



# *Tasmanian Networks Pty Ltd*

## *Insurance Premium Forecast*

May 2022

Prepared by

Lockton Companies Australia Pty Ltd

Commercial-In-Confidence



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## Executive Summary

Tasmanian Networks Pty Ltd (referred to a "TasNetworks") has engaged Lockton Companies Australia ("Lockton" or "we") to provide an independent forecast of their regulated insurance premiums for the remainder of the current regulatory period (i.e. 2022 – 2024) and separately for the upcoming regulatory period (i.e. 2024 – 2029).

Table 1 outlines Lockton's insurance premium forecast for TasNetworks for the remainder of the regulatory period (i.e. 2022 – 2024).

**Table 1 – Regulated Premium Forecast 2022 – 2024 (\$'000)**

	2022/23	2023/24
<b>Regulated (Nominal)</b>	\$7,182	\$8,852
<b>Regulated (Real)</b>	\$7,332	\$9,049

Total premium excluding GST

Premium based on Bushfire Liability limit of \$750,000,000

Table 2 outlines Lockton's insurance premium forecast for TasNetworks for the upcoming regulatory period (i.e. 2024 – 2029).

**Table 2 - Regulated Premium Forecast 2024 – 2029 (\$'000)**

	2024/25	2025/26	2026/27	2027/28	2028/29
<b>Regulated (Nominal)</b>	\$10,219	\$11,556	\$12,796	\$13,503	\$13,891
<b>Regulated (Real)</b>	\$10,465	\$11,836	\$13,118	\$13,848	\$14,246

Total premium excluding GST

Premium based on Bushfire Liability limit of \$750,000,000

For the purposes of report:

- Nominal – denotes premiums that have not been adjusted for future inflation.
- Real – denotes premiums that have been adjusted based on anticipated future inflation rates.

In order to reasonably calculate the above premium forecasts, we have estimated future exposure growth and premium rate growth based on various factors including but not limited to historical exposure data, historical premiums, claims performance and availability of insurer capital.

All exposure and premium calculations can be found in separate documents referred to in the Appendices section.



# Project Background and Scope

## 1.1 BACKGROUND

As requested by Tasmanian Networks Pty Ltd (referred to as "TasNetworks"), the purpose of this engagement (referred to as "Project" and/or "engagement") is for Lockton Companies Australia Pty Ltd (referred to as "Lockton" or "we") to provide TasNetworks with:

1. An independent forecast of expected future insurance premiums for the 2022 – 2024 period for the regulated Electricity Transmission and Distribution areas of the business based on current market conditions and expected future conditions.
2. A forecast of the anticipated insurance costs for the 2024 – 2029 period for the regulated Electricity Transmission and Distribution areas of the business based on current market conditions and expected future conditions.

Depending on the outcome of the review, this report will be used in conjunction with other supporting material to support a regulatory step change submission for the current period. It will also inform TasNetworks for the 2024-2029 regulatory submission.

## 1.2 SCOPE OF SERVICES

The scope of services for the Project is to provide an independent forecast of TasNetworks' insurance premiums for 2022 – 2029.

At completion, TasNetworks will receive:

- A premium allocation model between the transmission, distribution and unregulated businesses.
- A forecast of insurance premiums for the 2022 – 2024 period in both real and nominal premium amounts.
- A forecast of insurance premiums for the 2024 – 2029 period in both real and nominal premium amounts.
- A review of the historical premium costs and circumstances that have influenced any changes over the current regulatory period.
- An overview of the premium drivers for each class of insurance.
- Commentary, where applicable, on the reasoning and assumptions made in deriving the estimated premiums with a specific focus on the current Bushfire Liability insurance market.
- A consideration of the potential and associated costs for currently uninsured risks to be transferred to the insurance market in future periods (e.g. Cyber Material Damage)
- A final report on summarizing the above.

## 1.3 LOCKTON EXPERTISE

Lockton is the largest privately owned broker in the world with over 8,500 employees globally, generating over USD2.16b in revenue for 2021. In Australia, Lockton Power and Energy has extensive expertise in electricity infrastructure assets, particularly the highly specialized area of liability insurance for electricity distribution and transmission network owners and contractors thereto (typically referred to as "bushfire liability" insurance). The team have, and currently, collectively place some of the largest bushfire liability limits in the country and have been at the forefront of placing innovative solutions to support the industry.

## 1.4 METHODOLOGY

### Approach to Services

The approach to calculate the insurance premium forecast is outlined as follows:

- Provide a historical analysis of the total annual insurance costs for TasNetworks transmission and distribution business (2019 – 2021).
- Determine the estimated future changes to exposure and premium costs for all risk classes for TasNetworks electricity transmission and distribution business.
- Utilise estimated future changes to forecast the remaining base insurance premiums for the current regulatory period (i.e. 2022-2024).
- For the 2022 – 2024 period, include estimated statutory charges based on expected rates for the forecast period (Terrorism, Fire Service Levy, Goods and Services Tax, Stamp Duty).
- Utilise estimated future changes to forecast the next regulatory period base premium (i.e. 2024 – 2029).
- For the 2024 – 2029 period, include estimated statutory charges based on expected rates for the forecast period (Terrorism, Fire Service Levy, Goods and Services Tax, Stamp Duty and any other potential future taxes).
- Calculate nominal and real dollar policy year premium forecast for each risk class, including statutory charges.
- Remove the costs relating to the non-regulated portion of TasNetworks.

