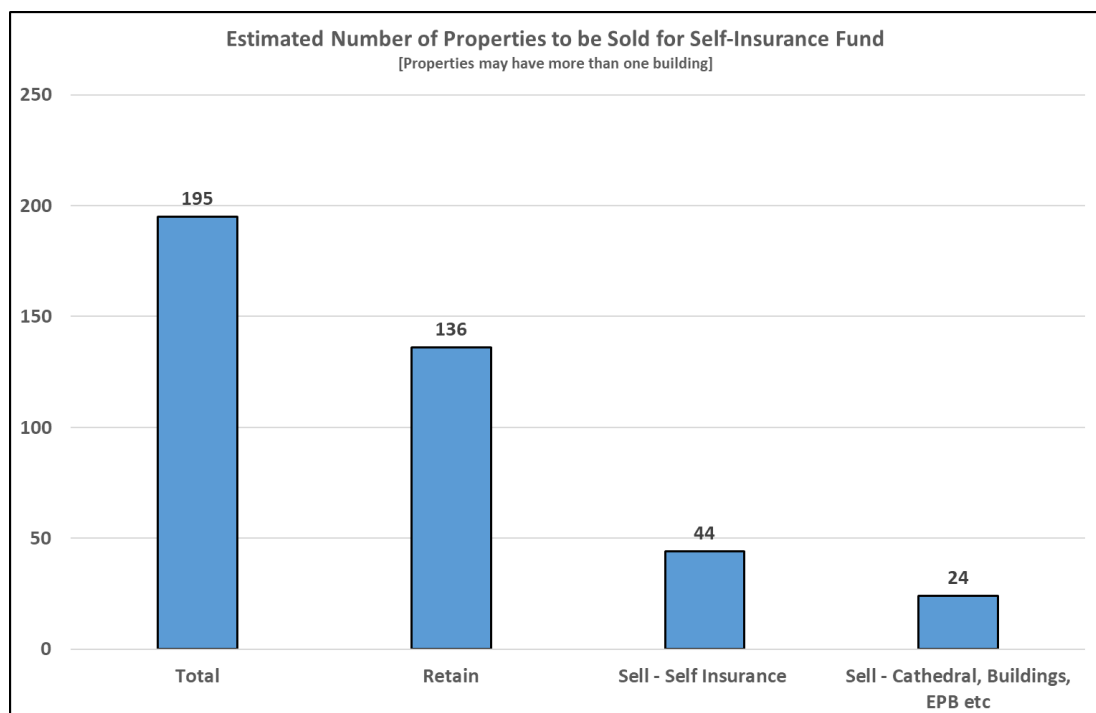
the sale of sufficient properties to establish the self-insurance fund. The following steps could be taken to facilitate this:

