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# Endeavour Energy

Insurance Premium  
Estimates – FY2023-27

13 December 2022

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## ISSUE AND REVISION RECORD

REVISION	DATE	AUTHOR	REVIEWER	COMMENTS
1.0	12.07.2022	BH	SK	Draft for Review
2.0	13/12/2022	BH	SK	Updated Report to encompass 2022-23 Actual premiums

## DISCLAIMER

This Insurance Premium Estimates Report is the property of BMS Risk Solutions Pty Ltd (BMS) (ABN 45 161 187 980) and is confidential to BMS and Endeavour Energy Group (hereafter, “Endeavour Energy”). Accordingly, no part of this Report should be reproduced, stored or transmitted in any form or by any means to any third party, by Endeavour Energy including its officers and employees, without the express authorisation of BMS.

# 1. Introduction

## 1.1. Scope of Review

BMS Risk Solutions Pty Ltd (“BMS”) have been requested by Endeavour Energy Group (“Endeavour Energy”) to provide forward-looking Insurance Premium Cost estimates in respect of their Corporate Insurance Program – including their Bushfire Liability coverage – for the period to FY2029, to support their Operating Expenditure Step Change Regulatory Proposal.

This Insurance Premium Estimates Report includes:

- A high-level summary of the internal and external premiums drivers for each class of insurance;
- A high-level overview of the current insurance market for bushfire / wildfire liability risks, including discussion on historical bushfire / wildfire losses; and
- Expected premium ranges for Endeavour Energy’s Corporate Insurance Program – including their Bushfire Liability placement – for each insurance year to the 2028-29 Period of Insurance, along with commentary around the drivers behind those expected premiums and potential premium levers that could be employed to control premium outcomes.

## 1.2. Qualification

The opinions that we have expressed within this Report is based on and qualified by the following matters:

- (a) The opinions expressed within this Report are given as at 13<sup>th</sup> December 2022.
- (b) The accuracy of the documents and other information with which we have been supplied by Endeavour Energy and its representatives.
- (c) We have expressed no opinion on any legal, financial or accounting aspect of Endeavour Energy’s Insurance Program or its adequacy.
- (d) Our opinion is strictly limited to matters stated in this review and does not apply by implication to other matters.
- (e) We have not been responsible for independently reviewing any matters except those referred to in this review.

This review is addressed to Endeavour Energy and its directors and may not, without our prior written consent, be:

- (a) Relied on by another person unless otherwise agreed.
- (b) Disclosed, except to persons who in the ordinary course of business without breach of any obligation of confidentiality have access to it and records on the basis that they will not make any further disclosure.
- (c) Filed with a government or other agency or quoted or referred to in a public document except as required by the AER Regulatory Assessment process.

## 1.3. Currency & Exchange Rates

Unless stated otherwise, this Report has been prepared using the Australian Dollar (AUD) as currency.



## 1.4. Report Version

This Insurance Premium Estimates Report is provided as an Updated Draft for Review at this time – a final version will be provided once Endeavour Energy have provided any relevant commentary that they would like to see incorporated.

## 1.5. Contact Details

Should any party have any queries in relation to the content of this Report, please contact the author(s) as follows:

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[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

## 2. Executive Summary

### 2.1. Introduction

Following review of various documents already held and further data provided by Endeavour Energy, we have undertaken a review to provide forward-looking Insurance Premium Cost estimates in respect of Endeavour Energy's Corporate Insurance Program – including their Bushfire Liability coverage – for the period to FY2029.

### 2.2. Approach

At a high level, the approach taken to provide the premium estimates considered within this Report was as follows:

- Determine the premium costs (specifically, the Total Premium excluding GST) for all relevant classes within Endeavour Energy's Corporate Insurance Program for the current Period of Insurance – so as to establish a baseline year from which to escalate premiums. We would note that considering instructions from Endeavour to work towards a single Common Due Date, a number of the final premiums negotiated this year were for shortened or elongated periods – where this is the case we have calculated annual premium payable on a pro-rata basis for comparison purposes.
- Provide an estimate of future Insurance Premium costs relative to the baseline year, based upon our best estimate of movement within the global insurance market over the forecast period.

We would highlight that in providing these estimates, we have not accounted for any change in the underlying basis for declaration – as such, to the extent that the future declared values vary substantially from the values currently declared, this may bring about premium movement outside of modelled estimates.