For the purposes of this report:

- Nominal – denotes premiums that have not been adjusted for future inflation.
- Real – denotes premiums that have been adjusted based on anticipated future inflation rates. Please refer to Appendix 1 TasNetworks AER Price Reset Analysis – Forecast Premium Model 2022 – 2029 spreadsheet (note: Inflation Rates tab)

## 1.5 FACTORS THAT AFFECT THE COST OF INSURANCE

To accurately forecast insurance premiums into the future we must consider the factors that typically influence insurance premiums.

The pricing of any risk is subject to the individual risk profile of the risk being considered (the 'micro') and the wider economic factors prevailing at the time (the 'macro').

### Micro Influencing Factors

With respect to the risk being considered (the "Insured" risk), underwriters will take into consideration the exposure which for major classes is usually the physical asset declaration or exposure to third parties measured by turnover and/or type of activity. Whilst the exposure is largely determined by the insured (i.e. what business they are in and what they choose to insure or not), premium rates are determined by the insurer and are largely out of control of the insured.

Policy limits and deductibles also influence the cost of insurance. Unless otherwise stated, insurance policy limits and deductibles are assumed to remain constant for the purpose of this analysis.

### Macro Influencing Factors

Insurance premiums are also subject to external factors, differing to many other operating costs of the Insured. Whilst insurance premiums largely reflect the risk that is being insured, other macro factors have a considerable influence on insurance pricing at any moment in time.

These external factors include but are not limited to:

- Global natural catastrophes
- Local and global recent claims activity (e.g. transformer losses, bushfire liability class actions)

- Underwriter market capacity availability
- Bond yields and interest rate environment
- Underwriter appetite and competition
- Underwriter regulation and capital requirements
- Government taxes and statutory charges on insurance premiums and changes mid-term (e.g. recent change to the application of fire services levy in Victoria)

**This report references changes to base premiums in nominal values (unless otherwise stated).**

Estimated statutory charges have been calculated and clearly itemised but have been based on current rates at the time of writing this report.

#### 1.6 NON-REGULATED COSTS

TasNetworks, for the most part, purchase a group insurance program which includes non-regulated businesses and business activities.

We have calculated the non-regulated costs per class of insurance, please refer to Appendix 1 and 4. These costs represent between [REDACTED] of the overall insurance costs TasNetworks incur. This is consistent with the portion of Regulated Asset Base (RAB) versus unregulated asset base figure.

This approach is also consistent with the current allocation approach used in determining the unregulated portion of the Transmission business for the 2019 – 2024 regulatory period and which was approved by the AER.

#### 1.7 ALLOCATION OF COSTS BETWEEN ELECTRICITY DISTRIBUTION and TRANSMISSION BUSINESSES

For all classes of insurance considered in this Project, TasNetworks purchase a group insurance program providing cover for its entire business which isn't unreasonable or inconsistent with a similar business as it creates cost and administration efficiencies. The group program includes the electricity distribution, electricity transmission (Tasmanian Networks Pty Ltd) and unregulated assets (Forty-Two 24 Pty Ltd, Large Scale Renewables Pty Ltd and Marinus Link Pty Ltd).

Therefore, this Project allocates a portion of the overall costs to the electricity transmission and distribution businesses. We have proposed what we believe is not an unreasonable approach to insurance premium allocation, based on our understanding of TasNetworks' risk profile. This allocation methodology varies by class of insurance and is a matter for TasNetworks' internal review.

In Lockton's experience advising clients on premium allocation methodologies and its impact on prudent risk management, we recommend that any decision around allocation should remain with the business. The proviso is that the allocation amount should not be unreasonable, and the methodology should remain consistent when the regulatory proposal for the Distribution and Transmission businesses are submitted.

#### 1.8 DATA

The following data was relied upon in determining historical and forecast insurance premiums:

- Historical insurance premiums
  - 2016 – 2020 – provided by TasNetworks
  - 2021 – 2022 – Provided by Lockton summary sheets and reconciled with actual invoices
- Historical exposure by class of insurance:
  - Property, Terrorism and Environmental Impairment Liability: based on historical declared asset schedules which are updated annually by TasNetworks

- Motor: based on historical declared asset schedules which are updated annually by TasNetworks
- Contract Works: based on historical declared asset schedules which are updated annually by TasNetworks
- Financial Lines Classes: based on historical declared turnover and employee numbers which are updated annually by TasNetworks
- Travel and Group Personal Accident: based on historical declared employees and trip numbers which are updated annually by TasNetworks
- Bushfire Liability: exposure for Bushfire liability is based on a range of tangible and intangible factors and can vary from insurer to insurer. Exposure for this risk class is not as simple as using turnover or employee numbers to determine a premium. Insurers will review various factors such as the electricity network location, network specifications, value of third-party assets within the network, bushfire modelling, weather patterns, climate change and so forth. Many of these factors have been considered in this Project.
- Lockton Bushfire Liability Insurance Market Update (Appendix 5)
- Lockton Insurance Market Update 2021 (Appendix 6)

