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Contributions to *riskmatters* on any subject relating to insurance or risk management can be forwarded via email to trmf@treasury.tas.gov.au

Acquisition of new vessels

If your agency acquires a new vessel, the TRMF's external insurer will require information. See page 4 of this newsletter for details.

Welcome

Welcome to the March 2007 edition of the Tasmanian Risk Management Fund (TRMF) newsletter, *riskmatters*, published by the Department of Treasury and Finance.

In January 2007, the TRMF Unit began a program of informal visits to agencies.

Issues raised to date have been both interesting and varied and have, in the main, centred on the interconnecting roles and responsibilities between the Fund Administration Agent and agencies.

In response to some of the questions raised at these meetings, we have decided that the focus of this edition will be on the relationship between the FAA, TRMF and agencies, particularly when it comes to providing information on risk exposures.

TRMF Unit members have appreciated the opportunity to gain a better understanding of each agency's specific risk and insurance requirements. Thank you for your enthusiasm.

Di Hope
Editor



Rowing scull from the Tasmanian Institute of Sport

Flood damage

Three agencies suffered property damage as a result of a storm which hit the greater Hobart area on 21 January 2007.

The storm, which was classified as a one in fifty year event, caused damage to houses, schools and TAFE's Drysdale Campus.

Apart from water damage to ceilings, walls, carpets, and vinyl floor coverings; books, electronic and electrical equipment and fire protection equipment were also affected.

Despite the large number of claims, repair costs in most instances were relatively low with Drysdale Campus the one notable exception. However, thanks to the quick actions of staff in arranging water extraction, some sections of carpet were saved.



Services provided by the FAA

You may not be aware of many of the functions performed by Marsh Pty Ltd in its role as the Fund Administration Agent for the Fund.

Apart from the administration of claims, Marsh can also provide agencies with:

- ✚ claims management advice;
- ✚ under-excess claims administration (where requested and paid for by an agency);
- ✚ general insurance advice; and
- ✚ a variety of reports, including progress reports on actual and outstanding claim costs.

Housing Tasmania Maintenance Division – claims management training

Want to know more about the services provided by the FAA? Housing Tasmania did.

In February 2007, Greg Moore and John O'Halloran of Marsh visited Housing Tasmania Maintenance Division staff in Burnie, Bellerive and Launceston.

Greg and John detailed the function of the TRMF and Marsh's role in administering claims. With the aid of a specially designed PowerPoint presentation, Housing Tasmania Maintenance staff were shown documentation from their own system with explanations on when it is to be used.

See page 4 for information on claims administration –

2007-08 Contributions



In general, contributions have decreased for most risk areas over the three year period from July 2005 to June 2008.

The personal injury risk category (covering workers compensation and personal accident), shows continuing stability and contributions in 2007-08 will be similar to those in the previous year.

General property contributions will decrease significantly given the absence of any very large claims.

Overall the aggregate contribution for motor vehicles is similar to 2006-07, with an increase in vehicle numbers offset by a reduction in the predicted average claim size.

General liability contributions will remain around the same level as in 2006-07.

Agencies will be advised of their TRMF 2007-08 contributions early in April.

Why are marine hull and travel risks a little different from other risks covered by the Fund?

Marine hull and travel are the only risks which continue to be covered by external insurance.

While the Fund self-insures most categories of risk, marine hull and travel are insured through the private market: **the former due to cost efficiencies, the latter in order to benefit from a worldwide emergency assistance scheme.**

The fact that these insurances are purchased has implications for agencies – see next article.

When is it critical to contact the Fund?

You must advise the TRMF Unit if:

- **there has been a significant change to your agency’s property assets;**
- **your agency acquires or sells a vessel; or**
- **your agency proposes undertaking a new activity which significantly changes the risk profile of the agency.**

A significant change is usually anything over 10 per cent of the total value of property reported in the most recent asset review but will depend on the nature of the asset.

If significant changes such as asset acquisitions or sales occur in property assets during the year, it may be necessary for an adjustment to be made to contributions.

Marine hull insurance is purchased by the Fund in the private sector. Cover is provided on the basis of a schedule provided to the insurer annually. The insurer, through the TRMF Unit and the Fund Administration Agent, needs to be kept informed of changes which will affect the policy.

Only vessels listed on the schedule provided to the insurer are covered. Therefore, it is important to ensure that the TRMF Unit is advised of any change to the schedule.

A new activity of an agency is any activity that has not been taken into account by the Actuary when determining contributions and which substantially changes the risk profile of an agency.

If an agency is prepared to accept the risk of the new activity and insurance is required, the TRMF Unit will evaluate whether the risk can be identified, assessed and insured by the Fund. If the risk cannot be insured by the Fund, the agency will need to make an alternative arrangement.

See page 4 for what to do if you acquire a new vessel



What you need to do if you acquire a new vessel

To facilitate the placement of marine hull insurance for a specific one-off event or for a new vessel acquired during the term of a policy, Marsh will require a minimum of 1 weeks advance notice of the use or acquisition of the vessel.

The following information will be required to enable the underwriter to evaluate the risk:

- Details of the vessel (length, type, hull construction)
- An indication of the current value of the vessel
- Size and type of motor with an indicative value
- Details of trailer and value
- Details of the registered owner of the vessel
- If vessel insured, details of insurance cover (loaned vessel)
- The purpose for which the vessel is to be used

If the vessel is to be utilised by an agency on a one-off basis, such as a police exercise, and the circumstances of the exercise are such that the information is classified as confidential, brief details of the anticipated use will be sufficient.

An extra premium may be charged depending on the value of the vessel and the circumstances.



Police vessel 'Van Diemen'

Claims administration – roles and responsibilities

While claims administration is the single largest service provided by the Fund Administration Agent (FAA), it is important to note that government agencies are ultimately responsible for the management of claims and must instruct the FAA.

Some of the responsibilities of each are listed below:

Agencies are responsible for -

- ✦ notifying Marsh of above excess claims;
- ✦ making all decisions regarding the management of claims (self-insured risks); and
- ✦ seeking legal advice from, and providing instructions to, the Director of Public Prosecutions.

The FAA (Marsh) will act on the agency's behalf by -

- ✦ providing an estimate of the total cost of a claim;
- ✦ making payments;
- ✦ arranging the appointment of a loss assessor, investigator, rehabilitation provider or medical practitioner; and/or
- ✦ undertaking negotiations (in accordance with an agency's instructions)

TRMF meetings and notices

Occupational Health and Safety Working Group

A meeting of the Occupational Health and Safety Working Group was held on 9 March 2007 to discuss agency purchase and use of **automated external defibrillators**.



If you would like further information about the Working Group, or would like to propose an issue for discussion, please contact Di Hope on 6233 6597 or e-mail the TRMF Unit at trmf@treasury.tas.gov.au

TRMF Steering Committee

The role of the TRMF Steering Committee is to serve as a consultative forum through which agencies can provide input into the operations of the Fund and feedback to Treasury, the Fund Administration Agent and the Actuary.

The Steering Committee is representative of the agencies participating in the Fund.

The next meeting will be held on 12 June 2007

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