

broker. If this is the case, we will seek to apply Rule 3 in relation to any commission or brokerage that had been collected by the new broker.

NIBA does not apply Rule 3 in cases where the new broker reviews the insurance program and arranges material changes to the client's cover. Where there has been substantial change to the cover being provided, we do not believe the new broker is acting in relation to a contract of insurance arranged by the original broker.

Rule 3 has been a key rule of NIBA membership for many years, and we ask all members to be mindful of the rule and to abide by its provisions when called upon to do so.

NIBA's Rule 3 can be obtained at the following page on the NIBA web site: [niba.com.au/resource/NIBA\\_rules\\_regulations.pdf](http://niba.com.au/resource/NIBA_rules_regulations.pdf)

## **EVER-INCREASING PREMIUMS WITH UNREASONABLE EXCLUSIONS HAVE LED TO THE CREATION OF A NEW SELF-PROTECTION OPTION FOR COMMUNITY-FOCUSED ORGANISATIONS ACROSS AUSTRALIA**

**BY JEN STOREY**

### **Our Ark Mutual**

When the property insurance renewal for the Anglican Diocese of North Queensland jumped from \$500,000 to \$2,500,000 in a year despite very low claims over a long period of time, the Archdeacon began to look for alternatives.

The result, launching in December 2020, is Our Ark, a new Discretionary Mutual protects the Diocese's \$120 million in assets.

Our Ark is now collaborating with brokers and advisors across Australia to provide quotes for not-for-profit, community groups, aged care, schools, childcare and faith-based clients that are facing similar challenges with under-service, spiking renewals and unreasonable exclusions.

### **What is Risk Protection?**

With Mutuals, every customer becomes a Member, who is also an owner. Discretionary Mutuals are public companies limited by guarantee and have long existed in Australia to provide risk protection, an insurance-like product, to buying groups.

Classed as a Miscellaneous Financial Risk by ASIC, risk protection requires PDS and FSG documentation.

Reinsurance for large claims and catastrophes is obtained by the Mutual with the assistance of Willis Re, in the same way an insurer buys reinsurance.

Stamp Duty and the Emergency Services Levy do not apply to risk protection products, so there are no insurance tax on-costs.

## How claims work

The Board has the legal obligation to act in the best interest of Members and has the discretion to make key decisions, including ones about claims.

When an insurance claim meets all policy

## A better way to self-insure

Mutualising risk across organisations that understand each other creates benefits including:

- Lower prices from operational efficiencies
- Maximising group buying power for reinsurance
- Providing broad, fair cover with few exclusions
- The Mutual legal structure requiring open and transparent operations
- The shared incentive by Members to manage risks and maintenance to reduce claims
- Members keeping profit to increase cover or reduce contributions

## How Our Ark works with Brokers

“We consider the risk characteristics and claims history of each property when quoting,” Mr Pollack explained.

“We hear from brokers all the time, where despite long term favourable claims experiences, their client’s premium increases are exponential. There’s another way to do this,” said Mr Pollack.

Our Ark is open to members with a single, or portfolio of properties, from across Australia. Other products, such as liability protection, will be launched during 2021.

“If a Broker’s AFS licence does not allow them to provide a risk protection quote, we collaborate with them to ensure their client has a viable alternative,” he said. “We will help a Broker help their client – that’s the Mutual way of working.”

terms and conditions, there is a contractual right to have the claim paid. When it only meets some, the claim can be denied.

With Risk Protection, there is the right to have the claim considered, even if, at prima facie, not all conditions are met. The Board can consider the totality of a situation and exercise discretion over claims.

## The Our Ark Board has deep insurance and community understanding

The Chair, Rowan Ward currently serves on the National Injury Insurance Scheme QLD and the Insurance Commissioner’s Advisory Committee for Motor Accident Insurance (QLD). He is the former Chief Actuary of Suncorp.

Chris Wright, Archdeacon of the Anglican Diocese, is a Member Representative on the Board. He is also a Director of the Trinity Anglican School in Cairns, and active in the local ambulance, schools, childcare and neighbourhood community centres. In 2019 he was awarded a Medal of the Order of Australia for community service.

Charles Pollack, the former Chief Actuary of Youi and a former Principal Actuary at Suncorp, is CEO. He is also the CEO of Picnic, the provider of the turn-key Mutual solution used by Our Ark to provide underwriting, risk management, regulatory compliance and governance support.

In Sydney, Melinda Snowden, a professional Non-Executive Director with 20 years' experience in financial markets, audit, risk and governance and Mark Arnold, the Chair of Picnic, round out the Board.

## Pooled self-insurance with reinsurance protection

To learn more about the Broker Referral program or to receive a quote for your client visit:  
<https://www.ourark.com.au/NIBA>

## INSURANCE BROKERS CODE REVIEW IS ABOUT TO GO PUBLIC

The National Insurance Brokers Association of Australia (NIBA) will shortly invite feedback and submissions from insurance brokers, clients and consumers, organisations, representative associations, and any other interested stakeholders as part of the review of the 2014 Insurance Brokers Code of Practice.

### The Code of Practice

The Insurance Brokers Code of Practice (Code) is an agreement between NIBA and its members and other brokers who subscribe to the Code (subscribers), which sets out the minimum service standards that clients can expect from subscribers. The Code and Code Procedures also outline how complaints and disputes regarding potential breaches of the Code can be resolved. A link to the Code and its guidance notes can be found at [niba.com.au/codeofpractice/overview.cfm](http://niba.com.au/codeofpractice/overview.cfm) and the Code Procedures at [niba.com.au/codeofpractice/c3-complaints-and-disputesresolution-1.cfm](http://niba.com.au/codeofpractice/c3-complaints-and-disputesresolution-1.cfm).

The Code is independently administered by the Australian Financial Complaints Authority, with Code compliance monitored independently by the Insurance Brokers Code Compliance Committee (IBCCC). The IBCCC Annual Review 2019-20 analysing how subscribers complied with the Code can be found at [insurancebrokerscode.com.au/app/uploads/2020/10/IBCCC-AnnualReview-2019-20-Oct2020.pdf](http://insurancebrokerscode.com.au/app/uploads/2020/10/IBCCC-AnnualReview-2019-20-Oct2020.pdf).