

2018-22

POWERLINK QUEENSLAND REVENUE PROPOSAL

APPENDIX 12.01 - PUBLIC

Finity Consulting
Nominated Pass Through Events 2017/18 to 2021/22

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Delivering better value



Nominated Pass Through Events 2017/18 to 2021/22

Powerlink Queensland

January 2016

28 January 2016

Mr Greg Bolton
Manager Governance & Risk
33 Harold Street
Virginia QLD 4014

Dear Greg

Nominated Pass Through Events 2017/18 to 2021/22

In accordance with our proposal of 11 May 2015, we are pleased to enclose our report documenting our recommended nominated pass through events for the regulatory period 2017/18 to 2021/22.

We confirm that we have made all the inquiries that we believe are desirable and appropriate and that no matters of significance that we regard as relevant have, to our knowledge, been withheld.

Please do not hesitate to contact either of us should you have any queries in relation to the report.

Yours sincerely

Mark Hurst

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Fellows of the Institute of Actuaries of Australia

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Nominated Pass Through Events 2017/18 to 2021/22

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Part I Executive Summary

1 Introduction

Finity Consulting Pty Limited (Finity) has been engaged by Powerlink Queensland (Powerlink) to provide advice regarding proposed nominated cost pass through arrangements for the forthcoming regulatory control period 2017/18 to 2021/22. Our advice has been prepared pursuant to our proposal dated 11 May 2015. We understand that this report will be provided to the Australian Energy Regulator (AER) as part of Powerlink's regulatory proposal.

We acknowledge that we have read, understood and complied with the Federal Court of Australia Practice Note CM7 "Expert Witnesses in Proceedings in the Federal Court of Australia". The advice set out in this report has been prepared by Mark Hurst and Adam Payne of Finity, both of whom are Fellows of the Institute of Actuaries of Australia. Our experience and qualifications are set out in Appendix A of this report. This report has been developed based on material provided by Powerlink, its Brokers, market research and relevant insurance and industry references.

This Executive Summary summarises the key findings of our work. The main body of the report provides a more complete description of our advice, including reliances and limitations, and should be read fully in order to place our findings in their appropriate context.

2 Scope

The scope of this report, as set out in our proposal, is for Finity to analyse and recommend definitions and considerations for suitable nominated pass through events for:

- Non-insurable risk events e.g. very low probability, high impact
- Events where it is not possible to calculate reliable self-insurance forecast.

There are no material gaps in Powerlink's insurance program with all of Powerlink's assets insured including cover for natural disasters such as flood and cyclone. Notably Powerlink have a Towers and Lines policy with a limit of \$10 million.

3 Background

In August 2012 the Australian Energy Market Commission (AEMC) introduced a rule change that enables transmission network service providers (TNSPs) to nominate additional pass through events as part of their revenue proposals, subject to the nominated pass through event considerations in the rules.

As part of the revenue proposal Powerlink are able to nominate certain pass through events that they want to be considered, if they eventuate. These are in addition to certain prescribed pass through events.

If the Australian Energy Regulator (AER) accepts a nominated pass through event this gives the TNSP the opportunity to submit a pass through "claim" but it does not necessarily mean it will be accepted.

4 Criteria

We applied the following criteria to identify the events to be nominated for the cost pass through mechanism:

- Quantification of such an event, by attaching frequency or severity, cannot be ascribed by reasonable means and is subject to significant uncertainty.
- Insurance is not available on an efficient and prudent basis.
- Such an event is beyond the control of Powerlink, or Powerlink has taken appropriate and reasonable means in order to prevent or reduce the probability of its occurrence.
- The cost of the event exceeds 1 per cent of the Maximum Allowable Revenue (MAR) for the TNSP for that regulatory year.

5 Nominated Pass Through

Accordingly, Powerlink nominate the following additional pass through events:

- Insurance cap event
- Terrorism event
- Insurers credit risk default event.

The basis for nominating these events, and the proposed definitions, are set out below (with more detail provided in the main body of this report).

Insurance cap event

Powerlink nominate an Insurance Cap Event as a pass through event for the regulatory period 2017/18 to 2021/22. The proposed definition of this event is as follows.