## A Review of Historical Premium Costs

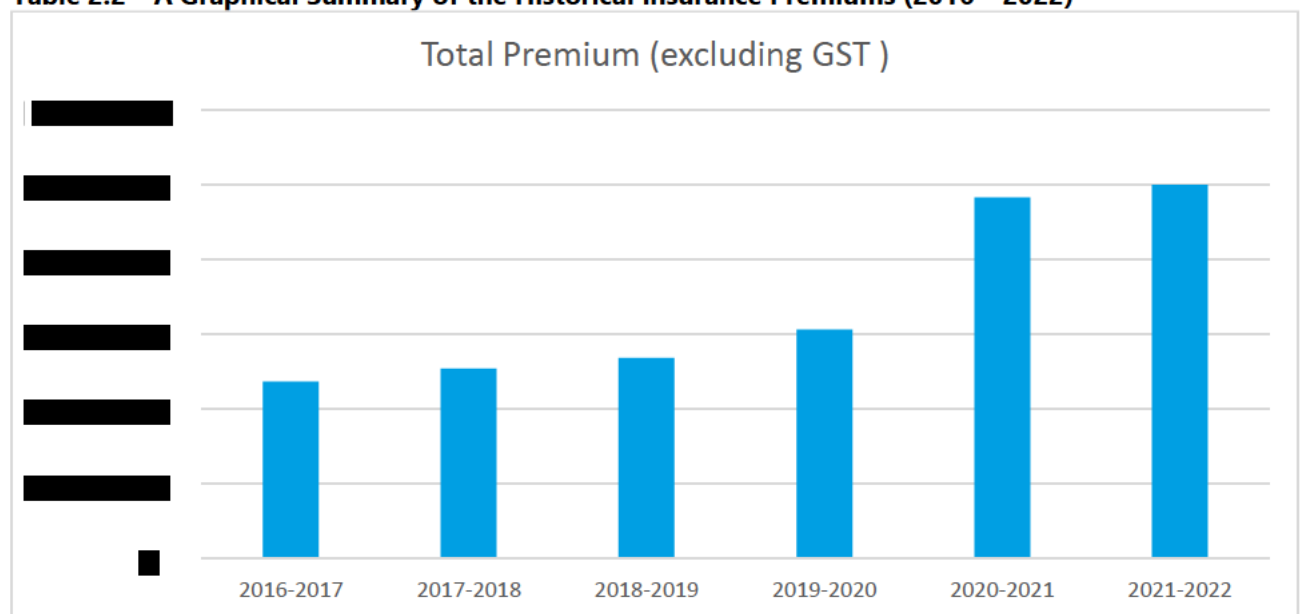
In order to accurately forecast future insurance premiums, we have considered the historical trends and costs of TasNetworks insurance program. The current competitiveness of the program will influence premium ratings moving forward.

Table 2.1 below outlines Lockton’s review and summary of the insurance premiums for the first half of TasNetworks most recent regulatory period (2019 – 2022). These amounts are for the regulated Electricity Transmission and Distribution business only. We have used the current allocation splits to calculate the cost to the regulated business assets.