### 2.3. Variability of Future Insurance Premium Costs - General

There are a number of internal and external factors that bear relevance on future insurance premium costs. A short summary and explanation of these factors is as follows:

- **Sums Insured / Limits of Liability** – any increases/decreases in the sums insured as a result of periodic asset revaluations, amendments to the required sub-limits/limits of liability etc. will have a flow-on effect on insurance premium costs.
- **Basis for Declaration** – for some insurance policy classes (including Motor Vehicle, Excess Worker's Compensation, Corporate Travel etc.) the premium is substantially based upon the values declared – for example, the number of vehicle units, the number of employees and their wage roll, the number of trips anticipated. As such, year-on-year movement in the values declared can have a marked effect on premiums payable.
- **Claims History** – claims history has a flow-on effect on the insurance premium costs, which can continue to be felt for a number of years post-loss. It is important to note that insurers consider claims on a portfolio basis (i.e. across their entire book of clients for a particular sector), and as such premium pricing may be impacted on this basis despite an individual policy not recording claims.
- **Risk Profile Changes** – any changes to the risk profile (e.g. changes in operational procedures, construction of additional assets, change in service providers, change in maintenance philosophies & service intervals etc.) presented by the insured assets will have a flow-on effect on the insurance premium costs.

- **Insurance Market Dynamics** – The insurance market is cyclical in nature, alternating between ‘hard’ (increasing premiums, restricting cover) and ‘soft’ (decreasing premiums, increasing cover) periods due to various factors both intrinsic and extrinsic. This should be factored into any medium-long term considerations – such as the operation of an asset. At the moment, consensus within Insurers and Insurance Brokers alike is that we are in a ‘hard’ phase of the insurance market, this being said, competitive pressures are starting to increase brought about by additional capacity entering the market (particularly overseas) and as such we are starting to see a gradual softening in approach from Insurers. However, considering the current inflationary environment, the significant disruptions being seen in the global supply chain and the uncertainty created by the war in Ukraine, there is building consensus that further correction is coming to reinsurance markets in 2023 which will have a flow-on effect to direct insurers.

With the above in mind, we would comment that it is impossible to accurately predict insurance premium costs over the long term – we have however provided our best estimates based on the information currently known as a part of this Report. There will be a degree on year-on-year variation in actual insurance prices incurred which will need to be accommodated by Endeavour Energy, as is the case for many other market-based operational expenses.

## 2.4. Market Overview - Bushfire Liability

Bushfire Liability remains an increasingly challenging area of the Liability Insurance Market and this environment is expected to continue over the next 12 – 24 months as the Global Liability Insurance Market attempts to correct and stabilise itself.

There has been a meaningful reduction in bushfire liability capacity over the last 3-5 years with an estimated \$500m of capacity having been withdrawn from the class, leaving remaining available capacity coming at significantly higher premium rates. There are a variety of factors in the sector driving this climate, including:

- Increased wildfire/bushfire activity and loss quantum both local and globally;
- Bushfire activity in Australia during the 2019/20 bushfire season;
- California Wildfires in 2020 coupled with broader US social inflation and nuclear verdicts;
- Non-bushfire casualty losses being experienced locally and globally (particularly in mining sector);
- Consolidation of insurers through merger and acquisition activity;
- Increased focus on overall capital deployment and aggregated portfolio exposures;
- Closure of Lloyds Syndicates and changes in insurer appetite;
- Treaty reinsurers challenging underwriting approaches.

Insurer’s perception of Bushfire Liability risk has changed dramatically and there is now significantly increased levels of underwriting scrutiny paired with revised pricing models, with a much greater focus on adequacy of ‘pay-back’ period. This is resulting in upward pressure on premium outcomes and, equally, pressure on Insured’s looking to sustain overall policy limit.

Whilst bushfire losses are well-known peril in Australia, there has been increased global bushfire/wildfire activity recently that is considered a growing concern amongst the broader global climate change topic, with notable losses including:

- 2020-21 East Coast Australian Bushfires;
- 2021 Perth Hills Bushfire;
- 2020 West Coast (USA) Wildfires: well over 2 million hectares have burned across California, Oregon, Washington State and neighbouring Idaho;
- St Patricks Day Bushfires in Victoria in 2018;
- The Black Saturday Bushfires in Victoria in 2009.



Whilst not being attributed to any failures within the Electricity Transmission / Distribution sector, the catastrophic bushfires that occurred in Australia during 2019-2020 led to insurers becoming extremely concerned about their aggregated bushfire liability exposure. To a far greater extent than in the past, insurers are having to justify – internally within their organisations – the risks proposed to be underwritten.