Figure 1 – Proposed definition for Insurance Cap Event

An Insurance Cap Event occurs if:	
1.	Powerlink makes a claim or claims and receives the benefit of a payment or payments under a relevant insurance policy;
2.	Powerlink incurs costs beyond the relevant policy limit; and
3.	The costs beyond the relevant policy limit materially increase the costs to Powerlink of providing prescribed transmission services.
For this Insurance Cap Event:	
4.	The relevant policy limit is the greater of: <ol style="list-style-type: none"> a) Powerlink’s actual policy limit at the time of the event that gives, or would have given rise to a claim, and b) the policy limit that is explicitly or implicitly commensurate with the allowance for insurance premiums that is included in the forecast operating expenditure allowance approved in the AER's final decision for the regulatory control period in which the insurance policy is issued.
5.	A relevant insurance policy is an insurance policy held during the 2017/18 to 2021/22 regulatory control period or a previous regulatory control period in which Powerlink was regulated.
Note: for the avoidance of doubt, in assessing an insurance cap event cost pass through application under rule 6A.7.3, the AER will have regard to: <ol style="list-style-type: none"> i) the insurance policy for the event, ii) the level of insurance that an efficient and prudent NSP would obtain in respect of the event, and iii) the extent to which a prudent provider could reasonably mitigate the impact of the event. 	

Terrorism event

Powerlink nominate Terrorism as a pass through event for the regulatory period 2017/18 to 2021/22. The proposed definition of this event is as follows.

Figure 2 – Proposed definition for a Terrorism Event

A terrorism event is:	
An act (including, but not limited to, the use of force or violence or the threat of force or violence) of any person or group of persons (whether acting alone or on behalf of or in connection with any organisation or government), which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons (including the intention to influence or intimidate any government and/or put the public, or any section of the public, in fear) and which materially increases the costs to Powerlink in providing prescribed transmission services.	
Note: In assessing a terrorism event pass through application, the AER will have regard to, amongst other things: <ol style="list-style-type: none"> a) whether Powerlink has insurance against the event, b) the level of insurance that an efficient and prudent NSP would obtain in respect of the event, c) whether a declaration has been made by a relevant government authority that a terrorism event has occurred, and d) the extent to which a prudent provider could reasonably mitigate the impact of the event. 	

Insurers credit risk default event

Powerlink nominate Insurer Credit Risk as a pass through event for the regulatory period 2017/18 to 2021/22. The proposed definition of this event is as follows.

Figure 3 – Proposed definition for an Insurer Credit Risk Event

An Insurer Credit Risk event occurs if:
<p>A nominated insurer of Powerlink becomes insolvent, and as a result, in respect of an existing, or potential, claim for a risk that was insured by the insolvent insurer, Powerlink:</p> <ul style="list-style-type: none">i) is subject to a materially higher or lower claim limit or a materially higher or lower deductible than would have otherwise applied under the insolvent insurer's policy; orii) incurs additional costs associated with self-funding an insurance claim, which would otherwise have been covered by the insolvent insurer. <p>Note: In assessing an insurer's credit risk event pass through application, the AER will have regard to, amongst other things:</p> <ul style="list-style-type: none">a) Powerlink's attempts to mitigate and prevent the event from occurring by reviewing and considering the insurer's track record, size, credit rating and reputation, andb) in the event that a claim would have been made after the insurance provider became insolvent, whether Powerlink had reasonable opportunity to insure the risk with a different provider.

6 Reliances and Limitations

We have relied on the accuracy and completeness of the data and other information (qualitative, quantitative, written and verbal) provided to us by Powerlink for the purpose of this advice.

The reader's attention is drawn to the reliances and limitation of our advice as set out in Section 6 of this report.

Part II Detailed Findings

1 Introduction

Finity Consulting Pty Limited (Finity) has been engaged by Powerlink Queensland (Powerlink) to provide advice regarding proposed nominated cost pass through arrangements for the forthcoming regulatory control period 2017/18 to 2021/22. Our advice has been prepared pursuant to our proposal dated 11 May 2015. We understand that this report will be provided to the Australian Energy Regulator (AER) as part of Powerlink's regulatory proposal.

1.1 Scope

The scope of this report, as set out in our proposal, is for Finity to analyse and recommend definitions and considerations for suitable nominated pass through events for:

- Non-insurable risk events e.g. very low probability, high impact
- Events where it is not possible to calculate reliable self-insurance forecast.

There are no material gaps in Powerlink's insurance program with all of Powerlink's assets insured including cover for natural disasters such as flood and cyclone. [REDACTED]

1.2 Background

In August 2012 the Australian Energy Market Commission (AEMC) introduced a rule change that enables transmission network service providers (TNSPs) to nominate additional pass through events as part of their revenue proposals, subject to the nominated pass through event considerations in the rules.

