

Update from the BIS CEO on the DMF - 30/5/23

Baptist Insurance Services has been working hard behind the scenes as we lead up to our next Renewal period – 30th September 2023 to 30th September 2024.

As you are aware, we are pursuing 2 options for Renewal

1. Obtaining a traditional insurer, and
2. Establishing a DMF for this year's renewal 30th September 2023 if using a traditional insurer is unaffordable, unattainable or offers significantly reduced coverage.

You may be aware that Catholic Church Insurance (CCI) confirmed yesterday (30/05/2023) that they will no longer be issuing renewal or accepting new businesses. CCI have stated that unfortunately, due to an inability to "secure sufficient capital contributions from shareholders" it is no longer able "to continue operations in line with regulatory requirements."

BIS will continue to have insurance cover up until the 30th September 2023 with CCI.

The good news is that we are not dependent on CCI for our insurance cover for the next Renewal. BIS is currently discussing alternative insurance cover with other insurance companies and we are well on the way to setting up a DMF. Our next step is to procure a reinsurer – their role will be to insure us if we reach our set limit in paying claims. A reinsurer means that the DMF is just as safe as obtaining the services of a traditional insurer. One of the main benefits of the DMF will be that we are not subject to the volatility of the insurance market.

Now that CCI have announced publicly they are closing, we anticipate that some of the larger organisations we insure will be approached by other Brokers. We understand that it is always important to conduct due diligence, however we are aware that some of what is being communicated by them may not be the full picture. We encourage you to look at the following and compare:

- Excesses charged for each class of insurance.
- Check the policy wording as our wording is tailored to churches which means that the cover is broad. Much of what is being offered in the market currently is a carved-out version. This may mean that certain covers you require are excluded.
- You may well be offered a lower rate for the first year to obtain your account. However, traditionally we have seen rates significantly increase the following year to offset the lower rate in the first year, as well as returning to the current market rate.
- Service in claims can be reduced in this market due to cost-savings and reduced staff.

Moving forward, it is BIS's intention to continue to offer our standard package of protection/ insurance cover, and optional covers where applicable, whether we move to a DMF or continue to use traditional insurers. We understand that it is important to know your potential premiums for budgeting and decision-making purposes. The one variable to finalising the contribution required by members is to obtain the costs associated with procuring the reinsurance cover to protect members from large losses (eg. flood/fire).

Reinsurers will only start to look at renewal terms after the financial year. So, we are unable to provide information around premium estimates until around the end of July/August – once we have factored in their costs. Traditional insurers would not be able to provide this information until around the end of August.

CCI's announcement is a demonstration of the volatility of the insurance market and BIS has made the strategic decision investigate the DMF as an alternative to ensure that we can continue to provide cost effective and comprehensive cover for you, our valued constituent.

We ask for your continued patience and cooperation as we work hard behind the scenes on your behalf. We are confident that what we are able to provide to you 30th September 2023, will be a comprehensive and cost-effective package. Should you have any queries, please feel free to contact us.