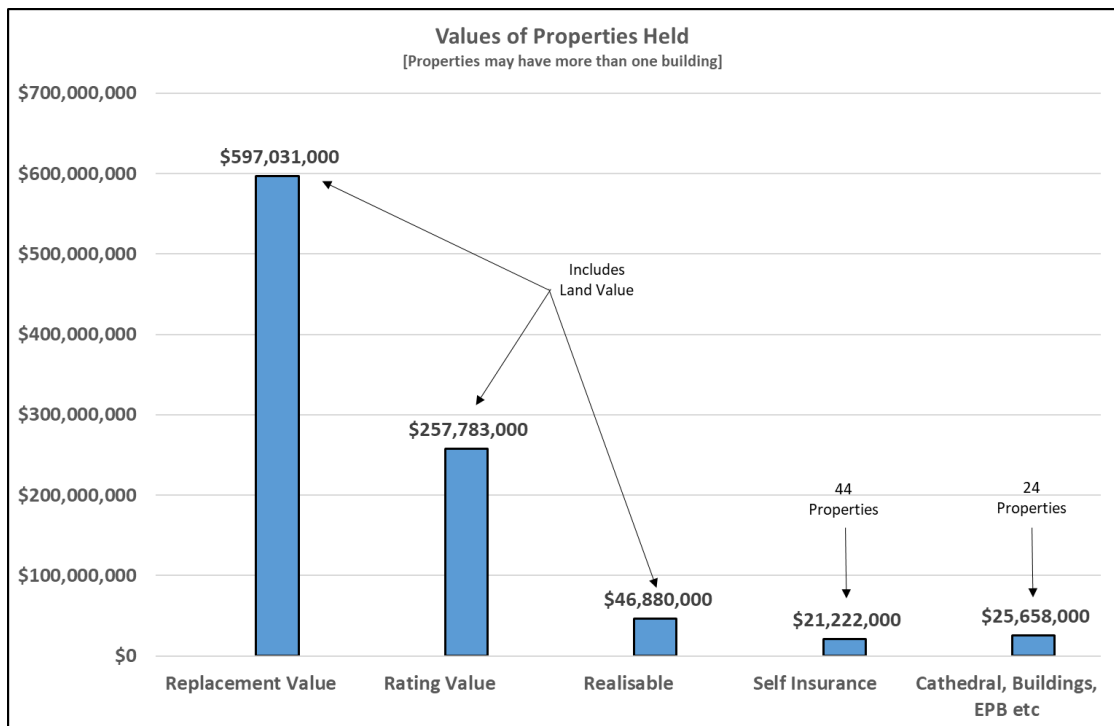
1. Agree the level of funding required. The minimum value might be set at circa \$30m [loss of two large city sites] to \$40m [the loss of St Mary’s Timaru].
2. Individual ministry units [in each and every case necessary], CPT and Standing Committee agreeing to the sale of sufficient properties to achieve net proceeds of circa \$30m - \$40m for a self-insurance fund.
3. Amending the CPT Act to permit local endowment trust property sale proceeds [capital] to be applied for the benefit of the wider Diocese.
4. Varying property trusts as required to ensure that sale proceeds can be applied to the purpose of insurance costs.
5. Undertaking a programme of property sales over as short as possible a period to reach the \$30m - \$40m target.

A high level analysis [CPT General Manager’s preliminary analysis] indicates that approximately 60 properties might need to be sold [excluding those committed to, or likely to be committed to, for sale to fund other matters], for an estimated value of \$40m [using rating values as a reasonable proxy for basing sales values] – please see the two charts below.

However, only some 40 properties achieving circa \$20m in sales proceeds is estimated as being achievable without the direct closure of some [maybe 6 to 10] ministry units – noting that the sale of 40 properties might affect the financial viability of some ministry units. Further property sales might be required in future to increase the self-insurance fund if it fails, after investment returns less claims [especially should an early and large claim occur], to keep pace with the long run construction cost inflation of 4%.

It is worthwhile noting that sale of circa \$10m of property might be sufficient to establish an endowment to meet the future premium costs of church/hall material damage insurance [as opposed to \$30m to \$40m sale of property for a self-insurance scenario].





It has been variously reported to the boards of CPT and Standing Committee that, per the CPT Act, most Diocesan properties held in trust are local endowments for which only surplus income may be made available beyond the ministry unit. These properties may also individually have further restrictions in the use of the trust assets and may require variation.

Properties not held in trust as local endowments will range from being held generally for ecclesiastical purposes [generally within the Diocese] to being held for parochial and/or restrictive purposes [e.g. a Sunday school].

Amending the CPT ACT and varying trusts as required would enable the sale proceeds from properties to be applied toward capitalising the self-insurance fund. CPT is currently engaged in projects to amend the CPT Act [2-4 years?] and vary trusts [2-3 years?]. It is not certain that the necessary changes would be approved by each ministry unit, Synod, the Attorney General and Parliament.