As part of the revenue proposal Powerlink are able to nominate certain pass through events that they want to be considered, if they eventuate. These are in addition to certain prescribed pass through events.

If the Australian Energy Regulator (AER) accepts a nominated pass through event this gives the TNSP the opportunity to submit a pass through "claim" but it does not necessarily mean it will be accepted.

What is pass through?

Cost pass through is a way of addressing unexpected events.

The forecast efficient expenditure of network service providers in Australia is regulated by the AER and recovered through their "allowed revenue", set each year. This allowed revenue includes the cost of risk management mechanisms, including commercial insurance and self-insurance.

Currently there are two ways that a network business may recover the costs incurred as the result of any significant events that were not forecast as part of their allowed revenues:

1. Cost pass through – where expenditure arises in a permitted category of event (prescribed or nominated), the network service provider may apply to the AER to recover this amount from electricity customers in the next year's prices. A cost pass through event nominated

at the time of a TNSP's regulatory proposal and approved by the AER only covers that category of event for that regulatory control period.

2. Capital expenditure re-opener - transmission network service providers can currently propose a capital expenditure re-opener to the AER. This only covers capital expenditure (e.g. the replacement cost of assets poles and wires swept away by flooding). It does not enable the recovery of repair costs to any assets which are damaged, but not destroyed.

August 2012 rule change

The aim of these amendments to the National Electricity Rules (NER) was to enable network businesses to recover their efficient costs in the advent of an unexpected event, while ensuring that the prices for consumers are no more than necessary to provide an appropriate level of service.

To achieve this, the AEMC has determined to:

- Provide transmission businesses with the ability to nominate additional pass through events as part of their revenue proposals;
- Include a set of nominated cost pass through event considerations in the NER that the Australian Energy Regulator (AER) must consider when deciding whether to accept the transmission or distribution business' proposed pass through event
- Remove the terrorism event from the prescribed pass through events under the NER for both transmission and distribution businesses; and
- Provide transitional arrangements for network businesses who have recently completed or are in the middle of their revenue determination with the AER.

Note that the AEMC's policy position remains that cost pass throughs should only be used where other, more suitable, means of addressing these costs are less appropriate.

Prescribed pass through events

The prescribed pass through events for TNSPs are:

- a regulatory change event;
- a service standard event;
- a tax change event;
- an insurance event; and
- a nominated event for a regulatory control period.

The first four of these pass through events are defined in the NER. Transmission businesses also have the ability to utilise the capital expenditure re-opening and contingent event mechanisms under the NER.

1.3 Recent Determinations

Based on recent determinations we have reviewed it appears that the AER's starting point for considering pass through events is the provision of appropriate incentives to promote efficient and prudent risk management. The aim is to align the financial risks of providing network services with those best able to manage those risks i.e. the Network Service Provider (NSP). Hence, a nominated cost pass through

mechanism is intended to ensure the efficient funding of risks when it is uneconomical for the service provider to get insurance cover, or be paid a self-insurance allowance.

1.4 Structure of Report

The remainder of this report is structured as follows:

- Section 2 - Introduction for proposal
- Section 3 – Nominated Event 1 – Insurance Cap Event
- Section 4 – Nominated Event 2 – Terrorism Event
- Section 5 – Nominated Event 3 – Insurer Credit Event
- Section 6 – Reliances and Limitations.

2 Introduction for Proposal

The cost pass through provisions set out in clauses 6A.6.9 and 6A.7.3 of the NER allow a TNSP to recover (or pass back to customers) materially higher (or lower) costs in providing prescribed transmission services that have arisen as a result of a defined pass through event occurring. Clause 6A.7.3(a1) of the Rules defines any of the following as a pass through event for a transmission determination:

- A regulatory change event;
- A service standard event;
- A tax change event;
- An insurance event; and
- Any other event specified as a pass through event in a transmission determination.

This chapter sets out our proposals for specified nominated pass through events that are to apply in accordance with clause 6A.7.3(a1)(5) for the regulatory period 2017/18 to 2021/22.

2.1 Criteria

We applied the following criteria to identify the events to be nominated for the cost pass through mechanism:

- Quantification of such an event, by attaching frequency or severity, cannot be ascribed by reasonable means and is subject to significant uncertainty.
- Insurance is not available on an efficient and prudent basis.
- Such an event is beyond the control of Powerlink, or Powerlink has taken appropriate and reasonable means in order to prevent or reduce the probability of its occurrence.
- The cost of the event exceeds 1 per cent of the Maximum Allowable Revenue (MAR) for the TNSP for that regulatory year.