**Table 2.1 – Historical Insurance Premium Summary – 2019 – 2022 ('000)**

Risk Class	2019/20	2020/21	2021/22	Total
High	10	10	10	30
Medium	20	20	20	60
Low	30	30	30	90
Very Low	40	40	40	120
Unassessable	50	50	50	150
Not in scope	60	60	60	180
Out of scope	70	70	70	210
Not applicable	80	80	80	240
Not relevant	90	90	90	270
Not a risk	100	100	100	300
Not a threat	110	110	110	330
Not a vulnerability	120	120	120	360
Not a weakness	130	130	130	390
Not a hazard	140	140	140	420
Not a danger	150	150	150	450
Not a risk factor	160	160	160	480
Not a risk indicator	170	170	170	510
Not a risk trigger	180	180	180	540
Not a risk signal	190	190	190	570
Not a risk warning	200	200	200	600
Not a risk alert	210	210	210	630
Not a risk notice	220	220	220	660
Not a risk message	230	230	230	690
Not a risk communication	240	240	240	720
Not a risk information	250	250	250	750
Not a risk data	260	260	260	780
Not a risk evidence	270	270	270	810
Not a risk proof	280	280	280	840
Not a risk demonstration	290	290	290	870
Not a risk illustration	300	300	300	900
Not a risk example	310	310	310	930
Not a risk case	320	320	320	960
Not a risk study	330	330	330	990
Not a risk analysis	340	340	340	1020
Not a risk assessment	350	350	350	1050
Not a risk evaluation	360	360	360	1080
Not a risk review	370	370	370	1110
Not a risk audit	380	380	380	1140
Not a risk inspection	390	390	390	1170
Not a risk check	400	400	400	1200
Not a risk test	410	410	410	1230
Not a risk experiment	420	420	420	1260
Not a risk investigation	430	430	430	1290
Not a risk inquiry	440	440	440	1320
Not a risk question	450	450	450	1350
Not a risk problem	460	460	460	1380
Not a risk issue	470	470	470	1410
Not a risk concern	480	480	480	1440
Not a risk matter	490	490	490	1470
Not a risk point	500	500	500	1500
Not a risk fact	510	510	510	1530
Not a risk figure	520	520	520	1560
Not a risk table	530	530	530	1590
Not a risk chart	540	540	540	1620
Not a risk graph	550	550	550	1650
Not a risk diagram	560	560	560	1680
Not a risk model	570	570	570	1710
Not a risk framework	580	580	580	1740
Not a risk structure	590	590	590	1770
Not a risk system	600	600	600	1800
Not a risk process	610	610	610	1830
Not a risk procedure	620	620	620	1860
Not a risk method	630	630	630	1890
Not a risk technique	640	640	640	1920
Not a risk approach	650	650	650	1950
Not a risk strategy	660	660	660	1980
Not a risk plan	670	670	670	2010
Not a risk policy	680	680	680	2040
Not a risk rule	690	690	690	2070
Not a risk guideline	700	700	700	2100
Not a risk principle	710	710	710	2130
Not a risk norm	720	720	720	2160
Not a risk standard	730	730	730	2190
Not a risk criterion	740	740	740	2220
Not a risk benchmark	750	750	750	2250
Not a risk measure	760	760	760	2280
Not a risk indicator	770	770	770	2310
Not a risk signal	780	780	780	2340
Not a risk warning	790	790	790	2370
Not a risk alert	800	800	800	2400
Not a risk notice	810	810	810	2430
Not a risk message	820	820	820	2460
Not a risk communication	830	830	830	2490
Not a risk information	840	840	840	2520
Not a risk data	850	850	850	2550
Not a risk evidence	860	860	860	2580
Not a risk proof	870	870	870	2610
Not a risk demonstration	880	880	880	2640
Not a risk illustration	890	890	890	2670
Not a risk example	900	900	900	2700
Not a risk case	910	910	910	2730
Not a risk study	920	920	920	2760
Not a risk analysis	930	930	930	2790
Not a risk assessment	940	940	940	2820
Not a risk evaluation	950	950	950	2850
Not a risk review	960	960	960	2880
Not a risk audit	970	970	970	2910
Not a risk inspection	980	980	980	2940
Not a risk check	990	990	990	2970
Not a risk test	1000	1000	1000	3000
Not a risk experiment	1010	1010	1010	3030
Not a risk investigation	1020	1020	1020	3060
Not a risk inquiry	1030	1030	1030	3090
Not a risk question	1040	1040	1040	3120
Not a risk problem	1050	1050	1050	3150
Not a risk issue	1060	1060	1060	3180
Not a risk concern	1070	1070	1070	3210
Not a risk matter	1080	1080	1080	3240
Not a risk point	1090	1090	1090	3270
Not a risk fact	1100	1100	1100	3300
Not a risk figure	1110	1110	1110	3330
Not a risk table	1120	1120	1120	3360
Not a risk chart	1130	1130	1130	3390
Not a risk graph	1140	1140	1140	3420
Not a risk diagram	1150	1150	1150	3450
Not a risk model	1160	1160	1160	3480
Not a risk framework	1170	1170	1170	3510
Not a risk structure	1180	1180	1180	3540
Not a risk system	1190	1190	1190	3570
Not a risk process	1200	1200	1200	3600
Not a risk procedure	1210	1210	1210	3630
Not a risk method	1220	1220	1220	3660
Not a risk technique	1230	1230	1230	3690
Not a risk approach	1240	1240	1240	3720
Not a risk strategy	1250	1250	1250	3750
Not a risk plan	1260	1260	1260	3780
Not a risk policy	1270	1270	1270	3810
Not a risk rule	1280	1280	1280	3840
Not a risk guideline	1290	1290	1290	3870
Not a risk principle	1300	1300	1300	3900
Not a risk norm	1310	1310	1310	3930
Not a risk standard	1320	1320	1320	3960
Not a risk criterion	1330	1330	1330	3990
Not a risk benchmark	1340	1340	1340	4020
Not a risk measure	1350	1350	1350	4050
Not a risk indicator	1360	1360	1360	4080
Not a risk signal	1370	1370	1370	4110
Not a risk warning	1380	1380	1380	4140
Not a risk alert	1390	1390	1390	4170
Not a risk notice	1400	1400	1400	4200
Not a risk message	1410	1410	1410	4230
Not a risk communication	1420	1420	1420	4260
Not a risk information	1430	1430	1430	4290
Not a risk data	1440	1440	1440	4320
Not a risk evidence	1450	1450	1450	4350
Not a risk proof	1460	1460	1460	4380
Not a risk demonstration	1470	1470	1470	4410
Not a risk illustration	1480	1480	1480	4440
Not a risk example	1490	1490	1490	4470
Not a risk case	1500	1500	1500	4500
Not a risk study	1510	1510	1510	4530
Not a risk analysis	1520	1520	1520	4560
Not a risk assessment	1530	1530	1530	4590
Not a risk evaluation	1540	1540	1540	4620
Not a risk review	1550	1550	1550	4650
Not a risk audit	1560	1560	1560	4680
Not a risk inspection	1570	1570	1570	4710
Not a risk check	1580	1580	1580	4740
Not a risk test	1590	1590	1590	4770
Not a risk experiment	1600	1600	1600	4800
Not a risk investigation	1610	1610	1610	4830
Not a risk inquiry	1620	1620	1620	4860
Not a risk question	1630	1630	1630	4890
Not a risk problem	1640	1640	1640	4920
Not a risk issue	1650	1650	1650	4950
Not a risk concern	1660	1660	1660	4980
Not a risk matter	1670	1670	1670	5010
Not a risk point	1680	1680	1680	5040
Not a risk fact	1690	1690	1690	5070
Not a risk figure	1700	1700	1700	5100
Not a risk table	1710	1710	1710	5130
Not a risk chart	1720	1720	1720	5160
Not a risk graph	1730	1730	1730	5190
Not a risk diagram	1740	1740	1740	5220
Not a risk model	1750	1750	1750	5250
Not a risk framework	1760	1760	1760	5280
Not a risk structure	1770	1770	1770	5310
Not a risk system	1780	1780	1780	5340
Not a risk process	1790	1790	1790	5370
Not a risk procedure	1800	1800	1800	5400
Not a risk method	1810	1810	1810	5430
Not a risk technique	1820	1820	1820	5460
Not a risk approach	1830	1830	1830	5490
Not a risk strategy	1840	1840	1840	5520
Not a risk plan	1850	1850	1850	5550
Not a risk policy	1860	1860	1860	5580
Not a risk rule	1870	1870	1870	5610
Not a risk guideline	1880	1880	1880	5640
Not a risk principle	1890	1890	1890	5670
Not a risk norm	1900	1900	1900	5700
Not a risk standard	1910	1910	1910	5730
Not a risk criterion	1920	1920	1920	5760
Not a risk benchmark	1930	1930	1930	5790
Not a risk measure	1940	1940	1940	5820
Not a risk indicator	1950	1950	1950	5850
Not a risk signal	1960	1960	1960	5880
Not a risk warning	1970	1970	1970	5910
Not a risk alert	1980	1980	1980	5940
Not a risk notice	1990	1990	1990	5970
Not a risk message	2000	2000	2000	6000
Not a risk communication	2010	2010	2010	6030
Not a risk information	2020	2020	2020	6060
Not a risk data	2030	2030	2030	6090
Not a risk evidence	2040	2040	2040	6120
Not a risk proof	2050	2050	2050	6150
Not a risk demonstration	2060	2060	2060	6180
Not a risk illustration	2070	2070	2070	6210
Not a risk example	2080	2080	2080	6240
Not a risk case	2090	2090	2090	6270
Not a risk study	2100	2100	2100	6300
Not a risk analysis	2110	2110	2110	6330
Not a risk assessment	2120	2120	2120	6360
Not a risk evaluation	2130	2130	2130	6390
Not a risk review	2140	2140	2140	6420
Not a risk audit	2150	2150	2150	6450
Not a risk inspection	2160	2160	2160	6480
Not a risk check	2170	2170	2170	6510
Not a risk test	2180	2180	2180	6540
Not a risk experiment	2190	2190	2190	6570
Not a risk investigation	2200	2200	2200	6600
Not a risk inquiry	2210	2210	2210	6630
Not a risk question	2220	2220	2220	6660
Not a risk problem	2230	2230	2230	6690
Not a risk issue	2240	2240	2240	6720
Not a risk concern	2250	2250	2250	6750
Not a risk matter	2260	2260	2260	6780
Not a risk point	2270	2270	2270	6810
Not a risk fact	2280	2280	2280	6840
Not a risk figure	2290	2290	2290	6870
Not a risk table	2300	2300	2300	6900
Not a risk chart	2310	2310	2310	6930
Not a risk graph	2320	2320	2320	6960
Not a risk diagram	2330	2330	2330	6990
Not a risk model	2340	2340	2340	7020
Not a risk framework	2350	2350	2350	7050
Not a risk structure	2360	2360	2360	7080
Not a risk system	2370	2370	2370	7110
Not a risk process	2380	2380	2380	7140
Not a risk procedure	2390	2390	2390	7170
Not a risk method	2400	2400	2400	7200
Not a risk technique	2410	2410	2410	7230
Not a risk approach	2420	2420	2420	7260
Not a risk strategy	2430	2430	2430	7290
Not a risk plan	2440	2440	2440	7320
Not a risk policy	2450	2450	2450	7350
Not a risk rule	2460	2460	2460	7380
Not a risk guideline	2470	2470	2470	7410
Not a risk principle	2480	2480	2480	7440
Not a risk norm	2490	2490	2490	7470
Not a risk standard	2500	2500	2500	7500
Not a risk criterion	2510	2510	2510	7530
Not a risk benchmark	2520	2520	2520	7560
Not a risk measure	2530	2530	2530	7590
Not a risk indicator	2540	2540	2540	7620
Not a risk signal	2550	2550	2550	7650
Not a risk warning	2560	2560	2560	7680
Not a risk alert	2570	2570	2570	7710
Not a risk notice	2580	2580	2580	7740
Not a risk message	2590	2590	2590	7770
Not a risk communication	2600			