There is an increased focus on due diligence and analysis of profitability of proposed underwritten risks. This has resulted in many insurers having little to no appetite to take on new risk, whilst reducing capacity and to seeking premium increases to recover historical paid losses.

Whilst all these dynamics are important to understand and analyse, the importance of putting in place a robust strategy to navigate this climate is vital and the need to differentiate your risk has never been greater. Highlighting investments in risk management initiatives, roll-outs of latest technology systems and how your business is actively and culturally supporting proactive risk mitigation around bushfire is the key to unlocking insurer appetite and creating a sustainable programme solution.

## 2.5. Current Insurance Program

We would note that Endeavour Energy’s Corporate Insurance Program currently includes the following Classes of Insurance:

### KEY CLASSES OF INSURANCE\*

- Combined General Liability (inc. Bushfire Liability and Professional Indemnity) Insurance;
- Industrial Special Risks (Property Damage & Business Interruption) Insurance.

### MINOR CLASSES OF INSURANCE

- Directors & Officers Liability Insurance;
- Excess Worker’s Compensation Insurance;
- Motor Vehicle Fleet Insurance;
- Asbestos Liability Insurance;
- Contract Works (Material Damage) Insurance;
- Crime Insurance;
- Corporate Travel Insurance;
- Marine Transit Insurance;
- Mobile Plant & Equipment Insurance;
- Voluntary Worker’s Personal Accident Insurance.

**Note:**

*\* Defined as those classes of insurance with most criticality to Endeavour Energy’s business operations, and together being responsible for some ~93% of annual insurance premium expense.*

In addition to the above, we would note that the following additional insurances are not currently procured by Endeavour Energy, however are typically considered by clients in this sector and therefore may be procured by Endeavour Energy in future years:

[REDACTED]

Noting that these policies are not presently procured, we have not included premium estimates in respect of same within this Report.

### 3. Summary – Premium Estimates

We are pleased to provide the following summaries of estimated premium movement for the period to FY2029.

Please see the file referenced in **Appendix One** for a detailed breakdown of our premium calculations.

In relation to the cost ranges as summarised below, we make the following comments:

- Our view is that the trend of increasing premiums will continue in future years. Whilst the degree of certainty diminishes into the future, we would suggest that at a minimum allowance is made for future years' increases at the mid-point of the ranges we have outlined.
- It is important to note that the placement/program structure can vary significantly year on year as insurer appetite, capacity and pricing changes. This could adversely impact overall policy limits available to Endeavour Energy in the future. The above projections assume capacity will be purchased in line with current limits to the extent it is commercially reasonable to do so.
- In addition to overall policy limit, for the Combined General Liability Insurance Policy certain coverage aspects will remain under significant pressure moving forwards, including:
  - For Bushfire Liabilities, unaggregated policy limits and / or Policy limit reinstatements may no longer be available moving forwards;
  - Professional Indemnity coverage (currently purchased as an adjunct to the Combined General Liability Policy) may become much more difficult to procure in this manner, therefore putting downward pressure on the limit purchased or the breadth of coverage provided;
  - Failure to supply coverage may be restricted to Personal Injury / Property Damage triggers;
  - Pressure may be applied to both increase the level of deductible and in particular harmonise the bushfire liability deductibles under the policy (currently a split regime between Property Damage and Personal Injury).

Further, the below insurance premium estimates are based on the following assumptions:

- No major changes to Endeavour Energy's risk profile or the basis for declaration under each policy.
- No changes to the Limit of liability or deductible structure from current year positions.
- No additional significant losses incurred by Endeavour Energy, or in the Australian Bushfire Liability market generally.





### 3.1. ALL Endeavour Energy Insurance Placements

Please note that all premium values are expressed in Australian Dollars on a real FY23 \$M basis. .

Period of Insurance	2022-23 Actual	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Forecast Increase %							
Low Range							
Mid-Range							
High Range							

### 3.2. Combined General Liability (inc. Bushfire Liability and Professional Indemnity) Placement

Please note that all premium values are expressed in Australian Dollars on a real FY23 \$M basis.

Period of Insurance	2022-23 Actual	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Forecast Increase %							
Low Range							
Mid-Range							
High Range							

### 3.3. Industrial Special Risks Placement

Please note that all premium values are expressed in Australian Dollars on a real FY23 \$M basis.

Period of Insurance	2022-23 Actual	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Forecast Increase %							
Low Range							
Mid-Range							
High Range							

### 3.4. Minor Classes – All Other Placements

Please note that all premium values are expressed in Australian Dollars on a real FY23 \$M basis.