'Self-Insurance' - Example

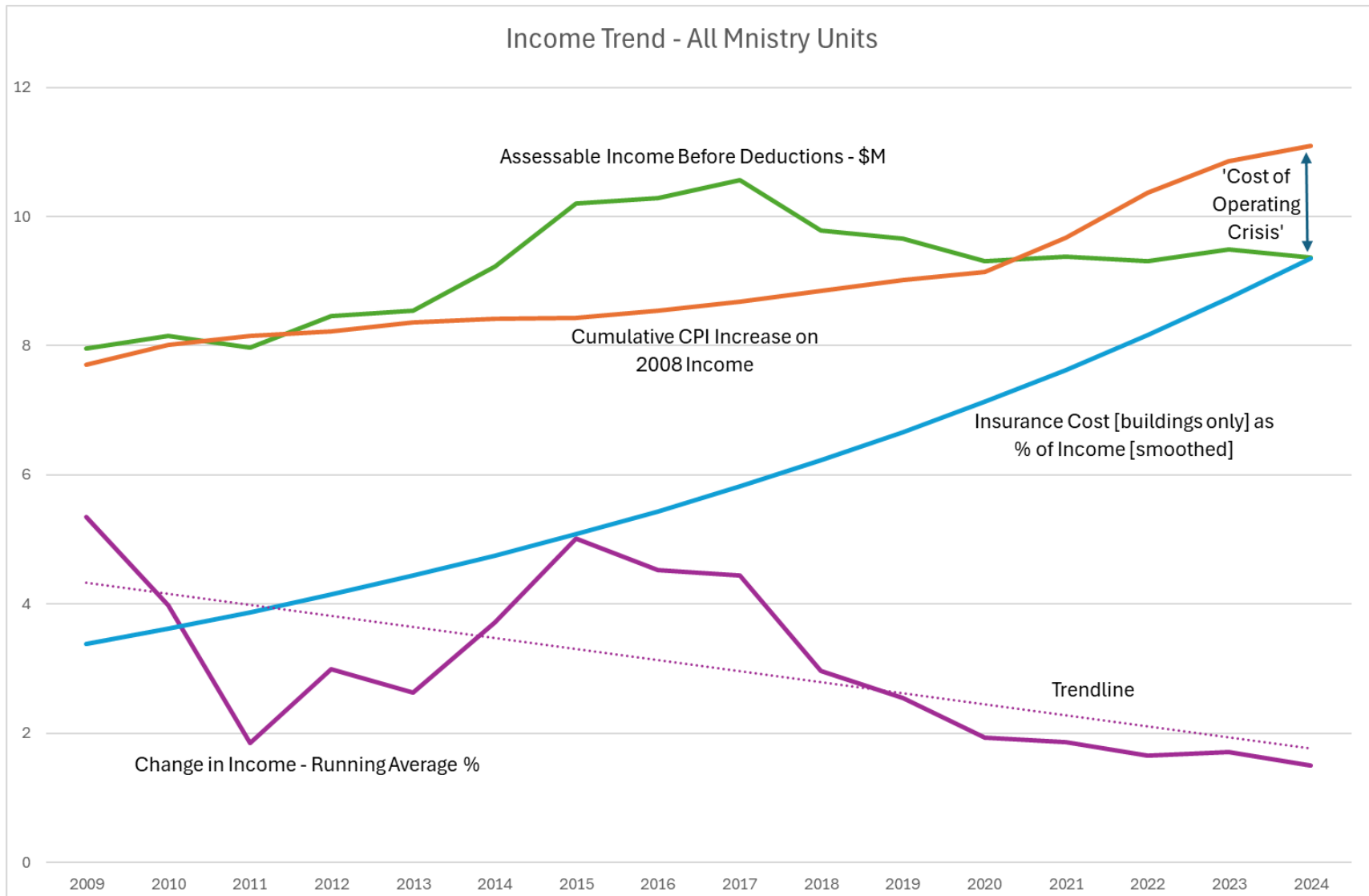
So called 'self-insurance' models such as that operated by the Catholic Diocese of Dunedin [see pages 16 -17] typically do not operate to self-insure. They actually operate to both assume risk [to a high level] and self-insure [to a low level] risk. The Catholic Diocese of Dunedin 'self-insurance scheme':

