



New Zealand Catholic Church Insurance Scheme

Overview of Insurance for Schools

For renewal 2024



Our commitment to you

As your insurance adviser and broker, we are committed to positioning your company to survive any insurable event.

Based on our deep understanding of your business and the challenges you face, we work in partnership to implement risk mitigation and insurance programmes that protect you from present and future risks.

Together we build long-term certainty for your business.

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Introduction

This short guide has been created to provide an overview of the insurance in place for Catholic schools with assets insured under the New Zealand Catholic Church Insurance Scheme (NZCCIS).

As an introduction, the six Catholic dioceses in New Zealand participate in NZCCIS and purchase insurance collectively. The principal benefits of the collective are:

- Ensures that all dioceses secure suitable insurance to provide comprehensive cover
- Enables broad coverage to be obtained for all assets, irrespective of type and risk; as all the assets in a diocese are insured this means that those “less desirable” risks, such as old buildings with a higher risk profile, do not have as many limitations imposed on the cover available that would apply if cover was sought on a single risk basis
- Provides the most cost-effective premium for broad coverage; something critical in the present insurance market conditions

Within this guide we highlight:

- A summary of the cover in place
- Excesses that apply to claims
- Key exclusions
- Key considerations for the School should an event occur

The cover summaries are not designed to be comprehensive, and the policy wordings will be the basis of determining a valid claim.

- This guide details the Property Damage and Business Interruption insurances:

Schools should continue to deal with their respective diocese, and usual contact, for insurance queries and the like.

Property Damage/Business Interruption

Summary of cover

Cover is arranged on an *All Risks* basis of cover including *Natural Disaster* and is on a broad wording with some key extensions applying.

The policy covers all of the assets of the diocese, including diocesan schools, parishes and trusts as well as the assets of a number of Proprietor Trust Boards. Any assets owned by the Board of Trustees such as contents and the like are not included under this programme. Boards of Trustees also have their own, separate, liability insurances in place.

Some liability cover is secured for College Proprietor Trust Boards who own assets and are insured through NZCCIS. This cover is in relation to ownership and management of the assets. Information on this is provided through your diocese.

Due to the values insured cover is on a Loss Limit basis and is with a panel of insurers which, presently, is as follows:

- Lead Insurer: AIG New Zealand
- Other (or Follow) Insurers: QBE Australia and London Insurers/Lloyds Syndicates

Due to the large number of assets insured, each year sees a large amount of low value, high frequency claims (window damage, graffiti, etc). As a result, there is a self-insurance fund in place to pay for these losses; otherwise insurers would charge a higher premium.

This is funded by the dioceses and claims managed by Gallagher. As it forms part of the policy any claim must be covered by the policy for the fund to respond (, it is not a fund for any event – it must be an insured event). Note that this fund has no impact on the individual entity and does not increase the policy excess applying to a claim.

Policy deductibles/excesses

The following deductible/excesses apply in the event of a claim:

Excesses:

Perils Deductibles:

Burglary and Theft	\$1,000
Landslip and Subsidence	\$20,000
All other losses	\$500
Contract Works	\$2,500

Natural Disaster:

Regions of Auckland, Northland, Waikato	1% of site value, minimum \$2,500
Bay of Plenty, Taranaki, Manawatu, Nelson, Canterbury, Otago, Southland	2.5% of site value minimum \$5,000
Rest of New Zealand	5% of site value minimum \$5,000
Pre 1935 not to 67% NBS (anywhere in NZ)	10% of site value minimum \$5,000

Business Interruption:

Customers/Suppliers premises	Earthquake 14 days / All other 72 Hours
Prevention of Access	Earthquake 14 days / All other 72 Hours
Public Authorities	Earthquake 14 days / All other 72 Hours
Public Utilities	Earthquake 14 days / All other 72 Hours
Transport Routes	Earthquake 14 days / All other 72 Hours

Key extensions and considerations

Contract Works

Works are covered up to \$5M any one project. A contract form is required for all works being undertaken. The policy will provide cover for contractors and sub-contractors but only to the extent required under the contract terms. Note this extension does not include contractors/sub-contractors own equipment.