Period of Insurance	2022-23 Actual	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Forecast Increase %							
Low Range							
Mid-Range							
High Range							

## 4. Analysis by Class of Insurance

### 4.1. Combined General Liability (inc. Bushfire Liability and Professional Indemnity) Insurance

#### POLICY OVERVIEW

Endeavour Energy's Combined General Liability (inc. Bushfire Liability and Professional Indemnity) Insurance Policy provides coverage in respect of Endeavour's legal liability to pay damages and/or compensation (including claimants' costs and expenses) for and/or arising out of Injury and/or Damage and/or Advertising Liability and/or Financial Loss happening during the Period of Insurance and arising out of an Occurrence in connection with their Business or Products.

#### PREMIUM DRIVERS

Key Premium Drivers in respect of this policy include:

- A detailed Underwriting Submission providing substantial information in respect of Endeavour Energy's business operations, including but not limited to:
  - Full Business Description including all activities undertaken, including professional services provided for a fee;
  - Contractual provisions and requirements, including the provision of key/critical contracts – most notably those in relation to Vegetation Management;
  - Financial Statements;
  - Organisational Chart/s;
  - Overview / Listing of any key accreditations and licences held by the Group;
  - Copies of all key Corporate Policies and Procedures
  - Copies of each of Endeavour's five Formal Safety Assessments;
  - Key capability statements prepared across Endeavour's business;
  - General Operational Performance reports (e.g. Monthly / Quarterly);
  - An overview of Endeavour's latest HSE Statistics;
  - An overview of Endeavour's Environmental Performance;
  - An overview of Endeavour's initiatives around Environmental, Social, Governance (ESG) and Sustainability;
  - An overview of Endeavour's initiatives and risk mitigation roadmap around Cyber Security, and/or any Cyber Security Audits prepared;
  - Endeavour's Corporate Risk Management Plan, the latest Risk Register and any Risk Appetite / Risk Tolerance Statements;
  - An updated list of equipment and locations where PCB's are present and time frames for replacement;
  - An overview of Endeavour's approach to any asbestos removal & remediation within its asset portfolio;
  - An overview of Endeavour's new Advanced Distribution Management System;

- Results of recent incident audits/updates including those following recent Bushfires;
  - Copies of incident registers / complaints registers maintained internally.
  - Copies of key Bushfire Risk documents – including risk mitigation / risk reduction initiatives, risk model, fire likelihood modelling overview, approach to vegetation management etc.;
  - Copies of reports / presentations arising from the 2020 Phoenix Modelling Analysis;
  - Overview documents around Line Inspection program;
  - An overview of asset improvement program, including electrical infrastructure upgrades.
- Limits of Liability, Sub-Limits of Liability and Coverage Required, including the deductibles applicable.
  - Claims incurred under the placement, and from a macro perspective, within the Bushfire Liability market globally.

### FUTURE INSURANCE PREMIUM COST ESTIMATES

Moving forward past FY2022-23, we have provided estimates that we consider to be in line with our expected premium increases for this class of insurance – albeit at the higher end than some of the other policies considered within this Report noting the ongoing constriction in capacity for this policy class.

With the above comments in mind, our Future Insurance Premium Cost Estimates are as follows:

Period of Insurance	2022-23 Actual	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Forecast Increase %							
Low Range							
Mid-Range							
High Range							

### OPTIONS FOR PREMIUM REDUCTION

Noting that this is a ‘Key’ class of Insurance which is critical to Endeavour Energy’s business operations and is responsible for the greatest share of annual insurance premium expense, we would note that there are a number of changes that could be implemented to this insurance placement which would have the effect of materially improving premium outcomes, including the below. We would note that in each case we are reflecting this as a potential premium reduction measure, however to the extent that capacity continues to constrict for this policy class, some of these outcomes may become necessary concessions in order to continue securing the required capacity.

POTENTIAL SAVING	PREMIUM REDUCTION MEASURE	COMMENTS
Significant	Reduction in Limit of Liability	Whilst this would have a significant premium reduction effect, we would note that Endeavour have certain contractual obligations in place around policy limit requirements. Further, any limit reduction would ideally need to be supported by Limit Analysis to give Endeavour’s Board and Management confidence in the new (lower) limit selected.
Significant	Increase in Policy Deductibles	As above, whilst this would have a significant premium reduction effect, we would note that Endeavour have certain contractual obligations in place around maximum policy deductibles. This said, we note that many

