

## Building Claims Policy

### 1.1 Building Claims

Participants in the Tasmanian Risk Management Fund (TRMF) are ultimately responsible for the management of claims and this responsibility cannot be delegated to the Fund's Administration Agent (FAA) or any other entity.

This policy applies to the claims process for general property claims made against the Fund involving loss of or damage to **buildings** that the Agency owns, or has an interest in or for which the Agency is responsible.

This policy does not apply to the claims process for other general property claims, for example for contents and motor vehicle risk, which are governed by existing management processes.

The purpose of this policy is to outline the applicable thresholds, and the respective roles and responsibilities of the FAA and the Agency in managing the claims process for claims involving loss of or damage to buildings.

### 1.2 Claims management thresholds

The management of claims is governed by the following thresholds:

- claims up to \$100 000 may, at the sole discretion of the Agency, be referred to the FAA to manage, otherwise these will remain the responsibility of the Agency;
- claims over \$100 000 and up to \$2 million are the responsibility of the Agency to manage; and
- claims over \$2 million, or where Treasury determines that special circumstances exist, will be considered by a working group comprising a representative of the Agency, the FAA and Treasury. The Working Group will determine the claims management process to be followed on a case-by-case basis.

Where an agency has responsibility for management of claims, the Agency may seek claims management advice from the FAA.

For any claims deemed significant by Treasury, regardless of threshold value, the Agency acknowledges that Treasury, as the agency responsible for the management of the Fund, has a right to impose additional claims management requirements that can override the terms of this policy.

### 1.3 Roles and responsibilities

#### 1.3.1 The FAA

The FAA's main responsibilities with respect to the administration of general property claims involving loss of or damage to buildings are:

- providing claims management (excluding legal) advice to the Agency, either proactively or in response to a request by the Agency (it is the responsibility of the Agency to decide whether to accept or reject the advice);
- following consultation with the Agency, appointing and instructing loss assessors and Investigators (if required), through a formal process that ensures value for money and that the process is open and transparent, adequately testing the market. All contracts with loss assessors and investigators are to be in writing and include, where appropriate and among other things:
  - agreed rates for service;

- professional qualifications and standards;
  - the requirement for the loss assessor/investigator to be independent from any service contractors on claims and to operate in the best interests of the Agency and the Fund;
  - the role and responsibility of the loss assessor/investigator in relation to:
    - the development of the scope of works relevant to any particular claim;
    - supervision of contractors in relation to claims;
    - documentation to be provided to the FAA;
    - approval of contractor invoices and scope variations; and
    - final inspections;
  - use by the loss assessor/investigator of other independent experts in relation to claims such as quantity surveyors and engineers; and
  - any specific requirements of the Agency in relation to any of the above matters or any other agreed requirements;
- at the discretion of the Agency, contracting with and managing service providers for repairs and/or building works for minor claims, through a formal process that ensures value for money and that is open and transparent, adequately testing the market (refer to **Engagement of service providers for repairs and/or building works** below);
  - at the direction, and in accordance with the express instructions, of the Agency, coordinating the receipt of legal advice from the Office of the Solicitor-General, and reporting back to the Agency on the advice received;
  - reviewing all claims and payment documentation to make sure that it is complete, accurate and appropriate. The FAA has the authority to refuse incomplete or incorrect claims for payment; and
  - providing regular reports to the Agency on the progress, and actual and outstanding costs associated with each claim.

### 1.3.2 The Agency

The Agency's responsibilities with respect to the administration of general property claims involving loss of or damage to buildings are:

- signing and forwarding a claim form to the FAA as soon as possible after becoming aware of an incident involving loss of or damage to buildings (supplying evidence, reports and other supporting material);
- instructing the FAA (in writing) and, where applicable, the Office of the Solicitor-General, regarding the management of claims, as the Agency is ultimately responsible for the management of claims; and
- contracting with and managing service providers for repairs and/or building works, in accordance with government building and construction procurement

guidelines (refer to **Engagement of service providers for repairs and/or building works** below).

#### 1.4 Engagement of service providers for repairs and/or building works

Service providers engaged by the FAA are to be procured, engaged and managed through a formal process that ensures value for money and that is open and transparent, following an adequate testing of the market.

When appointing a service provider for works on a claim referred to the FAA by the Agency, the FAA:

- may directly engage with one contractor (preapproved by Treasury) to undertake works valued at \$5 000 or less where the FAA judges that the work is urgently required on the grounds of safety, protection of property or to maintain service at pre-incident levels;
- may, in consultation with the Agency, determine to:
  - directly engage with one contractor (preapproved by Treasury); or
  - seek at least two quotations from contractors (preapproved by Treasury) to undertake works valued at \$50 000 or less; or
- will seek at least two written quotations from contractors (preapproved by Treasury) to undertake works valued at more than \$50 000 and up to \$100 000.

Service providers engaged by the Agency are to be procured, engaged and managed in accordance with the mandatory requirements of the Government's procurement policy as set out in the Treasurer's Instructions.

All contracts with service providers, regardless of the engaging entity, are to be in writing and include, where appropriate and among other things:

- agreed rates for service;
- industry accreditation;
- insurance requirements;
- control and access issues relating to the site;
- handover processes on completion and requirements for final inspections, including inspections by any loss assessor appointed by the FAA;
- the scope of works;
- protocols for approving variations to scope by the Agency;
- the level of detail required from contractors in relation to invoicing;
- specifications for occupational health and safety or relevant policies of the Agency; and
- the Government's requirements in relation to asbestos.

#### 1.5 Claims procedures

In carrying out their roles and responsibilities under this policy:

- the FAA and the Agency will adhere to the procedures published here; and
- the Agency will comply with Treasurer's Instruction 1403 *Claims Management*, which provides instruction and guidance on the management of claims made against the Fund.

## 1.6 Directions to service providers

Only the entity that has engaged the service provider is able to provide instructions to that service provider. The engaging entity can delegate this authority to other service providers, such as loss assessors, provided that the delegation is documented in writing and acknowledges that the engaging entity remains ultimately responsible for the management of service providers.

All instructions to service providers are to be given in accordance with the requirements of the contract of engagement.

## 1.7 Authorised officers and access to such officers

Where a claim is referred to the FAA by the Agency to manage, the Agency is to also notify the FAA of those officers or employees of the Agency who are authorised to provide instructions in relation to the claim. Information on the authorised officers should be, where appropriate, specific as to the approval level available (for example, by value or by function) to that officer or employee.

The FAA is not to take action in relation to any aspect of a claim unless approved by an authorised officer.

The Agency is to provide to the FAA access to authorised/delegated officers to enable claims to proceed in an appropriate and timely manner.

## 1.8 Invoicing procedures and approvals

The level of detail to be specified in an invoice from a service provider is to be determined by the FAA in consultation with Treasury. This information is to be included in contracts with service providers and may include, among other things:

- an itemised description of services (including hourly rate and quantity);
- 30 calendar day payment terms;
- the service provider's ABN and contact details; and
- how payment can be made (for example, EFT details).

The FAA will ensure that it receives all invoices associated with each claim and that it critically examines all invoices to verify that the work performed and costs charged are in accordance with the scope of works.