For the events nominated, we note there have been no past incidences of similar type, or similar events of such magnitude for Powerlink. However, we don't believe that the occurrence of such an event would necessarily preclude it from being a nominated pass through event as long as it met the above criteria.

In circumstances where these criteria are satisfied, the adoption of the cost pass through mechanism will likely be the most effective approach in achieving on an ex-ante basis, an adequate balance between:

- Having the incentive mechanisms in place to ensure that prices for consumers are no more than necessary to provide an appropriate level of service; and
- Whilst still providing Powerlink with a reasonable opportunity to recover efficient costs associated with events that are outside of their reasonable control.

We believe that the pass-through option is an efficient way of dealing with extreme events which occur very infrequently and are extremely difficult to model. The alternative of receiving an annual allowance to be placed in a reserve is problematic as the reserve may need to be maintained, theoretically, for a significant period of time. There is also the possibility that an extreme event may occur well before the reserve has reached the expected size for the event.

2.2 Nominated Pass Through

Accordingly, we nominate the following additional pass through events:

- Insurance cap event
- Terrorism event
- Insurers credit risk default event.

The basis for nominating these events, and the proposed definitions, are set out in the following sections.

2.3 Risk Mitigation

We note that Powerlink as an efficient and prudent NSP, manages its risk profile ensuing a suite of preventative, detective and mitigating controls are effective in both their design and operation. Risk management is supported by complementary preparedness (including business continuity), recovery (both resumption of key processes and restoration of assets) and response arrangements; in line with best practice as outlined by Emergency Management Australia.

Risk management is supported by an integrated “Three Lines of Defence” assurance process that provides confidence that controls are in place, fit for purpose and effective.

In the following sections, for each nominated pass through event, we have described the specific risk mitigation controls employed by Powerlink.

3 Nominated event 1: Insurance Cap Event

3.1 Definition

We nominate an Insurance Cap Event as a pass through event for the regulatory period 2017/18 to 2021/22. Our proposed definition of this event is as follows.

Figure 3-1 – Proposed definition for Insurance Cap Event

An Insurance Cap Event occurs if:	
1.	Powerlink makes a claim or claims and receives the benefit of a payment or payments under a relevant insurance policy;
2.	Powerlink incurs costs beyond the relevant policy limit; and
3.	The costs beyond the relevant policy limit materially increase the costs to Powerlink of providing prescribed transmission services.
For this Insurance Cap Event:	
4.	The relevant policy limit is the greater of: <ol style="list-style-type: none"> Powerlink's actual policy limit at the time of the event that gives, or would have given rise to a claim, and the policy limit that is explicitly or implicitly commensurate with the allowance for insurance premiums that is included in the forecast operating expenditure allowance approved in the AER's final decision for the regulatory control period in which the insurance policy is issued.
5.	A relevant insurance policy is an insurance policy held during the 2017/18 to 2021/22 regulatory control period or a previous regulatory control period in which Powerlink was regulated.
Note: for the avoidance of doubt, in assessing an insurance cap event cost pass through application under rule 6A.7.3, the AER will have regard to: <ol style="list-style-type: none"> the insurance policy for the event, the level of insurance that an efficient and prudent NSP would obtain in respect of the event, and the extent to which a prudent provider could reasonably mitigate the impact of the event. 	

3.2 Rationale

This pass through event is proposed on the basis that it is not always efficient for TNSPs to fully insure against high impact, low probability events. This is because commercial insurance for these events may be unavailable, or may be available at a prohibitively high cost. It is also unlikely to be efficient to receive an additional annual self-insurance allowance to be placed in a reserve as the reserve may need to be maintained, theoretically, for a significant period of time. There is also the possibility that an extreme event may occur well before the reserve has reached the expected size for the event.

The AER has previously determined that an insured event where costs are incurred beyond the insurance cap would largely be triggered by circumstances beyond the NSP's control, could not be forecast and would likely incur costs of a high magnitude. The AER considered that a combination of self-insurance (for costs above the insurance cap but below a specified threshold) and pass throughs should compensate for such an event.

3.3 Risk Mitigation

Powerlink understands the complementary nature of commercial insurance coverage, self-insurance and pass through events; ensuring that it is has an optimal blend of cover.