POTENTIAL SAVING	PREMIUM REDUCTION MEASURE	COMMENTS
		of Endeavour's peers do carry higher deductibles than those currently held by Endeavour.
Significant – Moderate	Utilisation of a Protected Cell Captive / Captive Vehicle	Whilst arguably driving capacity availability rather than premium reductions, Endeavour Energy currently utilise a Protected Cell Captive (PCC) vehicle in respect of this placement, which allows them access to the Reinsurance Market. Endeavour are currently investigating options around transitioning to a full captive – a key advantage of which would be its ability to retain risk (subject to Endeavour's Risk Appetite and Tolerance) rather than needing to fully collateralise any risk held as is currently the case within the PCC – this may lead to the ability to generate further premium savings.
Moderate	Removal of Professional Indemnity from Placement and/or Reduction in Professional Indemnity Policy Limit	Premium savings may be achieved by reducing the Professional Indemnity Limit currently provided within the Combined General Liability placement, or by removing the coverage entirely and placing in the dedicated Financial Lines Insurance Market. We would note however that the coverage would still be required noting Endeavour's business activities, and therefore the coverage could not simply be removed and not replaced elsewhere.
Moderate-Minimal	Aggregation of Bushfire Limits throughout entire Placement	Whilst likely a requirement that will be pushed upon Endeavour by the Insurance Market, Endeavour choosing to take on this limitation proactively may bring about premium savings through Insurer's increased willingness to support the placement.
Minimal	Reduction in Breadth of Policy Terms & Conditions	Similarly to the above, whilst reductions or limitations in coverage would generally be pushed upon Endeavour by the Insurance Market, Endeavour choosing to take on certain limitations proactively may bring about premium savings through Insurer's increased willingness to support the placement.

## 4.2. Industrial Special Risks (Property Damage & Business Interruption) Insurance

### POLICY OVERVIEW

Industrial Special Risks (Property Damage & Business Interruption) Insurance provides coverage in respect of financial loss resulting from destruction, loss or damage to Endeavour Energy's Insured Property, including both its network and non-network assets.

We would note that in respect of the network assets Insured, Endeavour has made the decision to exclude its pole & wire assets from its Declared Values. We can confirm that this is in line with treatment by most other regulated network businesses.

### PREMIUM DRIVERS

Key Premium Drivers in respect of this policy include:

- Declared Assets & Values – as declared by Endeavour Energy.
- A detailed Underwriting Submission providing COPE (Construction, Occupancy, Protection and Exposure) information in respect of the Declared Assets, an overview of Endeavour Energy's various policies & procedures, physical risk mitigation measures etc.
- Sums Insured, Sub-Limits of Liability and Coverage Required, including the deductibles applicable.

- Claims incurred under the placement, and from a natural catastrophe perspective, within the Australian Energy / Property Insurance Market.

### FUTURE INSURANCE PREMIUM COST ESTIMATES

In providing these estimates, we have provided estimates that we consider to be in line with our expected premium increases for this class of insurance within the commercial insurance market, and which are based on our general assumptions as detailed within Section 3 of this Report.

With the above comments in mind, our Future Insurance Premium Cost Estimates are as follows:

Period of Insurance	2022-23 Actual	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Forecast Increase %							
Low Range							
Mid-Range							
High Range							

### OPTIONS FOR PREMIUM REDUCTION

Noting that this is a 'Key' class of Insurance which is critical to Endeavour Energy's business operations and is responsible for the second-largest share of annual insurance premium expense, we would note that the following changes could be implemented to this insurance placement with a view to improving premium outcomes:

POTENTIAL SAVING	PREMIUM REDUCTION MEASURE	COMMENTS
Significant - Moderate	Reduction in Declared Values	Whilst this could have a significant premium reduction effect (depending upon the extent of any reduction), we would note that Endeavour have certain contractual obligations in place around the assets that they elect to insure. Further, any Declared Value reduction would ideally need to be supported by updated Asset Valuations and consideration of Endeavour's Risk Transfer philosophy (if electing to self-insure certain assets) to give Endeavour's Board and Management confidence in the new position declared.
Significant - Moderate	Increase in Policy Deductibles	Whilst this could have a significant premium reduction effect, we would note that Endeavour have certain contractual obligations in place around maximum policy deductibles.
Moderate	Utilisation of a Protected Cell Captive / Captive Vehicle	Endeavour Energy currently utilise a Protected Cell Captive (PCC) vehicle in respect of their Combined General Liability (inc. Bushfire Liability and Professional Indemnity) placement, which allows them access to the Reinsurance Market. The utilisation of this PCC could also be expanded to encompass this placement. Further, we would note that Endeavour are currently investigating options around transitioning to a full captive – a key advantage of which would be its ability to retain risk (subject to Endeavour's Risk Appetite and Tolerance) rather than needing to fully collateralise any risk held as is currently the case within the PCC – this may lead to the ability to generate further premium savings.
Moderate - Minimal	Reduction in Breadth of Policy Terms & Conditions	Whilst reductions or limitations in coverage would generally be pushed upon Endeavour by the Insurance Market, Endeavour choosing to take on certain limitations proactively may bring about premium savings through Insurer's increased willingness to support the placement.