**Table 2.2 – A Graphical Summary of the Historical Insurance Premiums (2016 – 2022)**



Total Premium excl. GST

Table 2.2 above also provides TasNetworks with an overview of the costs incurred to date, less GST, for the current regulatory period as well as the previous three renewal periods (2016 – 2019) which assists in highlighting the significant changes to TasNetworks insurance premiums when compared to the current and previous regulatory periods.



[REDACTED]

[REDACTED]

[REDACTED]

# Summary of Insurance Premium Forecast

## 3.1 SUMMARY FOR CURRENT REGULATORY PERIOD ENDING 2024

Table 3.1.1 below outlines Lockton’s view of an appropriate insurance premium forecast for TasNetworks for the **remainder of the current regulatory period** based [REDACTED]

Table 3.1.1 – Insurance Premium Forecast by Risk Class

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

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## 3.2 SUMMARY FOR NEXT REGULATORY PERIOD FROM 2024 TO 2029

Table 3.2.1 below outlines Lockton’s view of an appropriate insurance premium forecast for TasNetworks for the **upcoming regulatory period (2024 – 2029)** [REDACTED]

Table 3.2.1 – Insurance Premium Forecast by Risk Class

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

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## Insurance Class breakdown

### 4.1 LIABILITY

Whilst TasNetworks liability policy covers typical third-party exposures, for this section we focus primarily on the bushfire liability component of the coverage which drives the limit being procured and the majority of the premium being charged.