Powerlink as an efficient and prudent NSP, sets its insurance limits based on credible risk based scenario analysis, worst foreseeable loss studies, asset values, industry benchmarks and professional Broker advice.

4 Nominated Event 2: Terrorism

4.1 Definition

We nominate Terrorism as a pass through event for the regulatory period 2017/18 to 2021/22. Our proposed definition of this event is as follows.

Figure 4-1 – Proposed definition for a Terrorism Event

A terrorism event is:
<p>An act (including, but not limited to, the use of force or violence or the threat of force or violence) of any person or group of persons (whether acting alone or on behalf of or in connection with any organisation or government), which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons (including the intention to influence or intimidate any government and/or put the public, or any section of the public, in fear) and which materially increases the costs to Powerlink in providing prescribed transmission services.</p> <p>Note: In assessing a terrorism event pass through application, the AER will have regard to, amongst other things:</p> <ol style="list-style-type: none"> a) whether Powerlink has insurance against the event, b) the level of insurance that an efficient and prudent NSP would obtain in respect of the event, c) whether a declaration has been made by a relevant government authority that a terrorism event has occurred, and d) the extent to which a prudent provider could reasonably mitigate the impact of the event.

4.2 Rationale

We believe that a pass through mechanism is currently the most appropriate regulatory approach for addressing the costs arising from a terrorism event as:

- The nature of a terrorism event is such that the associated costs are highly uncertain and extremely difficult to forecast with a reasonable degree of accuracy.
- A “Terrorism event” is no longer defined as a prescribed pass through event.
- The nature and type of event can be clearly identified at the time that the AER makes its determination for Powerlink.
- The extent to which Powerlink can reasonably prevent a terrorism event from occurring and/or can substantially mitigate the cost impacts of such an event is limited. That said, Powerlink has a range of measures in place which are intended to prevent acts of terrorism, and mitigate the impacts of an event should one occur (refer Section 4.3).
- The relative infrequency and potentially very high costs of terrorism events create significant practical challenges for self-insurance of such events. A pass through mechanism provides a more appropriate arrangement for managing the cost impacts in the unlikely circumstances that a terrorism event occurs and causes a material increase in Powerlink’s costs.
- Many insurance policies have terrorism exclusions which describe excluded terrorist acts in much broader terms than contained within the Terrorism Insurance Act (TIA). Hence a terrorism incident may trigger a policy exclusion but never become a “declared terrorist incident” as defined by the TIA.

A pass through mechanism has the advantage of allowing the AER to evaluate the efficient costs arising from a terrorism event after the event has occurred. A pass through mechanism therefore avoids the

need to make a prior allowance for the costs of a terrorism event, either by including a forecast cost as an operating expenditure or through a self-insurance premium.

4.3 Risk Mitigation

Powerlink as an efficient and prudent NSP, manages its terrorism risk with a primary focus on key assets and critical infrastructure. Powerlink participates in the Australian Reinsurance Pool Corporation (ARPC) under the Terrorism Insurance Act 2003.

5 Nominated Event 3: Insurer Credit Risk

5.1 Definition

We nominate Insurer Credit Risk as a pass through event for the regulatory period 2017/18 to 2021/22. Our proposed definition of this event is as follows.

Figure 5-1 – Proposed definition for an Insurer Credit Risk Event

An Insurer Credit Risk event occurs if:
<p>A nominated insurer of Powerlink becomes insolvent, and as a result, in respect of an existing, or potential, claim for a risk that was insured by the insolvent insurer, Powerlink:</p> <ul style="list-style-type: none"> i) is subject to a materially higher or lower claim limit or a materially higher or lower deductible than would have otherwise applied under the insolvent insurer's policy; or ii) incurs additional costs associated with self-funding an insurance claim, which would otherwise have been covered by the insolvent insurer. <p>Note: In assessing an insurer's credit risk event pass through application, the AER will have regard to, amongst other things:</p> <ul style="list-style-type: none"> a) Powerlink's attempts to mitigate and prevent the event from occurring by reviewing and considering the insurer's track record, size, credit rating and reputation, and b) in the event that a claim would have been made after the insurance provider became insolvent, whether Powerlink had reasonable opportunity to insure the risk with a different provider.

5.2 Rationale

[REDACTED]
[REDACTED] an insurer not being able to pay all, or part, of a large, or catastrophic, event could materially impact Powerlink's solvency.