### 4.3. Directors & Officers Liability Insurance

#### POLICY OVERVIEW

Directors and Officers Liability Insurance insures the directors and officers of Endeavour Energy, or Endeavour Energy itself, against legal action brought for alleged wrongful acts in the management of the organisation.

#### PREMIUM DRIVERS

Key Premium Drivers in respect of this policy include:

- The responses provided in a formal proposal form (capturing various information in respect of Endeavour Energy’s corporate structure, governance processes, internal policies and procedures etc.), as completed by Endeavour Energy.
- Sums Insured and Coverage Required, including the deductibles applicable.
- Claims incurred under the placement, and to a certain extent, within the broader D&O Insurance market.

#### FUTURE INSURANCE PREMIUM COST ESTIMATES

In providing these estimates, we have provided estimates that we consider to be in line with our expected premium increases for this class of insurance within the commercial insurance market, and which are based on our general assumptions as detailed within Section 3 of this Report.

With the above comments in mind, our Future Insurance Premium Cost Estimates are as follows:

Period of Insurance	2022-23 Actual	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Forecast Increase %							
Low Range							
Mid-Range							
High Range							

### 4.4. Excess Worker’s Compensation Insurance

#### POLICY OVERVIEW

A workers compensation policy provides cover for Endeavour Energy’s workers in the event of a work-related injury or illness.

We would note that Endeavour Energy are a registered self-insurer with SIRA (the State Insurance Regulatory Authority). It is a requirement of Endeavour Energy’s self-insurance accreditation that they obtain and maintain unlimited reinsurance cover to restrict liabilities to a maximum amount for any one event.

#### PREMIUM DRIVERS

Key Premium Drivers in respect of this policy include:

- Declared Wages, Headcount and business activities (with a focus on certain high-risk activities) – as declared by Endeavour Energy.
- The applicable Self Insured Retention under the Policy.



- Ongoing availability of willing insurers for this class of risk (noting only 2 remain following recent withdrawals from the market).
- Claims incurred under the placement.

**FUTURE INSURANCE PREMIUM COST ESTIMATES**

In providing these estimates, we have provided estimates that we consider to be in line with our expected premium increases for this class of insurance within the commercial insurance market, and which are based on our general assumptions as detailed within Section 3 of this Report.

With the above comments in mind, our Future Insurance Premium Cost Estimates are as follows:

Period of Insurance	2022-23 Actual	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Forecast Increase %							
Low Range							
Mid-Range							
High Range							

**4.5. Motor Vehicle Fleet Insurance**

**POLICY OVERVIEW**

Motor Vehicle Fleet Insurance provides coverage in respect of financial loss resulting from destruction, loss or damage to Endeavour Energy’s Motor Vehicle Assets, including its sizeable portfolio of Heavy Vehicles with permanently mounted Elevated Working Platforms.

We would note that in respect of Endeavour Energy’s policy, with a view to minimising premium payable and in line with Endeavour’s risk tolerance, a relatively sizeable self-insured retention (in the form of an annual aggregate deductible) is payable prior to Insurer’s liability attaching. Noting therefore the relatively high number of under-deductible claims being incurred, Endeavour have also contracted the administration and management of all Motor Vehicle claims to their Insurer. A separate fee is payable in respect of Claims Management Services.

**PREMIUM DRIVERS**

Key Premium Drivers in respect of this policy include:

- Declared Assets / Units to be insured – as declared by Endeavour Energy.
- Sums Insured and Coverage Required, including the deductibles applicable.
- Claims incurred under the placement in excess of the Insured’s self-insured (aggregate) retention.

**FUTURE INSURANCE PREMIUM COST ESTIMATES (INC. CLAIMS MANAGEMENT FEE)**

In providing these estimates, we have provided estimates that we consider to be in line with our expected premium increases for this class of insurance within the commercial insurance market, and which are based on our general assumptions as detailed within Section 3 of this Report.

