

Question on Notice

No. 345

Asked on 23 March 2011

MR NICHOLLS ASKED THE MINISTER FOR FINANCE AND THE ARTS (MS NOLAN)—

QUESTION:

With reference to statements by the Premier that the government sought advice and quotes for reinsurance in 2004, will the Minister detail the (a) source, date and nature of the advice, (b) exact amount and what type of insurance sought and (c) the premiums that were quoted for the insurance sought?

ANSWER:

- (a) In May 2002, following a competitive tendering process, Aon Risk Services Australia Limited (Aon) was appointed as consultant insurance broker and risk advisor to the Queensland Government Insurance Fund (QGIF).

In June 2003, QGIF sought to examine the cost of a reinsurance program to cover the State's assets and liability exposures.

Advice received from risk advisors was that reinsurance programs of this size were not able to be insured in Australia and reinsurance would need to be placed with an overseas provider.

Quotes were subsequently obtained from the international reinsurance market, in particular, reinsurers based in London, Munich, Bermuda and New York. Final quotes were received in March 2004 for Property cover and in June 2004 for liability cover.

- (b) Reinsurance quotes were sought for Property cover with an excess of \$20 million and \$50 million for any one event up to a limit of protection of \$500 million. A separate quote was also sought for Terrorism cover as it was excluded under reinsurers' property policy.

Reinsurance was also sought to cover the State's liability exposures, including Professional Indemnity, Aviation and Marine, but excluding medical malpractice. Cover sought was up to a limit of \$350 million any one event for general liability, \$380 million for aviation and \$300 million for marine.

(c) Final quotes obtained were as follows –

Type of Insurance	Premiums - \$20M Retention	Premiums - \$50M Retention
Property – Total Sum Insured \$500M (Inclusive of Retention)	\$6,450,000	\$3,900,000
Terrorism – Total Sum Insured \$150M (Inclusive of Retention)	\$1,220,000	-
Terrorism – Total Sum Insured \$180M (Inclusive of Retention)	-	\$650,000
Liability – Total Sum Insured \$350M (Inclusive of Retention)	\$5,278,000	\$3,000,000
Aviation Liability – Total Sum Insured \$380M (Inclusive of Retention)	-	\$190,000
Marine Liability – Total Sum Insured \$300M (Inclusive of Retention)	\$932,000	\$737,000