#### 4.1.1 BUSHFIRE LIABILITY MARKET BACKGROUND AND DRIVERS OF PREMIUM

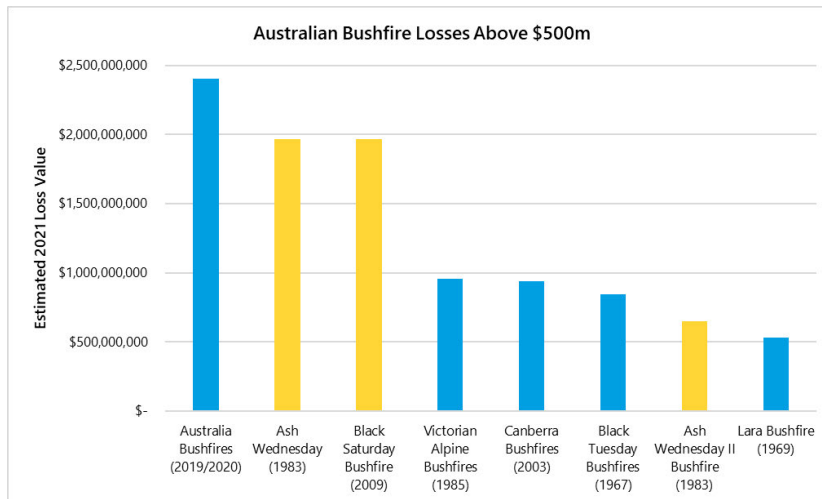
Please refer to Appendix 5 for a comprehensive update of the bushfire liability market, both globally and locally.

In summary, bushfire liability is unique in that it's one of the few natural catastrophes that can be caused by business activities. The effects of climate change on bushfire conditions has been experienced firsthand in Australia for the last few years as many regions have declared bushfire seasons far earlier than the 'norm'.

[REDACTED]

[REDACTED]

The Californian Wildfires of 2017 and 2018 have been well documented and these fires contributed largely to a significant re-rating of bushfire liability in high risk geographic regions, irrespective of whether those regions incurred liability losses or not. In Australia, we haven't seen the magnitude of claims that were settled with respect to the 2009 Black Saturday fires, but there continues to be a frequency of claims activity incurred by electricity infrastructure assets, government bodies and vegetation management operations. The most notable being the 2019 Cuddle Creek class action that some believe to exceed \$200m in potential liabilities.

**Figure 4.1.1.2 – Australian Bushfire Losses above \$500m**

Data Source: Insurance Council Australia

One of the largest Australian bushfire liability insurers has confirmed that its premiums received versus claims paid is running at ~100%, meaning that despite no major catastrophes happening, their premium pool has still been eroded by “attritional” bushfire liability claims and associated legal costs.

As a consequence, insurer capacity continues to shrink, insurer pricing continues to increase, and placement of large limits is more time consuming and complex than ever to procure in the traditional insurance market. Once again, please refer to Appendix 5 which details historical market capacity and price movements as well as policy coverage pressure points.

#### 4.1.2 CURRENT AND FORECAST EXPOSURE

Unlike most typical insurance policies, bushfire liability premiums are not typically correlated with any single tangible risk profile characteristic. It’s not unreasonable to expect that the network size, specifications, revenue, employee numbers etc may influence premiums, however the main drivers are the location of the network and external market conditions and factors already discussed, all of which are out of TasNetworks control.

To ensure TasNetworks continue to act as a prudent insured, they have recently undertaken bushfire limit loss modelling which has supported policy limits procured.

#### 4.1.3 ALLOCATION BETWEEN TRANSMISSION and DISTRIBUTION

TasNetworks is unique in that it is the sole electricity distribution and transmission business for the entire state. One or two peers in the National Electricity Market (NEM) also operate both transmission and distribution networks but do not have a regulated monopoly for the entire state. As such, when delivering this Project, we needed to consider an appropriate premium allocation between transmission and distribution businesses within TasNetworks.

In Australia, to our knowledge, there has not been an indemnified bushfire liability claim that has emanated from an electricity transmission network, certainly not in recent years. Transmission is widely accepted by insurers as a far lower bushfire risk than distribution primarily due the large regulated vegetation clearance zones required around network for ease of access. In Tasmania, the easement clearing that needs to be maintained is up to 50m, which virtually eliminates vegetation / trees coming into contact with power lines; the most common cause of bushfire liability losses.

In our experience, we believe it’s not unreasonable to expect an insurer premium allocation of 80% weighted towards distribution and 20% weighting for transmission.

#### 4.1.4 CURRENT and FORECAST PREMIUM –

**Table 4.1.4.1 – Insurance Premium Forecast – Liability (Distribution Assets) (\$'000)**

[illegible]

**Table 4.1.4.2 – Insurance Premium Forecast – Liability (Transmission Assets) (\$'000)**

[illegible]



## 4.2 PROPERTY

### 4.2.1 DRIVERS OF PREMIUM

Apart from the external factors discussed in section 1.5, Property insurance premiums are typically a function of the declared insurable asset values which includes Business Interruption revenue declarations.

TasNetworks' risk profile related premium factors would include:

- Age profile of network assets
- Age profile specifically of transformers
- Claims loss history
- Exposure to natural catastrophe, specifically windstorm, flood and fire for the state of Tasmania



### 4.2.2 EXPOSURE and FORECAST EXPOSURE

TasNetworks' transmission network accounts for 71.52% of the overall asset base, with the distribution network contributing 26.13% and the remainder being made up of unregulated assets (i.e. 2.35%).

The asset declaration for TasNetworks has been static for the last three years with less than a 3% change between 2019 and 2021. Lockton believe it is not unreasonable to expect the remainder of the current regulatory period will experience a 10% annual increase in the current asset values for both 2022 and 2023. As outlined in Figure 4.2.2.1, the primary reason behind these anticipated increases is due to the significant variation in price growth across a select number of categories in the Australian economy as a result of COVID-19 and the associated supply chain pressures.