With the above comments in mind, our Future Insurance Premium Cost Estimates are as follows:

Period of Insurance	2022-23 Actual	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Forecast Increase %							

Low Range	
Mid-Range	
High Range	

## 4.6. Asbestos Liability Insurance

### POLICY OVERVIEW

Noting that most Public & Products Liability / Combined General Liability Policies contain a blanket exclusion for liabilities arising from or related to Asbestos, a dedicated Asbestos Liability policy is required for any Asbestos removal and/or abatement activities.

### PREMIUM DRIVERS

Key Premium Drivers in respect of this policy include:

- Declared Asbestos Removal & Abatement Projects including the Contract Type, Scope of Works and Estimated CAPEX Value – as declared by Endeavour Energy.
- Sums Insured and Coverage Required, including the deductibles applicable.
- Claims incurred under the placement.

### FUTURE INSURANCE PREMIUM COST ESTIMATES

In providing these estimates, we have provided estimates that we consider to be in line with our expected premium increases for this class of insurance within the commercial insurance market, and which are based on our general assumptions as detailed within Section 3 of this Report.

With the above comments in mind, our Future Insurance Premium Cost Estimates are as follows:

Period of Insurance	2022-23 Actual	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Forecast Increase %							
Low Range							
Mid-Range							
High Range							

## 4.7. Contract Works (Material Damage) Insurance

### POLICY OVERVIEW

Contract Works (Material Damage) Insurance provides coverage in respect of loss or damage to Works under the course of construction.

This policy will generally be a contractually-mandated coverage where Endeavour Energy are performing works on behalf of others.

### PREMIUM DRIVERS

Key Premium Drivers in respect of this policy include:

- Declared Projects including the Contract Type, Scope of Works and Estimated CAPEX Value – as declared by Endeavour Energy.
- Sums Insured and Coverage Required, including the deductibles applicable.





- Claims incurred under the placement.

**FUTURE INSURANCE PREMIUM COST ESTIMATES**

In providing these estimates, we have provided estimates that we consider to be in line with our expected premium increases for this class of insurance within the commercial insurance market, and which are based on our general assumptions as detailed within Section 3 of this Report.

With the above comments in mind, our Future Insurance Premium Cost Estimates are as follows:

Period of Insurance	2022-23 Actual	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Forecast Increase %							
Low Range							
Mid-Range							
High Range							

**4.8. Crime Insurance**

**POLICY OVERVIEW**

Crime Insurance provides coverage in respect of fraud or theft by employees or third parties.

**PREMIUM DRIVERS**

Key Premium Drivers in respect of this policy include:

- The responses provided in a formal proposal form (capturing factors such as internal processes and procedures, risk mitigants and fraud controls in place etc.), as completed by Endeavour Energy.
- Sums Insured and Coverage Required, including the deductibles applicable.
- Claims incurred under the placement.

**FUTURE INSURANCE PREMIUM COST ESTIMATES**

In providing these estimates, we have provided estimates that we consider to be in line with our expected premium increases for this class of insurance within the commercial insurance market, and which are based on our general assumptions as detailed within Section 3 of this Report.

With the above comments in mind, our Future Insurance Premium Cost Estimates are as follows:

Period of Insurance	2022-23 Actual	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Forecast Increase %							
Low Range							
Mid-Range							
High Range							



## 4.9. Corporate Travel Insurance

### POLICY OVERVIEW

Corporate Travel Insurance provides coverage against unexpected costs in the event of Endeavour Energy's employees encountering issues whilst travelling for business purposes, such as cancelled flights, medical emergencies and evacuation, lost baggage and even political unrest and acts of war or terror.

### PREMIUM DRIVERS

Key Premium Drivers in respect of this policy include:

- Declared Trips including total number, average and maximum duration, destinations of travel etc. – as declared by Endeavour Energy.
- Sums Insured and Coverage Required, including the deductibles applicable.
- Claims incurred under the placement.

### FUTURE INSURANCE PREMIUM COST ESTIMATES

In providing these estimates, we have provided estimates that we consider to be in line with our expected premium increases for this class of insurance within the commercial insurance market, and which are based on our general assumptions as detailed within Section 3 of this Report.

With the above comments in mind, our Future Insurance Premium Cost Estimates are as follows:

Period of Insurance	2022-23 Actual	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Forecast Increase %							
Low Range							
Mid-Range							
High Range							

## 4.10. Marine Transit Insurance

### POLICY OVERVIEW

Marine Transit Insurance provides coverage in respect of loss or damage to Insured Property whilst in the course of transit.

This policy will generally be a contractually-mandated coverage where Endeavour Energy are transporting goods or materials on behalf of others, for example in respect of works being undertaken under contract.

