

# Zone Insurance & Protection Committee

Members: PDG David Tolstrup D9810 (Chair), PDG Michael Cooke D9830,  
PDG John Dodd D9685, PDG Craig Horrocks D9920 NZ

## Annual Report

The following report is a summary of the activities of the Zone Insurance & Protection Committee (ZIPC) for Period 2022 – 2023

### **Insurance Program**

The Committee successfully discharged its responsibility of overseeing the insurance programs and related risk management issues of the Zone during the 22-23 Rotary Year. The insurance program which is very broad in its coverage is managed in two segments: The Australian Districts Program and the NZ Districts program, which is overseen by NZ based committee member PDG Craig Horrocks.

The Committee wishes to acknowledge and thank the various District Insurance Officers [DIOs] who are the vital link in servicing the day to day needs of our clubs and Districts. Their jobs are becoming increasingly difficult with larger Districts resulting from redistricting. In particular the assembling of the necessary renewal information which is a massive and time consuming task for these dedicated Rotary volunteers.

### **Challenges**

A key responsibility of the Committee is to protect the assets, reputation and brand of Rotary within our Zone. The greatest potential for damage to these assets is the risk of litigation arising from youth protection issues and risk management failures resulting in negligence claims from third parties.

In particular for Rotary to safely deliver Youth programs it is essential that we have sound risk management procedures backed up by appropriate insurance. We are fortunate that our Liability Insurance Program has for many years had a Molestation extension. This cover is becoming increasingly difficult to obtain or retain within the Australian Insurance Market. It is only our, so far, good record, and undertakings of delivering sound education and training with our Clubs and Districts on related matters, that we have been able to maintain this coverage. Many organisations similar to ours can no longer access such cover. Our very diligent District Youth Protection Officers are to be commended for the work that they do at club level in delivering relevant training sessions to clubs.

The liability policy is also under pressure from the wide range of activities that our various clubs undertake. Insurers have a limited appetite for many of our activities including risks such as weekend markets and amusement rides. Therefore, combined with our molestation cover requirements it means that we have a very limited potential market to service our needs. There is essentially only one Australian based insurer willing to provide the cover that we require.

It is this very limited market that is currently facing our program. To maintain the required cover we are facing premium increases and increased deductibles [excesses]. It is a foreseeable risk that our ability to maintain this cover in future years may disappear. To be prudent we have instructed our Brokers to investigate alternative options. These options will inevitably be London based and be far

more expensive than our current premiums and have significantly higher deductibles. This market exploration is currently under way.

The issue of increased premiums and the potential for significantly higher deductibles is of major concern. It is quite likely that even for normal liability claims the excess could be \$5k to \$10k. Clearly none of our clubs have made such provisions. In respect of the molestation extension our current excess is \$50,000 for any claim with a doubling to \$100k should the perpetrator have a known history of abuse. Due to the foresight of those that have gone before, the ZIPC manage a contingency fund which exists to assist clubs or districts fund any deductible for which they become liable in the event of a claim. During the year under review, due to three years of not being able to deliver in person training programs, the levies built in to the insurance program costs have been reallocated to boost the contingency fund from \$145k to \$200k. It is likely that the Committee will be able to further increase the fund to \$250k in the coming year. However, should we be required to access our cover from the London market the size of this fund may need to be further boosted. A conversation will need to be had as to how we fund such a requirement. It is not only the molestation cover that may be subject to higher deductibles so we may need to review the restriction of the current contingency fund to assist with funding deductibles on all types of liability claims.

Premiums for our Property Insurance are also under pressure. The recent floods generated significant claims under this policy which, in addition to the current industry wide premium increases, resulted in our property rates increasing. Future weather events may cause continuing pressure on this class of business.

### **Training**

During the year the Committee, in cooperation with our Brokers, delivered a number of online training sessions to our DIOs and we also facilitated appropriate sessions as part of the GETS program.

Training will become even more important in the coming years. We will need to increase the intensive training surrounding youth protection. To maintain our relevant insurance cover we will need to be able to demonstrate to potential insurers that every club member fully understands and has been exposed to adequate training in this area. But it is not only youth protection, it is also necessary to deal with conflict resolution issues to prevent these turning into claims. Risk management generally needs to be addressed within our clubs when organising events.

It is for these reasons that we annually plead with our Incoming Governors to allocate significant time and attention to these matters at training event such as Assemblies and PETS.

### **The future**

The Australian Districts insurance program for 2023-24 was satisfactorily renewed as of June 30<sup>th</sup>. The insurance program in New Zealand operates on a calendar year basis and is due for renewal on January 1<sup>st</sup> 2024.

The committee is keen to find ways to ease the burden on the DIOs and will continue its investigation into how to provide technology solutions for the day to day functions and specifically the renewal process.

Whilst insurance industry experience is not essential for serving committee members it is useful that some members of the committee have such a history. It is becoming increasingly difficult to find such industry experience amongst the PDG cohort and it may be necessary for consideration being given to having non PDG members serving on the committee.

### **Finance**

The committee has the oversight of three bank accounts all held by The Bendigo Bank, Surrey Hills Victoria. The balances of these accounts as at 30-6-2023 are:

- |                            |           |
|----------------------------|-----------|
| 1. Administration Account  | \$24,686  |
| 2. Training Account        | \$64,194  |
| 3. Molestation Excess Fund | \$200,000 |

### **Acknowledgements**

The committee wishes to note with great appreciation the services of PDG Peter Kaye who completed his term of office on June 30<sup>th</sup> 2022. Peter served on the Committee for seven years the last four of which as Chairman. Peter had also served a previous three year term some years earlier. Peter safely navigated the Committee through a period of great transition and gave particular leadership in the area of youth protection.

The Committee thanks RID Jessie Harman for her interest and perceptive advice in a number of matters vital to our program, such advice being most useful. We were also grateful for the assistance of Andrew Best from RI Norwest who gave great support and organised access to several relevant staff from RI in Evanston.

The services provided to our Committee and indeed to the entire Rotary network by our Brokers, AON in Brisbane are gratefully acknowledge. Their Senior Personnel and service staff provide valuable support and advice.

As Chairman I wish to thank Michael Cooke, who shall succeed me as Chairman, John Dodd and Craig Horrocks for their dedication to the task and always making their time available for our many meetings. I wish them well for their future endeavours.

**PDG David C Tolstrup J.P.**  
**Chairman**  
**Zone Insurance & Protection Committee**  
**July 2023**