Although Powerlink has mitigated this risk to the best of its ability, as described in Section 5.3, the insolvency of one or more of the insurers on their programme is out of their control. Hence, we believe that a pass through mechanism is currently the most appropriate regulatory approach for addressing the costs arising from a nominated insurer of Powerlink's becoming insolvent.

5.3 Risk Mitigation

Powerlink as an efficient and prudent NSP, sets minimum requirements for the grading of participating underwriters at A- with A.M. Best and / or BBB+ with Standard and Poor's. Powerlink as an efficient and prudent NSP ensures these requirements are met and manages the risk through appropriate vertical and horizontal apportionment across its policies both domestically and internationally. This is supported by appropriate due diligence activities by Powerlink and our Brokers.

6 Reliances and Limitations

We have relied on the accuracy and completeness of the data and other information (qualitative, quantitative, written and verbal) provided to us by Powerlink for the purpose of this advice.

This report has been prepared for the sole use of Powerlink for the purpose stated in Section 1. It is not intended, nor necessarily suitable, for any other purpose. Members of Finity staff are available to answer any queries, and the reader should seek that advice before drawing any conclusions or any issues in doubt. The report should be considered as a whole.

We understand that Powerlink may wish to provide a copy of the report to the Australian Energy Regulator distributed on a “confidential” basis. Permission is hereby granted for such distribution on the condition that the entire report, rather than any excerpt, is provided. No other use of, or reference to, this report should be made without prior written consent from Finity Consulting, nor should the whole or part of this report be disclosed to any other person.

Third parties, whether authorised or not to receive this report, should recognise that the furnishing of this report is not a substitute for their own due diligence and should place no reliance on this report or the data contained herein which would result in the creation of any duty or liability by Finity to the third party.

Part III Appendices

A Experience and Qualifications

MARK HURST - Project Leader

Mark is a consulting actuary and Principal with Finity with 25 years experience in the general insurance industry. Mark has previously led similar projects for Powerlink in 2006 and 2011 and Energex and Ergon Energy in 2009 as well as a broadly similar assignment for Queensland Rail and Aurizon which involved providing the Queensland Competition Authority with an estimate of their annual self insurance costs.

Mark is leader of Finity's self-insurance practice and a member of the workers' compensation team. His general insurance experience includes outstanding claims reserving and providing advice to corporates with regard to their insurance arrangements.

Mark has been involved in a variety of projects for self-insurers, including:

- Valuation of outstanding claim liabilities and calculation of bank guarantees
- Examining the feasibility of organisations considering self-insuring liabilities
- Estimating the self-insured allowance for energy companies for submission to the regulator
- Providing advice to self-insurance pools regarding funding and outstanding claim liabilities
- Allocation of costs between operating divisions
- Assistance with self-insurance licence applications
- Development of key performance indicators
- Analysis of the volatility of claims experience and profits under self-insurance
- Advice regarding risk margins.

Mark has authored, or co-authored, several self-insurance papers including "Assessing the Financial Viability of Moving to Self-Insurance" and "Measuring the success of your self-insurance program".

In addition to Powerlink, Mark's self-insurance clients include Myer, The Star Entertainment Group, Linfox, DHL, Aurizon and Primary Health Care.

Mark has Bachelor of Economics and Science degrees from the Australian National University and is a Fellow of the Institute of Actuaries of Australia.

ADAM PAYNE - Senior Actuary

Adam is a consultant with Finity Consulting and has 15 years experience in actuarial consulting, specialising in the general insurance industry in the last 11 years. Adam worked on the Powerlink self-insurance project in 2011.

Adam has provided advice on reserve levels, pricing, financial projections and reinsurance strategy. Adam is also the APRA Appointed Actuary for a small boutique insurance company.

Adam is heavily involved in Finity's self-insurance practice and provides actuarial advice to a number of workers compensation self-insurers as well as a NSW specialised workers' compensation insurer.

Adam has been involved in valuing the asbestos reserves for a number of insurance companies, including valuing the insurance liabilities for the NRG group of companies as part of the Solvent Scheme of Arrangement. He was also part of the CGU External Peer Review team, specifically charged with reviewing the asbestos liability provisions.

Qualifications

- Fellow of the Institute of Actuaries of Australia, 2003
- Bachelor of Economics (Actuarial), Macquarie University, 1996

Work history

- March 2005 to present: Finity Consulting – Consultant
- 2000 to 2005: Trowbridge Consulting/Trowbridge Deloitte – Consultant specialising in general insurance
- 1996 to 2000: Mercer, Sydney – Actuarial Analyst and Consultant specialising in superannuation