



Asset Protection Insurance Exchange
Assurance de Réciprocité pour la Protection des Actifs

About APEX – a primer

Overview

The Asset Protection Insurance Exchange/ *Assurance de Réciprocité pour la Protection des Actifs* (APEX) is what is known as a reciprocal insurance exchange where a group of like-minded entities join together to provide, in this case, comprehensive insurance cover for assets held by member dioceses (this includes property, equipment, boilers and other asset coverage). By coming together it provides APEX members the following:

- *Master Policy Coverage*: allows for a single master policy to ensure consistent and comprehensive coverage across all assets covered for all members of APEX; and ease of update for members to ensure appropriate coverage over time
- *Economies of Scale*: allows for efficiencies on overall costs to members as the reciprocal exchange is run on a not-for-profit basis. Should there be a surplus this is refunded back to members. The tax treatment of a reciprocal insurance exchange is also more advantageous than insuring through a conventional underwriter
- *Consistency and Geographic coverage*: APEX ensures that the coverage is consistent and reaches all dioceses, even remote dioceses where insurance cover can be difficult in obtaining

Brief History

In March 1997, the Asset Protection Group was formed when 20 Catholic dioceses and eparchies in western and northern Canada implemented an agreement to purchase property insurance under one master property policy for the group. Prior to 1997, the corporations had purchased their insurance separately and there was a wide disparity in coverage and cost. In February 2000, in order to address regulatory requirements, the members of the Asset Protection Group signed a new agreement and registered as a Reciprocal Insurance Exchange with the insurance regulators in 7 jurisdictions in western Canada (4 provinces and 3 territories). The operations of the Asset Protection Group ceased and the Asset Protection Insurance Exchange (APEX) commenced operations effective March 2003.

But APEX is more than a business of like-minded organizations. It is a tangible expression of lived gospel values. The insurance cover provided is equitable, comprehensive and is cost effective for all members irrespective of the size or location of a property. In this way the larger parishes assist their brothers and sisters in Christ in more remote and smaller parishes in Western Canada. That all members receive the same coverage is a testament to the comprehensive cover afforded by APEX.

Insurance Policy

The anniversary date of the property policy is 1 October. The policy has a per claim deductible in the amount of \$250,000. In the event of a loss, the member episcopal corporation is responsible for the first \$5,000 and APEX is responsible for the next \$245,000. All claims costs in excess of \$250,000 are paid by the third party insurer (currently Ecclesiastical Insurance sourced via Capri CMW Insurance Brokers). As at October 2017 policy renewal, the total insured value for all properties on the program



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was \$3.52 billion. The policy wording provides comprehensive, full replacement cost coverage. There are additional valuation options available for locations not suited to replacement cost. This flexibility helps ensure that the insurance cover in place for each property is appropriate and comprehensive for current as well as future needs.

Regulatory Environment

In Canada insurance is considered a provincially regulated responsibility. APEX's head office is in Regina and is therefore governed by the Insurance Act of Saskatchewan, which is administered by the Financial and Consumer Affairs Authority of Saskatchewan (FCAA). As APEX is headquartered in Saskatchewan, convention has it that the FCAA acts as the lead regulator on behalf of the other provincial and territorial regulators. Other provincial and territorial bodies responsible for insurance include:

- *British Columbia*: Deputy Superintendent of Insurance, Financial Institutions Commission
- *Alberta*: Superintendent of Insurance
- *Nunavut*: Superintendent of Insurance, Department of Finances, Government of Nunavut
- *Manitoba*: Deputy Superintendent of Financial Institutions – Insurance, Financial Institutions Regulation Branch
- *Northwest Territories*: Superintendent of Insurance, Treasury Division, Department of Finance, Government of the Northwest Territories
- *Yukon*: Superintendent of Insurance, Professional Licensing & Regulatory Affairs C-5, Government of Yukon

APEX Governance

Subscribers' Agreement: The Subscriber's Agreement outlines the legal agreement between the "subscribers" (member dioceses, eparchies) and how the organization will be structured and run. It outlines the roles, responsibilities and authorities of the Board (Article 4), the Executive (Article 3) and Audit Committees as well as any ad hoc advisory committees established.

Key Constituencies - Organization & Management

Board of Directors: The Archbishop or Bishop of each member Episcopal corporation is a member of the APEX Board. The Board meets annually.

Committees

Executive Committee: an Executive Committee is established by the Board to oversee the management of APEX. This 7-member Committee typically meets twice annually, once in person and the other via a conference call. Membership consists of a minimum of 6 persons, 3 of whom are Board members. Members are appointed for a 3-year term that is renewable once (i.e., maximum years of service is 6). Exceptions have been made, however.