**Figure 4.2.2.1 – Variation in Price Growth Across Various Categories in the Australian Economy**

Category	12 Month % Change
Aluminium Rolling and Extruding	25.22%
Communication Equipment	9.78%
Computer Equipment	2.18%
Electrical Cable and Wire	26.87%
Electrical Equipment	9.71%
Furniture	1.25%
Lifting and Material Handling Equipment	10.41%
Machinery and Equipment Manufacturing	5.90%
Prefabricated Buildings	13.52%
Specialised Equipment and Machinery	6.30%
Steel Pipe and Tube Manufacturing	36.80%
Structural Steel	20.57%
Tank Manufacturing	8.51%

Mark Klenke, Managing Principal AVS with data from the Australia Bureau of Statistics.

It is difficult to forecast how long the COVID-19 induced supply chain 'crunch' will last for, but we do not believe it's an unreasonable assumption to allow for two years of current conditions to persist. Therefore, with respect to the beginning of the new regulatory period, we expect growth will normalise to historical inflation and have factored in accordingly to the estimated premiums.

#### 4.2.2.2 – Historic, Current and Forecast Insurable Assets ('000)

[illegible][illegible]

#### 4.2.3 ALLOCATION BETWEEN TRANSMISSION and DISTRIBUTION

The allocated split between transmission, distribution and unregulated assets is based on the proportions of declared asset values.

For the 2021 renewal period, the allocation of assets is as follows:

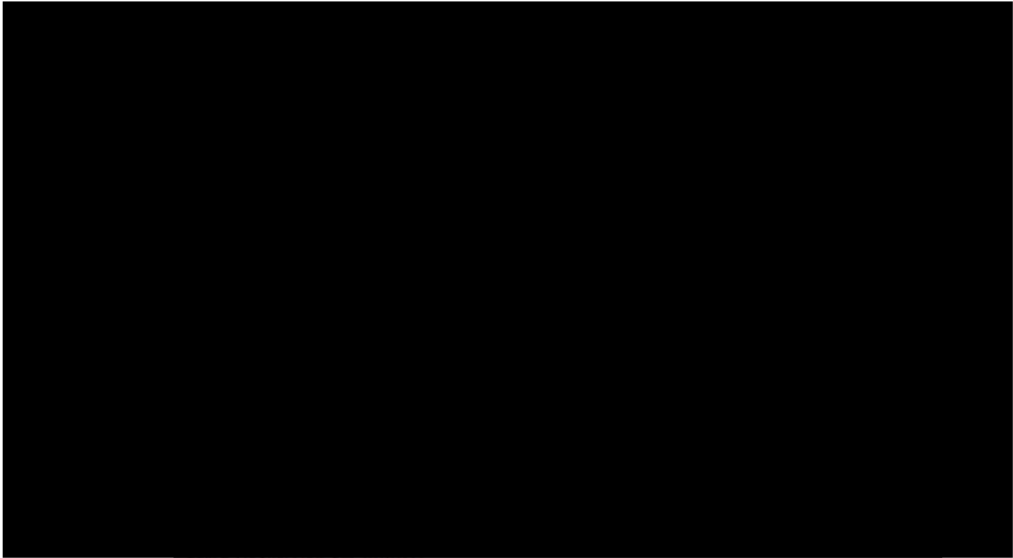
#### 4.2.3.1 Percentage (%) Allocation of Assets

Asset Type	Asset Value Breakdown	% of Asset Base
██████████	██████████	██████
██████████	██████████	██████
██████████	██████████	██████
██████	██████████	██████

In providing a premium forecast, we have used the above split for Distribution and Transmission assets as asset values have not varied greatly over the past five years.

#### 4.2.4 CURRENT AND FORECAST PREMIUMS

[illegible]



Source: Lockton EDOE FSC 07/01/21

[Redacted text block]

Based on the information provided by TasNetworks and Lockton’s view of forecast changes to exposure and premium rates, Lockton considers that a prudent organisation would budget for premium increases reflecting:

- [Redacted list item]
  - [Redacted list item]
- [Redacted text block]

**Table 4.2.4.2 – Insurance Premium Forecast – Property (Distribution Assets) (\$'000)**

[illegible]

**Table 4.2.4.3 – Insurance Premium Forecast – Property (Transmission Assets) (\$'000)**

Transmission Assets							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
██████████	████	████	████	████	████	████	████
██████████							
██████████	██	██	██	██	██	██	██
██████████	████	████	████	████	████	████	████
██████████							
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██████████							
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██████████	████	████	████	████	████	████	████
████							
██████████							
██████████	████	████	████	████	████	████	████
████							

### 4.3 CYBER and IT LIABILITY

#### 4.3.1 DRIVERS OF PREMIUM

Premiums for this class of insurance are typically driven by claims activity, in particular claims caused by ransomware attacks. Cyber.gov.au class ransomware as “a type of malicious software (malware).” Once the malware enters a device, it makes your computer or its files unusable/inaccessible. cybercriminals use these attacks to deny you access to your files or devices then demand you pay them to get your access back.

The most notable recent event to the energy sector was the Colonial Pipeline in the United States of America which is the country’s largest fuel pipeline. It was hacked in May 2021 leading to the company halting all pipeline operations to contain the attack. The company reportedly paid a ransom of nearly 75 Bitcoins (USD equivalent \$5m) to hackers.

In addition to ransomware attacks, data breaches also continue to have an effect on the cyber insurance market.

