



The Proposal

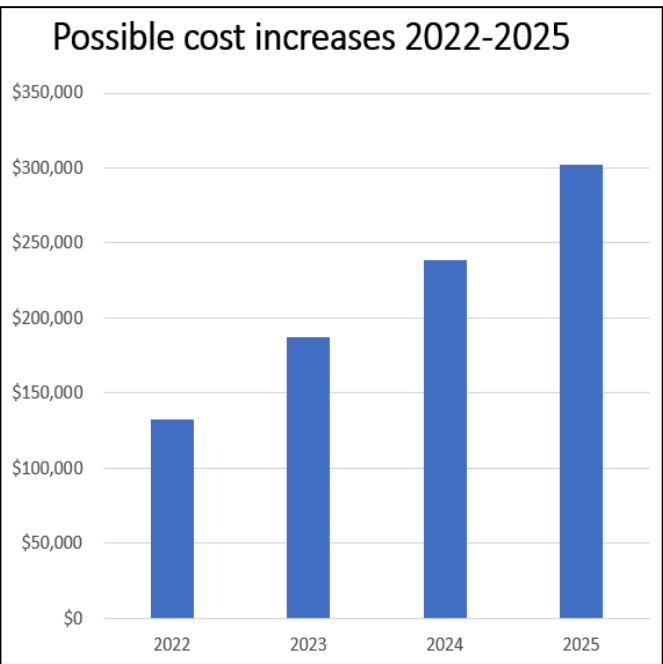
1. That parishes no longer purchase insurance.
2. That parishes pay into a "Self-Insurance" Trust Fund

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/GI	Dunedin North	Dunedin South	Oamaru
	\$9,574	\$4,607	\$7,759	\$13,916	\$11,275
	\$2,378	\$3,573	\$1,861		
	\$2,775				
2022	\$14,727	\$8,180	\$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

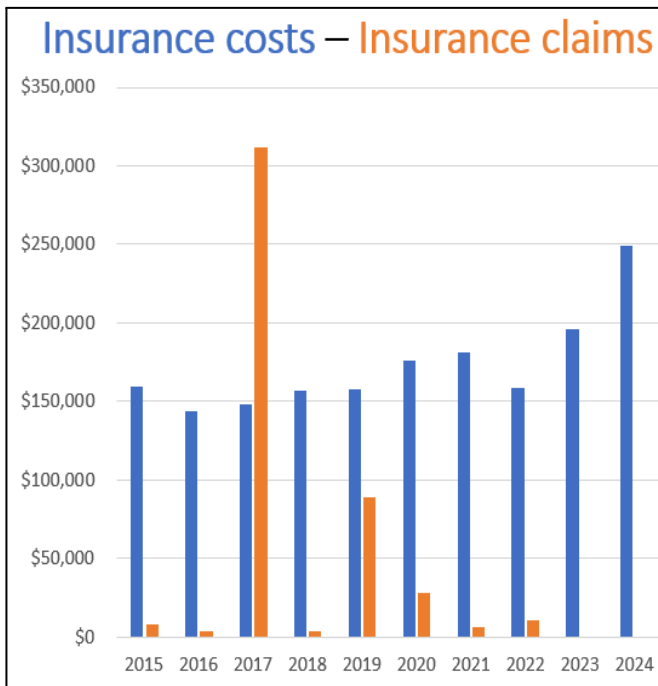
	Invercargill North	Invercargill South	Gore	Winton/TeAnau	Western Southland
	\$4,963	\$13,241	\$10,982	\$3,521	\$2,270
	\$4,069	\$4,515		\$1,149	
2022	\$9,032	\$17,756	\$10,982	\$4,670	\$2,270
	\$7,391	\$19,859	\$16,679	\$5,290	\$3,333
	\$6,044	\$6,630		\$1,590	
2023	\$13,435	\$26,489	\$16,679	\$6,880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

	Alexandra	Uppper 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	\$6,637	\$7,301	\$4,532	\$3,733
	\$1,666				\$2,050
					\$1,207
2023	\$9,181	\$6,637	\$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?