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Audit Committee: the Board also established a 4-person Audit Committee which typically meets twice annually, once with the auditors as part of the annual financial statement preparation exercise and once annually with the actuaries. Members are appointed for a 3-year term that is renewable for an unspecified number of terms. The Audit Committee reports to the Executive Committee.

The Executive Committee has authority to establish Committees to effectively oversee the operation of APEX. Currently these committees include:

Investment Advisory Sub-Committee: established to oversee the work of the investment manager hired by APEX. Members are appointed for a term of 3 years that can be renewed for an indefinite period of time. The Investment Advisory Sub-Committee reports to the Executive Committee.

Compliance and Risk Management Advisory Committee: established to look at overall risk management in APEX.

Ad Hoc Committees: these can be set up by the Executive Committee for specific purposes and have included in the past a Search Committee to find a new Executive Director; Nominations Committee, etc.

Below is a listing of APEX members who are serving on the various committees of APEX.

Executive Committee		
Member	Appointed	Term Expires
Mr. Larry Gregga	2011; 2014; 2017; 2020	2023 (4 th term)
Mrs. Leah MacKenzie	2011; 2014; 2017; 2020	2023 (4 th term)
Dr. Cameron Morrill	2013; 2016; 2019	2022 (4 th)
Most Rev. Stephen Jensen	2014; 2017; 2020	2023 (3 rd)
Mr. Michel Lefebvre	2017; 2020	2023 (2 nd)
Mrs. Mary Margaret MacKinnon	2018; 2021	2024 (2 nd)
Most Rev. Mark Hagemoen	2021	2024 (1 st)
Vacancy		
Audit Committee		
Most Rev. Albert LeGatt	2014; 2017; 2020	2023 (6 th)
Most Rev. Richard Gagnon	2015; 2018; 2021	2024 (5 th)
Deacon Barry Wood	2013; 2016; 2019	2022 (4 th)
Most Rev. David Motiuk	2020	2023 (1 st)
Investment Advisory Committee		
Deacon Wayne Provencal	2007; 2010; 2013; 2016; 2019	2022 (5 th)
Mrs. Leah MacKenzie	2011; 2014; 2017; 2020	2023 (5 th)
Mr. Alejandro Henao	2019	2022 (1 st)
Mr. Michel Lefebvre	2018; 2020	2023 (2 nd)
Ms. Janice Atwal	2020	2023 (1 st)
Vacancy		
Compliance and Risk Management Advisory Committee		
Mrs. Leah MacKenzie	2021	2024
Mr. Larry Gregga	2021	2024



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Mr. Jim Hall	2021	2024
Mr. Patrick Mahoney (non-voting)	2021	2024
Ms. Julie-Linda LaForce (non-voting)	2021	2024

Third Party Client Service Providers

Overview: A great deal of the work undertaken by APEX is supported by a group of specialized companies familiar both with reciprocal insurance exchanges as well as the wider insurance industry. This support is essential to the running of APEX.

Areas of Responsibility: They include expertise drawn from the following broad areas of the insurance, audit and financial services industries of Canada:

- **Regulatory** with specific familiarity with Reciprocal Insurance Exchanges and the lead regulator as well remaining provincial/ territorial regulators
- **Actuarial** with familiarity with property and asset insurance protection; insight and analysis into the premium analysis and capital adequacy for a reciprocal exchange as required by the lead regulator. This service is provided by Axxima Actuarial and Insurance Advisors.
- **Asset Management** expertise to manage the reserves held by the reciprocal. The sustainability of these funds is critical as it is tied to the overall capital adequacy of the reciprocal from an actuarial analysis standpoint but also to fulfil regulatory requirements for capital adequacy and overall financial health and viability of the reciprocal exchange. This service is currently provided by Richardson Wealth.
- **Insurance Broker** expertise to ensure consistency and completeness of the insurance coverage extended to the reciprocal's members and the documentation that flows from this. This is provided by Capri CMW Insurance Brokers.
- **Underwriting** of insurance cover for assets where coverage includes major claims only (the reciprocal self-insures for claim amounts less than the major claim). This is provided by Capril CMW.
- **Claims handling** so that when an insurance claim is made it is processed in an efficient, timely and professional manner. This provided by Capri CMW.
- **Appraisal** expertise to ensure that the asset that is insured has been adequately appraised as this data is critical to determining replacement costs and ultimately the amount of premium charged by the reciprocal and whether this coverage is sufficient over time. This is provided by Suncorp Valuations.