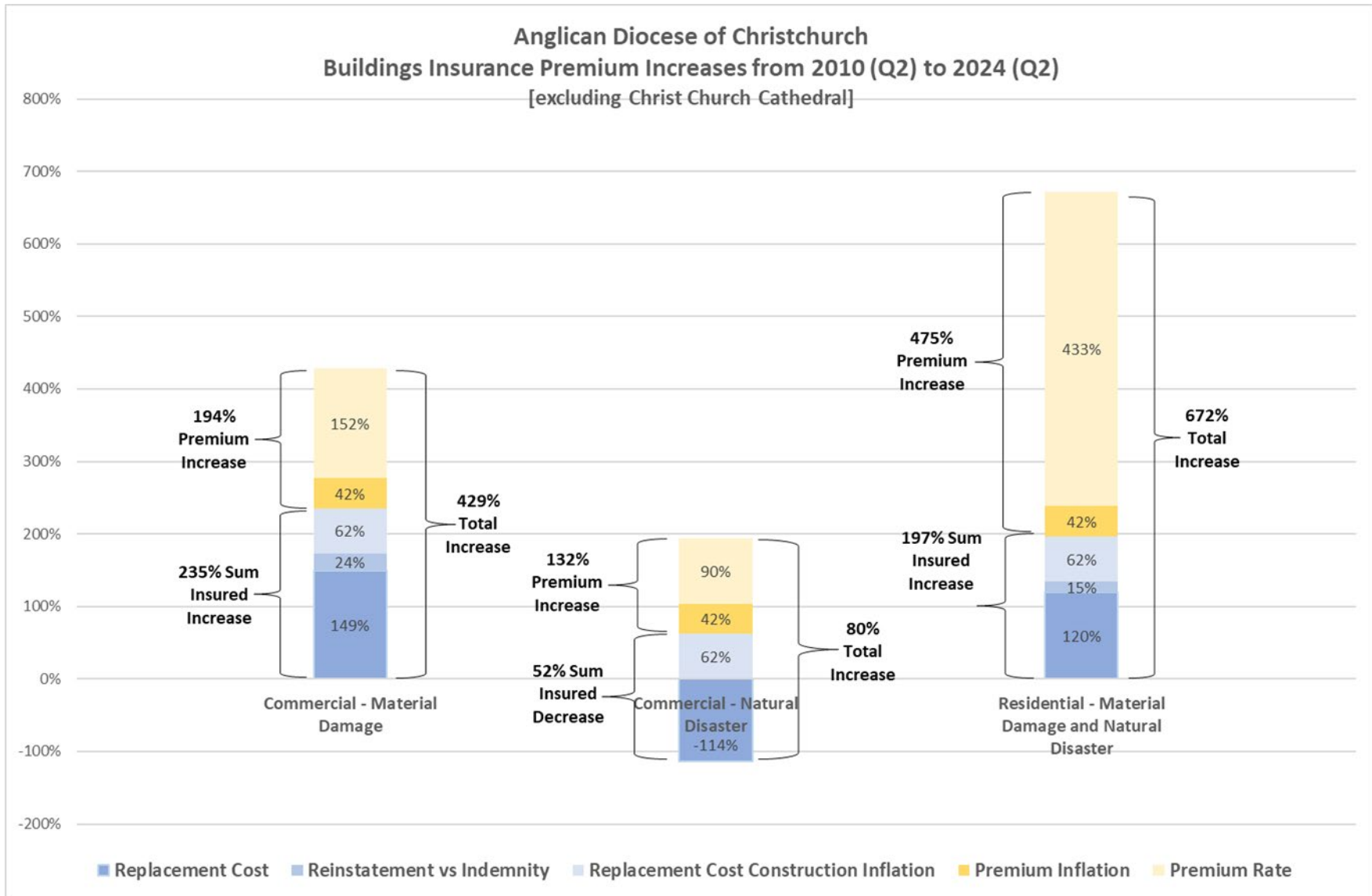
- Is designed to ensure continuation of mission and ministry
- Does not ensure damaged buildings would be repaired or replaced
- Has an inflation adjusted fund value of just \$1m
- Requires a Diocesan underwrite [i.e. exposure] until the fund reaches \$1m
- Has a maximum payout value of \$250k
- An excess of \$25k
- Excludes schools and rental properties

Father Gerard Ansley of the Catholic Diocese of Dunedin is quoted as saying *“It's not really a self-insurance fund”* [Radio NZ, 26th April 2025].

Conclusion

Self-insurance for churches and halls of the Anglican Diocese of Christchurch is possible, provided the Diocese embarks on action which almost certainly involves radical change to the properties we currently have [e.g. we would have to sell a number of them] and to the way we view funds realised from the sale of properties [e.g. we would need to find a legal mechanism and a generosity of parish spirit to enable such funds to be shared across the Diocese to fund a self-insurance scheme].





5. Natural Disaster Insurance – Key Buildings [Motion 17]

This motion requested “CPT to work with Standing Committee, the Bishop, the Dean, the Archdeacons, and the DMT to investigate” how a minimal number of key churches [assumed to include halls] throughout the Diocese might be insured and repaired following a major natural disaster [e.g. Alpine Fault Rupture].

