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Powerlink Queensland 2013 - 2017 Revenue Proposal



Powerlink Approach to Forecast of Insurance Premiums

Background

Powerlink has established commercial relationships with international and Australian insurance brokers that provide access to a broad range of insurance markets. An electricity transmission business in Australia, and specifically in Queensland, has different risk characteristics to utilities in other parts of the world. It is important to ensure insurance underwriters understand Powerlink's business risks and our approach to risk management.

Each year, Powerlink undertakes formal presentations to insurance markets and underwriters. This approach delivers an efficient and effective insurance program for Powerlink in relation to cover, premiums and terms and conditions.

Powerlink's insurance brokers are Marsh Pty Ltd (Australia) and Newman Martin and Buchan LLP (London).

Approach

Powerlink has obtained insurance premium forecasts from its insurance brokers and independent external actuaries. The insurance premium forecasts presented in the Revenue Proposal have been collated from the sources outlined in Table 1.

Table 1: Insurance premium forecast source.

Property and Liability	5 Year Premium Projection to 2017 (Towers Watson)
Financial Products Liability	Consulting Services for Powerlink Queensland – Insurance Premium 5 Year Forecast to 2017 (Marsh)
Motor Vehicle	Motor Fleet Insurance 5 Year Premium Estimates (Marsh)
Other Insurances	2.5% CPI and 2.5% business growth

Premiums quoted in the reports are gross underwriting premiums. Government taxes and charges are applied as follows:

- United Kingdom (UK) withholding taxes are applied to contracts written in the UK at the rate of 3%.
- Queensland government stamp duty is applied at the appropriate rates of 0%, 5% and 7.5% dependent on the type of contract. The stamp duty is calculated on the premium inclusive of GST and withholding taxes. However, GST has not been included in the premium forecasts.