All contractors must also carry their own liability insurance and protect the contract holder (Diocese or Proprietor Trust Board) for your vicarious liability (the liability insurances in place do not cover this)

It is important to note that any works that exceed \$5M are not covered by the policy and a separate policy must be taken out. Consequently, if the initial value of the contract is above \$4M close attention must be paid to ensuring the works do not exceed the \$5M; as if so cover ceases immediately.

It is our recommendation that any works in the region of \$4.5M should be arranged on a separate policy unless the terms are strictly on a fixed price basis.

Business Interruption

Currently cover is limited to increased cost of working and claims preparation costs to a combined limit of \$25M. This limit is the maximum claimable for all schools following an event and is part of and not in addition to the loss limit.

This cover provides for increased costs incurred following a loss. For example, for a school to keep operating they could hire temporary classrooms, the cost of which would be covered.

There is no cover for loss of profit or revenue; a decision made by the dioceses.

In addition, there is a \$5M loss of rents cover which again is part of the overall sum insured. This covers the proprietary trust board/school from loss of rent following an event.

Organs, Jewellery/Precious Goods and Artwork

If there are organs, precious goods (that form part of an ornament or regalia) or artwork of a significant value we strongly recommend that these are notified to insurers, through the diocese, with an appropriate value applied. Whilst cover is available under the policy this is limited to:

- Organs \$500,000, unless specified
- Jewellery/Precious Goods \$100,000 any one loss / \$200,000 in the aggregate, unless specified
- Artwork \$200,000, unless specified

Key Exclusions

Gradual damage

The policy responds to identifiable events (i.e. fire, flood, etc).

Damage caused over a lengthy period of time, known as gradual damage, is not covered by the policy as it is not possible to establish when the first event occurred.

There is a small limit for gradual damage for any residential buildings insured only; typically for the likes of pipes leaking.

Land

The policy, as with all other property policies, does not cover the remediation/repair of land. Only the physical assets are insured.

Communicable/Infectious diseases

The policy specifically excludes any loss arising from these; including Covid.

War and Terrorism

Again, a standard exclusion under New Zealand policies.

Cyber

The policy does not respond to a claim as a result of a cyber-event causing the loss.

Seismic strengthening

Should a loss occur and as a result of local legislation there is a requirement to seismically strengthen the building, beyond what was existing at the time of loss, any additional costs to comply with the legislation would not be covered.

Claims and key considerations

Should a claim occur, this should be reported through in line with the agreed protocols with your diocese. Generally, this means that entities report claims to Gallagher directly (details below) who will then manage the claim between the insurers and the claimant.

There are a number of key recommendations and considerations with regards to what to do and we outline these as follows:

Material Damage Claims

In the event of a claim, or a circumstance, which may develop into a claim, you should immediately raise the claim through the agreed protocols with your diocese, and:

- Take prompt action to minimise any loss, damage, or further threat to life or property.
- Retain damaged property and other evidence for inspection by Insurers.
- Record all costs in dealing with the event, or in reinstating damage.
- In respect of any claim where a crime is suspected, notify the Police and give all reasonable assistance in recovering the property and in apprehension and punishment of any guilty person.

As detailed insurance knowledge may be necessary before determining whether an incident is a valid claim, always act as if uninsured and assume that all incidents are potential claims.

Therefore, you should:

- Complete the necessary documentation in all cases. If the police are notified ensure you obtain a copy of the police notification report.

- Check that you are acting in accordance with the conditions stipulated in the policy.
- Seek guidance when in doubt.
- Comply with insurers requests for information.

Business Interruption Claims

Business Interruption claims are triggered by a claim under the Material Damage policy, or damage at a suppliers or customers premises in New Zealand, subject always to policy terms, conditions and limits.

Although claims are few and far between, when they do happen it is important you 'manage the business through the claim' – not just manage the claim.

Every Business Interruption claim process is unique and is handled according to the situation. It is therefore critical that you notify the potential claim as soon as possible.

Material Damage claim contact details for NZCCIS

In the event of a claim arising, contact Gallagher using the details below. Your diocese may want you to include a member of the diocesan property team in any communication on a claim. Please report claims in line with the agreed protocols with your diocese.

Phone Gallagher Corporate dedicated Catholic Claims Consultant

Sarah Braakhuis

Email: sarah.braakhuis@ajg.co.nz (06 350 3852)

Mail – PO Box 91747, Victoria Street West, Auckland 1142