The motion effectively asks that consideration be given to an additional risk appetite policy of not assuming financial risk due to significant damage to, and loss of, Key Buildings as a result of earthquakes [i.e. natural disaster]. There are currently two ministry units that insure their churches/halls for natural disaster – Merivale and Sumner-Redcliffs.

This subject of this motion is a consideration that has previously been discussed by both CPT and Standing Committee. If affordable, it has the ability to assist the Diocese to more fully and promptly recover in the event of a major natural disaster such as a magnitude 8 alpine fault rupture. It is very straightforward in terms of how this could be achieved with insurers.

The two major challenges posed by the motion are (i) the selection of the buildings/sites, and (ii) the funding of the premium cost.

Selection of the buildings/sites

As noted by the motion, selection of the Key Buildings would require the involvement of CPT, Standing Committee, the Bishop, the Dean, the Archdeacons, and the DMT. The establishment of any groups and processes is beyond the scope of this paper.

Funding of the premium cost

It is not possible to reasonably estimate the possible additional insurance premium cost without it having been determined which buildings/sites would be the subject of the natural disaster insurance cover.

At an estimated premium level of circa \$15k per \$15m insured, and assuming the following, the additional premium cost might be in the vicinity of circa \$80k to 100k.

- Urban [city and town] sites only
- Eight sites in total [excluding the Cathedral]
- Site replacement values from \$5m to \$20m
- Total funded natural disaster sum insured circa \$80m - \$100m [8 x \$10m to \$12m]

Any analysis of additional insurance cover cost needs to consider the long-run premium increase rate of 7% per annum [noting that there are significant peaks due to seismic events and variability due to softening/hardening of the insurance market] and the long run increase in replacement value [driven by construction cost inflation] of 4%.

The Diocese is under significant financial strain and any funding for the proposed natural disaster insurance cover would be at the expense of currently funded activities [if operationally funded] or the asset base and future funded activities [if funded from capital].

This does not mean it is impossible to move forward with the establishment of a list of Key Buildings and determining that they will be insured to the highest level. It does mean that Synod will have choices to make in order to make progress on this matter.

Other considerations include:

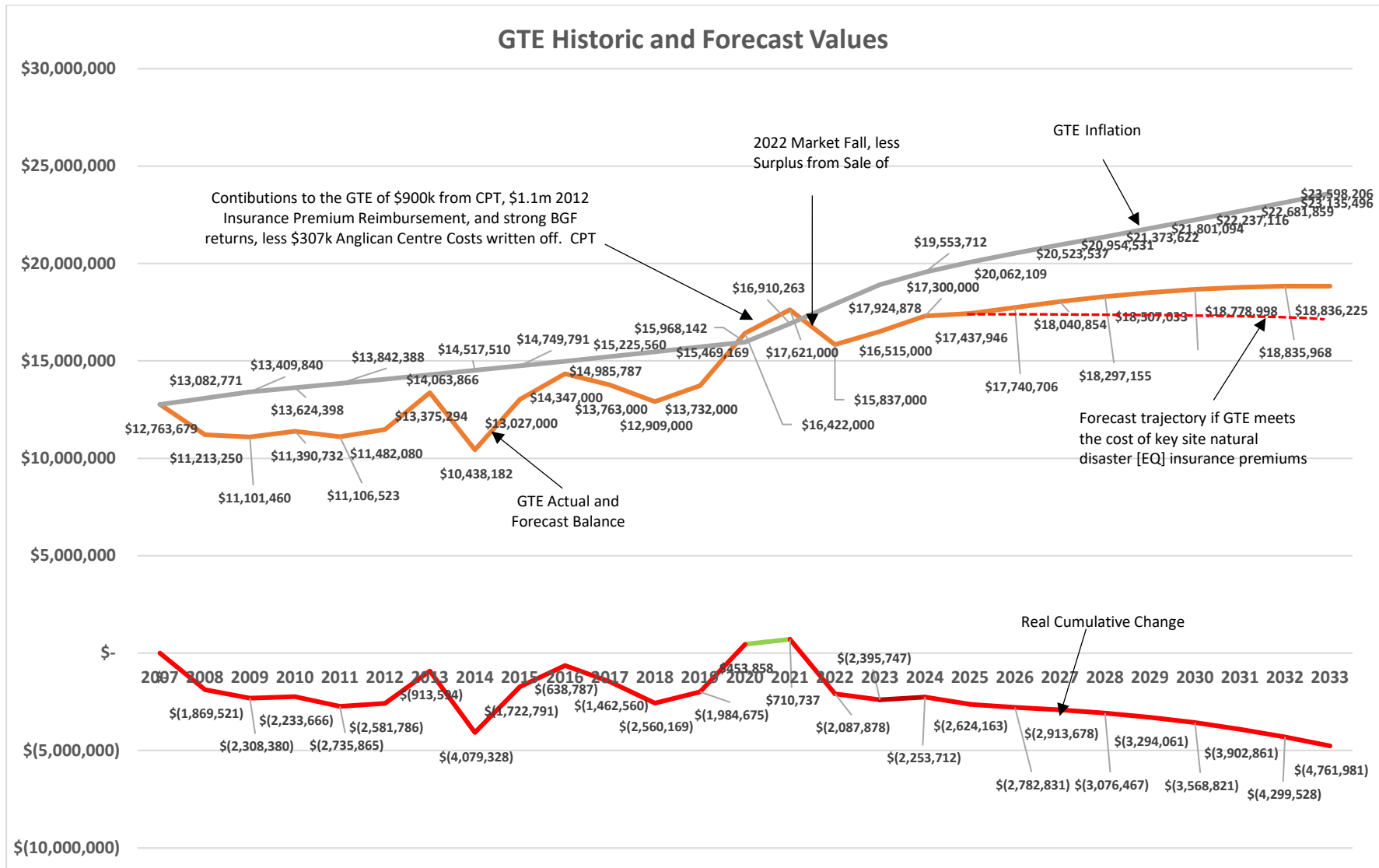
- There is a need for new/extended/improved buildings within the Diocese
- A significant majority of ministry have operational financial losses, with congregational numbers overall declining
- All available 'windfall' assets/funds are being redirected to the Cathedral whenever possible
- There are still over a dozen buildings designated as earthquake prone [EPB] and for which there are funding shortfalls
- There is significant tension over ministry unit affordability of quota obligations
- St John's College funding is under pressure
- The three estates remain undercapitalised

