From:

SUBMISSION 6

Subject: Re: Economics Committee - Proof Transcript - Canberra 16 February 2011
Date: Thursday, 17 February 2011 3:12:19 PM

With reference to the transcript from the Inquiry, I wish to clarify my responses in relation to re-insurance and the Queensland Government Insurance Fund (QGIF).

QGIF is a self insurance fund established by the State to manage property (excluding infrastructure such as roads, railways etc), general liability and other risks. It also excludes loss or damage due to natural disaster events for which funding is available under NDRRA.

Re-insurance for QGIF was investigated in detail by Queensland Treasury in 2004 in relation to property and general liability. This did not cover State roads, railways or Local Government assets. Quotes were obtained through QGIF's insurance advisor.

In my responses to the Committee's questions, I relied upon my understanding that the re-insurance offers for QGIF property exposures were on the basis of not providing cover for natural disaster events consistent with QGIF coverage as outlined above. However on further review, it is the case that the quotes related to broad property exposures subject to risk sharing parameters (eg limits per event and retention amounts) and therefore did provide some limited property cover for such events.

In the circumstances, if re-insurance was secured and subsequently retained, subject to any variation in terms over time, it could have been called upon to a limited extent during current events, noting that damage to State building assets is currently estimated at around $150 million (some of which is not eligible for NDRAA funding and will be funded from other insurance/State sources). The value for money of this cover would also depend upon an assessment of other factors such as the cost of premiums and retention amounts (ie risk retained by State) over time.