### PREMIUM DRIVERS

Key Premium Drivers in respect of this policy include:

- Declared "Sendings" (i.e. the cumulative value of all Insured Property transported over the course of the year) to be insured – as declared by Endeavour Energy. This extends to include the number of goods-carrying vehicles in Endeavour Energy's fleet.
- Sums Insured, Maximum Limits Per Conveyance and Coverage Required, including the deductibles applicable.
- Claims incurred under the placement.

### FUTURE INSURANCE PREMIUM COST ESTIMATES

In providing these estimates, we have provided estimates that we consider to be in line with our expected premium increases for this class of insurance within the commercial insurance market, and which are based on our general assumptions as detailed within Section 3 of this Report.

With the above comments in mind, our Future Insurance Premium Cost Estimates are as follows:

Period of Insurance	2022-23 Actual	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Forecast Increase %							
Low Range							
Mid-Range							
High Range							

## 4.11. Mobile Plant & Equipment Insurance

### POLICY OVERVIEW

Mobile Plant & Equipment Insurance provides coverage in respect of financial loss resulting from destruction, loss or damage to Endeavour Energy’s Mobile Plant Assets. Endeavour Energy’s policy has also been extended to provide coverage in respect of destruction, loss or damage to Hired in Plant.

This policy will generally be a contractually-mandated coverage where Endeavour Energy are hiring-in Plant and Equipment, or are utilising their own plant & equipment as a part of delivering works under contract.

### PREMIUM DRIVERS

Key Premium Drivers in respect of this policy include:

- Declared Assets / Units to be insured – as declared by Endeavour Energy.
- Sums Insured and Coverage Required, including the deductibles applicable.
- Claims incurred under the placement.

### FUTURE INSURANCE PREMIUM COST ESTIMATES

In providing these estimates, we have provided estimates that we consider to be in line with our expected premium increases for this class of insurance within the commercial insurance market, and which are based on our general assumptions as detailed within Section 3 of this Report.

With the above comments in mind, our Future Insurance Premium Cost Estimates are as follows:

Period of Insurance	2022-23 Actual	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Forecast Increase %							
Low Range							
Mid-Range							
High Range							



## 4.12. Voluntary Worker’s Personal Accident Insurance

### POLICY OVERVIEW

Voluntary Worker’s Personal Accident Insurance covers voluntary workers including cadets, interns, work experience personnel and other parties who wouldn’t otherwise be eligible for workers compensation insurance.

Coverage is provided in respect of volunteers aged between the minimum and maximum age limits of the Policy at the time of an Event as stated in the policy schedule against non Medicare medical expenses and/or loss of earnings (from another source) caused by their temporary or permanent disablement or death following an injury sustained while volunteering for the organisation.

### PREMIUM DRIVERS

Key Premium Drivers in respect of this policy include:

- Number of Voluntary Workers – as declared by Endeavour Energy.
- Sums Insured – Lump Sum Benefits / Weekly Benefits.
- Coverage Required – 24 hours / Working Hours / Commuting etc.
- Claims incurred under the placement.

### FUTURE INSURANCE PREMIUM COST ESTIMATES

In providing these estimates, we have provided estimates that we consider to be in line with our expected premium increases for this class of insurance within the commercial insurance market, and which are based on our general assumptions as detailed within Section 3 of this Report.

With the above comments in mind, our Future Insurance Premium Cost Estimates are as follows:

Period of Insurance	2022-23 Actual	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	2028-29 Estimate
Forecast Increase %							
Low Range							
Mid-Range							
High Range							

# Appendices



# 1. Insurance Premium Calculations

Please see the attached file '*Endeavour Energy - Insurance Premium Data FY23-29 - Updated 09.12.2022.xlsx*'.



## 2. About BMS

BMS is a leading international, independent and employee-owned, specialist insurance broking group with over \$4.0 billion in premium throughput. Established over 40 years ago and headquartered in London, BMS has 27 offices around the world including the UK, US, Canada, Bermuda, Latin America, Australia, New Zealand, Singapore, Hong Kong, Turkey and Iberia. Our size, structure and culture provide an attractive environment for brokers and clients. Put simply, each new client matters enormously to us and will receive the requisite attention, with unfettered access to every part of the business.

Our mission is to be an extension of our client's businesses by providing valued insurance, risk management solutions, as well as advice tailored to our clients' needs. We strive to create intelligent solutions and ongoing relationships that protect the growth and reputation of your business. It is this philosophy that has seen us achieve great success and rapid growth.