Standing Committee and CPT should confirm a potential source of funding, and its consequential impact, before Synod 2025. Possible options include:

- *General Trust Estate [GTE]*. As noted above the GTE remains undercapitalised. Since 2021 it has increasingly lost real value [taking into consideration inflation]. Meeting the cost of the additional natural disaster premium for the key sites from the GTE would escalate its future decline in real value, as indicated in the chart below [see page 14 - dashed red line]. By 2033 the GTE value is estimated to have reduced by \$1.5m as a result of the premium costs - an 8% decline in value and widening the inflation protected gap from 20% to 26%.
- *Ministry Unit Levy*. A levy could be charged to all ministry units [on a basis to be determined] to meet the additional annual premium cost. This would place a modest but additional financial cost on ministry units that some would struggle to afford.
- *Sale of Property to establish an Endowment Fund*. It is estimated [via high level analysis] that circa \$3m of property sale proceeds could meet the cost of the additional natural disaster premium for 20 years, after which point it would be exhausted. \$5.4m may last 30 years. The reason that the funds would not be permanent is that roughly halfway through their operation the compounding increase in insurance premiums and construction inflation begin to outweigh the return [assumed to be 7%] on the fund.

Conclusion

Insuring Key Buildings of the Anglican Diocese of Christchurch for earthquakes [natural disaster] is possible, provided the Diocese agrees the list of Key Buildings and how the additional premium would be funded.



Synod 2024 Insurance Motions

1. Insurance –

Two insurance related motions were passed. As a result, CPT will need to embark on a project to review aspects of property insurance and report back to Synod 2025 in respect of self-insurance and insurance in respect of a major disaster.

MOTION 13: INSURANCE OF CHURCH PROPERTY

Preamble:

WHEREAS it is becoming increasingly expensive to insure Diocesan properties, and it may no longer be realistic to insure them for their full replacement value, a possible alternative is that we explore providing our own cover, that is self-insuring.

That this Synod:

Requests the Church Property Trustees to evaluate the feasibility of the Diocese “self-insuring.”

