



ANGLICAN DIOCESE OF GRAFTON

POLICIES AND PROCEDURES

SUBJECT: EMPLOYMENT PRACTICES FUND		REFERENCE NUMBER REG-008
DATE APPROVED 5 May 2022 by Bishop-in-Council		VERSION Original
IMPLEMENTATION DATE Immediate	REVIEW FREQUENCY As required but at least 3 yearly	RESPONSIBLE FOR REVIEW Bishop-in-Council

1. PURPOSE

To communicate the principles for the operation of the Employment Practices Fund which is used to reduce the impact of the policy excess of the Employment Practices component of the Management Liability insurance policy purchased by the Anglican Diocese of Grafton on behalf of its various entities.

2. SCOPE

- 2.1 This policy applies to employment related matters at the Registry and in each Ministry Unit.
- 2.2 This policy does not apply to employment related matter at Anglicare North Coast, Lismore Parish Centre Pre School and the schools of the Diocese, except to the extent of a participant on the Diocesan Payroll who works at or with that entity (e.g. some school chaplains).

3. DEFINITIONS

“Employment Practices Fund (EPF)” – the special fund established to assist with the cost of employment practices insurance claims by reducing the impact of the Excess involved in such claims.

“Diocese” – the Anglican Diocese of Grafton.

“Diocese’s Insurance Officer” – a Diocesan employee with the responsibility of liaising with Diocesan entities on insurance matters and ensuring active matters are reported to the Diocese’s Insurance Broker and/or relevant insurer, as appropriate.

“Diocesan payroll” – the centralised process where the Anglican Diocese of Grafton organises the payment of stipends, salary and wages to clergy and other workers of the Registry or a Ministry Unit. The Diocesan payroll also includes some chaplains of Diocesan schools.

“Excess” – the cost of losses borne by the insured before the insurer becomes liable for meeting further losses. The figure is subject to change as insurance policies are renewed.

“Employment Practices insurance cover (EP insurance)” – insurance that is part of a Management Liability policy that is purchased to cover employment related claims (e.g. unfair dismissal)

“Ministry Unit” – any division of the Diocese constituting a separate geographical area (Parish/Transitional Ministry District) or sphere of ministry (Chaplaincy).

4. PRINCIPLES

- 4.1 Many entities of the Diocese require a low insurance Excess as they lack the financial capacity to cope with a commercial level of Excess in the event of one or more employment practices claims in any year.
- 4.2 As the commercial insurance market is reluctant to provide a low Excess for employment practices claims, it is prudent for the Diocese to purchase insurance on commercial terms and provide financial protection to its entities by establishing a special fund (Employment Practices Fund) to meet most of the Excess.
- 4.3 The EPF is established by contributions from participating entities in the form of a levy on the employment costs attributable to that entity.
- 4.4 While the EPF protects entities of the Diocese from the full effect of the Excess, it is not prudent to eliminate the Excess entirely. Elimination of the Excess would be a disincentive to risk mitigation strategies.
- 4.5 The EPF is to be of a size where it has sufficient resources to meet the demands of a year in which there is an exceptionally high number of instances of employment practices claims (e.g. 1 in 20 years level of claims)
- 4.6 Support from the EPF may be available when a claim on the EP insurance policy is accepted or, if no claim is made, such a claim would be accepted in the opinion of the Diocese's insurance broker.

5. DETAILS

5.1 MAINTAINING THE FUND

- 5.1.1 The EPF shall be managed at the direction of the Registrar with the funds being on the Balance Sheet of the Anglican Diocese of Grafton and held in a bank account of the Diocese. Each transaction for the Fund shall be a Balance Sheet adjustment and not impacting the Diocese's Profit and Loss Statement.
- 5.1.2 Concurrent with the renewal of the Management Liability policy, the required size of the levy funding the EPF shall be calculated.
- 5.1.3 The EPF levy shall be a percentage of the payroll costs paid by that entity and charged monthly as part of the payroll process.
- 5.1.5 The balance of the EPF at the end of each insurance period shall remain in the Fund for use in future years.
- 5.1.6 The EPF is maintained specifically for the purposes set out in this policy.

5.2 CLAIM MANAGEMENT

- 5.2.1 All employment practices insurance claims are to be supported by a written summary of the claim and the circumstances surrounding the claim plus any further information requested by the Diocese's Insurance Officer, Insurance Broker or representative of the Diocese's EP insurer.
- 5.2.2 Where an EP claim is accepted under the Management Liability policy, the EPF aspect of the claim is automatically accepted.
- 5.2.3 Where a claim does not exceed the excess for EP in the Management Liability policy, the Diocese's Insurance Officer may seek the advice of the Diocese's Insurance Broker as to whether the claim would have been accepted as an EP claim under the Management Liability policy except for the financial size of the claim. If the Broker so advises, the claim on the EPF is accepted.
- 5.2.4 In circumstances where the representatives of a Diocesan entity are of the view that their claim on the EPF has been incorrectly denied, the advice of the Diocese's Insurance Broker shall be sought by the Registrar. The Broker's advice in such matters is considered final.

5.3 PAYMENTS

- 5.3.1 The Diocesan entity from which the EP claim has arisen pays the first \$2,000 of costs relating to the claim including costs in evaluating the claim.
- 5.3.2 As soon as possible after the finalisation of any EP claim, the Diocese's Insurance Officer remits to the Diocesan entity from the EPF a payment for insured costs incurred above \$2,000 and up to the EP policy excess, or up to the total of the claim, whichever is the lesser, along with any payment due from the Management Liability policy for insured costs above the excess.

5.4 OTHER USES OF THE FUND

- 5.4.1 The Registrar may utilise the EPF to seek legal or other specialist advice related to the investigation, evaluation or prevention of a matter relating to EP whether or not a claim has been made at that time.
- 5.4.2 The Bishop-in-Council may determine by resolution to utilise EPF funds for purposes other than described above. Prior to resolving to utilise EPF funds for another purpose, the Bishop-in-Council shall consider whether the following conditions are satisfied:
- Sufficient funds will remain in the EPF so that its primary purpose can be met;
 - The intended use has a likely positive impact on employee management by addressing risks arising from the employment relationship; and
 - The intended use creates a general benefit across all insured Diocesan entities.