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SLOPES - Barrack Broking insurance scheme - Update and commonly asked questions - Join by date extended to 15 January 2021

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Dear SLOPES Members and Associates

This email updates you regarding the Barrack Broking insurance scheme and answers a number of questions commonly asked by Clubs over the past few weeks.

1. Why have we recommended immediate changes during the Christmas period and prior to the expiry of your SURA policy?

The deadline was set in collaboration with Barrack Broking, after careful consideration. It is unfortunate that the timing fell over the Christmas period. However, the SLOPES Committee viewed the state of the insurance market as a serious matter that required urgent attention. The significant factors leading to this decision were:

- SURA had lost its agreement with their insurers at Lloyd's of London, so they may not be able to offer renewal to SLOPES members in May 2021.
- Gard Leisure, an underwriting agency, had insurance capacity to underwrite the program for SLOPES Clubs. However, they advised that it was in such strong demand that it would be exhausted by May 2021.

SLOPES considered the option to do nothing and wait until May to see what Marsh could come up with. This would have meant giving up the certainty of cover that Gard was offering, which included full bushfire cover, and taking a risk that Marsh could find something comparable or better. Before any decision was made, members of the Committee met with Marsh on several occasions to understand how they would be treating member renewals.

Ultimately, SLOPES was not convinced that Marsh had a viable insurance market. The result of the 2019-20 renewal is also relevant, when there were substantial premium increases and Marsh were unable to find an alternate insurer despite their extensive marketing campaign. If SLOPES was to advise members to 'do nothing' and stay with Marsh, the risk of Marsh being unable to find an alternate market again, combined with SURA being unable to offer renewal terms, could result in participating Clubs being uninsured. That risk is real, and there are many clubs in Mount Hotham which have been unable to find insurance.

The Committee took the view that the 'do nothing' approach was too risky and, in the current state of the market, a 10% premium increase was a reasonable result. Although Clubs in the Program received significant increases last year, the 'Black Summer' bushfires and the total destruction of Selwyn Snow Resort have contributed to a further hardening of the market.

2. Update and status of the Barrack Broking insurance scheme

The insurance scheme for participating SLOPES Clubs is a group policy and all members have the same contract inception date. SURA's common inception/expiry date is 3 May under the Marsh Program. Barrack Broking had initially been working towards a 1 January inception date with Gard under their scheme.

As the Barrack Broking insurance scheme has received support from 61 clubs, Gard has agreed to extend that date to 15 January 2021. This is a welcome result and will allow some additional time for Clubs to resolve outstanding queries and finalise amendments to quote terms. **It also means that Clubs which are undecided or still thinking whether or not to participate in the Barrack scheme still have time to do so if they wish - see point 7 below for more detail.**

Barrack Broking has provided the following status on communications with Clubs:

- 79 clubs have shown interest in the Barrack Broking insurance scheme, of which 61 Clubs have appointed Barrack to manage their insurances.
- 53 Clubs have completed the declaration and subsequently received quotes for ISR and Liability, with an invitation to move to Gard Leisure with effect 15 January 2021. As at 5 January, over half of those Clubs had accepted the offer.

3. Premium increase

As there is a very limited market for ski lodges, Barrack used the buying power of SLOPES to negotiate a cap on the insurer's premium rate increase of ~10%. Although another premium increase is not welcome after the significant increases last year, the insurance market has worsened (see comments in point 1 above on the 'Black Summer' bushfires and Selwyn Snow Resort).

In many circumstances, when members have reported that the total amount payable is higher than 10%, Barrack advises it has been found to be the impact of:

- (i) Higher declared values; and
- (ii) Higher Emergency Services Levy, which has increased by 30% compared with last year.

Barrack has invited participating Clubs with queries on their premium increase to contact them directly.

4. Group Policy & Sub-Limits

The Barrack Broking insurance scheme is a group insurance policy, which is a single contract of insurance covering multiple lodges. The scheme has been placed this way historically, except for last year when it was changed by the insurer. Barrack opted to revert to the group insurance structure, which adds efficiency and helps to drive economies of scale.

Each participating Club will continue to receive a separate invoice and policy documents. Confidentiality of each Club's individual details will be preserved.

Some Clubs have raised queries regarding the sub-limits, such as:

- (i) Accounts Receivable;
- (ii) Additional Increased Cost of Working;
- (iii) Architects Fees;
- (iv) Money.

As a group policy, sub-limits are set for the group and can't be changed for each Club. While Barrack had adopted the sub-limits used in the SURA policy for comparison purposes, they are reviewing member feedback to ensure that sub-limits are appropriate and adequate. Please send any suggestions/requests to Barrack (Charles Gow-Gates: cgowgates@barrackbroking.com).

5. Risk Management

The buying power of SLOPES through participating Clubs has been the most significant factor to keep premium rates competitive at this renewal. However, Barrack has identified room for improvement in the way risk management is conducted and recorded. They will be introducing initiatives to help participating Clubs conform to best practices, which will also help to make risks more appealing to underwriters.

The SLOPES Committee is working with Barrack in this respect and more news will be announced in the coming months.

6. Other policies

Many members have other insurances, such as Personal Accident (Voluntary Workers), Machinery Breakdown, Motor Vehicles, and Association Liability. Barrack has advised that they will commence the renewal of these policies in the usual timeframe as there is no urgency, as there is with the property insurance. Accordingly, Barrack will be contacting members in March to commence renewal of these insurances.

7. Is it too late to join the Barrack insurance scheme?

No it is not. The extension of the inception date to 15 January 2021 referred to in point 2 above means there is still the opportunity for Clubs to join up. In that regard Barrack advise:

Yes, clubs can still join. So long as we receive their acceptance prior to 15 January we can arrange for them to join the SLOPES insurance scheme. We've negotiated with Gard a little flexibility for late-comers, if we receive instructions within the first week after 15 January members can be on-boarded and their premium will be pro-rated to reflect the shorter term (i.e. their policy may incept on 18 January and expire on 15 January).

To do so or just to enquire, please contact Charles Gow-Gates: cgowgates@barrackbroking.com

8. Webinar

Barrack has advised that they will host a webinar at 4pm on Monday, 11 January to provide more information and answer questions Clubs may have.

Apologies for the short notice but we decided it was important to hold this prior to the closing date of 15 January.

The webinar will be held on Zoom. SLOPES will issue the Zoom invitation to all Clubs on our distribution list.

If you have any questions or topics that you would like covered, please send a note to Barrack: cgowgates@barrackbroking.com

07/01/2021

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Finally a word of thanks to Clubs for their terrific support, particularly at this challenging time of year. Your outstanding support has underpinned the success of the move to the Barrack insurance scheme and is much appreciated.

Regards

Frank Zipfinger
President
SLOPES