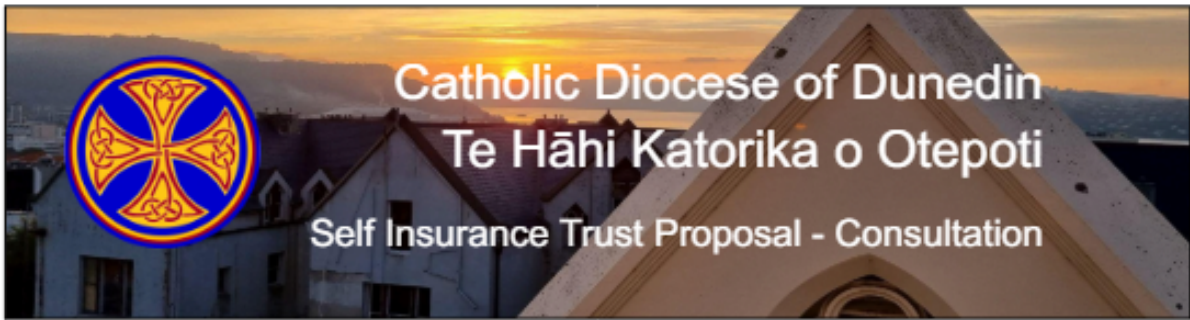
Note: “self insuring,” is a scheme whereby we collect our own premiums, and this is held in trust and decisions relating to pay out are our own.

MOTION 17: DIOCESAN INSURANCE IN RESPECT OF A MAJOR DISASTER

That this Synod:

1. acknowledges the probability that a natural disaster such as the Alpine Fault or the Hikurangi subduction rupturing will occur within the lifetime of some of its members:
2. notes that few ministry units have insurance cover for their buildings in the event of such disaster.
3. acknowledges that a significant natural disaster could leave the Diocese without means to repair or rebuild a minimal number of churches for future worship services
4. requests CPT to work with Standing Committee, the Bishop, the Dean, the Archdeacons, and the DMT to investigate relevant matters such as (but not necessarily limited to):
 - a. where a minimal number of churches for the Diocese to function following a major natural disaster might be located across Canterbury, Westland, and the Chatham Islands;
 - b. what insurance cover to ensure such churches were functioning in a reasonable period of time was required;
 - c. the extent to which the Diocese would need to assist the designated ministry units with costs of premiums for natural disaster insurance cover; and
 - d. the implications of such assistance for Diocesan budgets beyond 2026.

Catholic Diocese of Dunedin, Self Insurance Trust Proposal – Consultation Paper



The Proposal

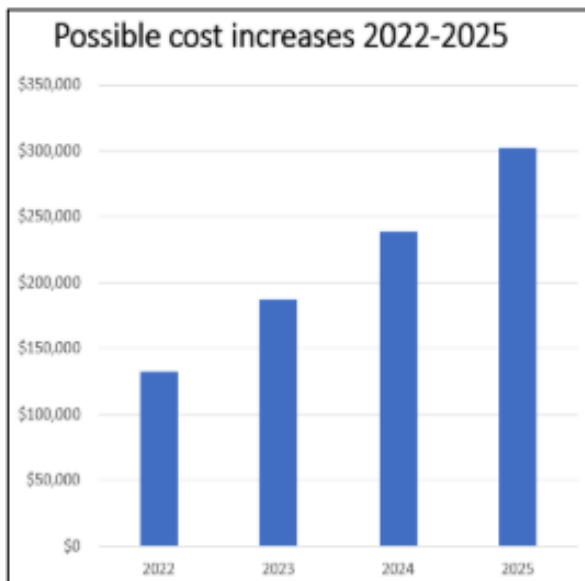
1. That parishes no longer purchase insurance.
2. That parishes pay into a "Self-Insurance" Trust Fund

Parish Finance Committees have been consulted about the proposal to self-insure at a Diocesan wide level. This newsletter brings the proposal to all our parishioners and stakeholders to allow transparent, informed discussion and feedback to occur in our communities. The proposal has had input from our insurance brokers, an insurance actuary and the Diocesan Finance Committee.

The Rationale

1. Insurance is becoming (already is!) unaffordable.

The following graph and charts illustrate the issue:



	Cathedral	Mosgiel/Gl	Dunedin North	Dunedin South	Damaru
	\$9,574	\$4607	\$7,759	\$13,916	\$11,275
	\$2,378	\$3573	\$1,861		
	\$2,775				
2022	\$14,727	\$8180	\$9,620	\$13,916	\$11,275
	\$14,475	\$5,381	\$11,515	\$20,818	\$16,812
	\$3,148	\$6,852	\$2,718		
	\$4,442				
2023	\$22,065	\$12,233	\$14,233	\$20,818	\$16,812
2024	\$28,022	\$15,536	\$18,076	\$26,439	\$21,351

	Invercargill North	Invercargill South	Gore	Winton/Te Anau	Western Southland
	\$4,963	\$13,241	\$10,982	\$3,521	\$2,270
	\$4,069	\$4,515		\$1,149	
2022	\$9,032	\$17,756	\$10,982	\$4,670	\$2,270
	\$7,391	\$19,859	\$16,679	\$5,290	\$3,333
	\$6,044	\$6,630		\$1,590	
2023	\$13,435	\$26,489	\$16,679	\$6,880	\$3,333
2024	\$17,060	\$33,641	\$21,182	\$8,738	\$4,233

	Alexandra	Upper Clutha	Queenstown	Ranfurly	South Otago
	\$5,097	\$4,406	\$4,961	\$3,066	\$2,525
	\$1,109				\$1,418
					\$3,699
2022	\$6,206	\$4,406	\$4,961	\$3,066	\$7,642
	\$7,515	\$6,657	\$7,301	\$4,532	\$3,733
	\$1,666				\$2,050
					\$1,207
2023	\$9,181	\$6,657	\$7,301	\$4,532	\$6,990
2024	\$11,660	\$8,429	\$9,272	\$5,756	\$8,877

2. Insurance exists to protect us from risk. As a collective, we do not have the same effective risk as an individual.

We have other options that can be considered in the event of a property being significantly damaged such as using our school facilities in the short term or renting property.

Our Claims History



Over the last ten years there was only one significant claim which resulted from an arson at the Invercargill Central Presbytery. Over the last 30 years there have been very few claims.

Observation: While the potential loss to property is significant in a catastrophic disaster, the effective risk is very low. If we have a disaster management plan detailing our Parish "Plan B", the risk is still there but it becomes more acceptable.

The Self-Insurance Plan

This scheme would work by establishing a \$1 Million fund that would be held in trust under the Parish's name for audit purposes.

Each year the Parish would contribute to the fund rather than paying the insurance companies. The amount would increase with inflation to maintain the effective value of the trust fund.

To prevent the fund being eroded by small claims, minor claims (under \$25,000?) would be covered by the Parish as part of their maintenance budget.

If, as an example, we used the 2023 insurance contributions as our starting place, the following table shows examples of the potential for growth:

	Cathedral	Mosgiel/GI	Dunedin North	Dunedin South	Oamaru
2024	\$23,168	\$12,845	\$14,945	\$21,859	\$17,653
2025	\$24,327	\$13,487	\$15,692	\$22,952	\$18,535
2026	\$25,543	\$14,161	\$16,476	\$24,099	\$19,462
2027	\$26,820	\$14,869	\$17,300	\$25,304	\$20,435
2028	\$28,161	\$15,613	\$18,165	\$26,570	\$21,457
2029	\$29,569	\$16,393	\$19,074	\$27,898	\$22,530
	\$157,588	\$87,368	\$101,652	\$148,682	\$120,071

How would claims be managed?

A committee with a finance committee representative from Southland, Central Otago and Greater Dunedin would review each claim for equity.

This committee would need to consider, in conjunction with the Bishop, what is the best response should there be an event and whether or not a particular building would be replaced.

It is important to state at the outset that the fund is modest and is aimed at ensuring we can continue our church mission and house our clergy. It is not a "like for like" replacement scheme.

As it will take 5 years to build up the fund to \$1Million, the diocese would support parishes to respond to events falling within the first 5 years.

The time-frame for a decision

In order to give our insurers time to act, we need a decision by the 20th of February. Please talk to your parish finance committee and make your view known. Your feedback is important as we want people to be fully included in the decision making process so there are no surprises.

As you can see, we are in the process of developing a plan collaboratively, so we do not have all the answers. There are still a number of details to consider, however your finance team have attended meetings to discuss these issues in more detail and will be able to share this information with you.

Finally: Yes there are risks, but can we afford to pay the increasing premiums?