Both of these factors can seriously effect TasNetworks’ business given the risk of critical infrastructure being hacked and shut down as well as data breaches that may cause loss of personal and private information held by TasNetworks’ data centres. [REDACTED]

Lockton’s September 2021 Global Market Update showed that in Q3 of 2021, the average premium increase for ‘clean’ cyber risks was 57.7%. There were also cases where insurers were asking for 100% premium increases. Lockton expects that this trend will continue until competitive pressures force insurers to moderate their increases.

Time period	Median	Average
Q3 2020	4.0%	10.7%
Q4 2020	9.8%	15.4%
Q1 2021	20.4%	30.8%
Q2 2021	31.7%	48.9%
July 1, 2021	48.9%	57.7%

Source: Lockton EDGE P&C 07/01/21

#### 4.3.2 EXPOSURE and FORECAST EXPOSURE

Measurable underwriting exposure is typically irrelevant for cyber risks. While the underlying exposure such as revenue, employee numbers or critical infrastructure may vary from year to year, it does not typically have a flow-on effect to insurance premiums.

From a cyber risk perspective, underwriting exposure is usually intangible and difficult to measure. For example, a company’s attitude and approach towards cyber security measures and cyber security controls. As the cyber market continues to harden insurers are putting an increased focus on cyber security controls. As a result, mitigating controls such as privileged access management, patching management, and SIEM (Security Information and Event Management) systems have become the latest entrants to the laundry list of required baseline controls for cyber coverage.

The appearance of the java based log4j/log4shell zero-day vulnerability in November 2021 further reminded the market of how cyber risk does not always come in the form of targeted attacks and can arise from what many would have considered to be simple, non-risk software.



### 4.3.3 ALLOCATION BETWEEN TRANSMISSION and DISTRIBUTION

The allocated split between transmission, distribution and unregulated assets is based on the proportions of declared asset values which isn't unreasonable as the assets themselves are susceptible to a cyber-attack.

For the 2021 renewal period, the allocation of assets is as follows:

#### 4.3.3.1 Percentage (%) Allocation of Assets

Asset Type	Asset Value Breakdown	% of Asset Base

### 4.3.4 CURRENT AND FORECAST PREMIUMS

In 2021, TasNetworks experienced the first glimpse of the hardening cyber insurance market with a increase in premium

Based on the information provided by TasNetworks and Lockton's view of forecast changes to exposure and premium rates,

Table 4.3.4.1 and 4.3.4.2 outlines the calculation of the insurance premium forecast based on the assumptions outlined in the previous sections for TasNetworks Distribution and Transmission networks respectively.



#### 4.4 MOTOR

##### 4.4.1 DRIVERS OF PREMIUM

Motor vehicle insurance provides TasNetworks with cover for damage to their own vehicles as well as damage to third party property (where that damage is caused by TasNetworks' vehicles).

Motor policies are viewed as an attritional risk, meaning premiums and rates are dependent on the annual claims performance. [REDACTED]

##### 4.4.2 EXPOSURE and FORECAST EXPOSURE

The exposure for motor is based on the number and type of vehicles.

TasNetworks' vehicle numbers have been relatively stable since the beginning of 2019 increasing by only 3.3% in that time. Forecast growth is in line with expected inflation rates between 2022 and 2028. On this basis, it seems reasonable to assume that historical growth reflects the estimated future growth.

##### 4.4.2.1 – Historic, Current and Forecast Vehicle Declaration

Distribution Assets									
2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Actual Values			Real Values based on CPI						
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Transmission Assets									
2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Actual Values			Real Values based on CPI						
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

##### 4.4.3 ALLOCATION BETWEEN TRANSMISSION and DISTRIBUTION

The allocation of vehicles between the transmission, distribution and unregulated businesses is based on the following split:

##### 4.4.3.1 Percentage (%) Allocation of Vehicles

Asset Type	% of Asset Base
Distribution	75%
Transmission	20%
Un-Regulated Assets	5%
Total	100%

TasNetworks allocates 75% of their premium to the distribution network, 20% to the transmission network and the remaining 5% to their unregulated assets.

##### 4.4.4 CURRENT AND FORECAST PREMIUMS

[REDACTED]
[REDACTED]
[REDACTED]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Table 4.4.4.1 – Insurance Premium Forecast – Motor Vehicle (Distribution Assets) (\$'000)**

[illegible]

[REDACTED] [REDACTED] [REDACTED]							
--	--	--	--	--	--	--	--

Table 4.4.4.2 – Insurance Premium Forecast – Motor Vehicle (Transmission Assets) (\$'000)

Transmission Assets							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
██████████	████	████	████	████	████	████	████
██████████							
██████████	█	█	█	█	█	█	█
██████████							
██████████	████	████	████	████	████	████	████

██████████	█	█	█	█	█	█	█
██████████							
██████████	█	█	█	█	█	█	█
██████████							
██████████	████	████	████	████	████	████	████
██████████	████	████	████	████	████	████	████
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██████████							





Premiums for these classes are typically driven by market conditions and recent claims experience.

The exception to this involves factors that may cause an increase or decrease in premiums. An example of this could include:

- Reduced insurer appetite which would result in a reduction in insurer capacity and therefore place upwards pressure on premiums.
- Global pandemics – the recent COVID-19 pandemic significantly impacted the Accident and Health insurance industry due to high cost/frequency health, cancellation, curtailment and loss of deposit claims.
- Material changes to policy exposure – i.e. declared values, travel numbers, employee numbers and turnover

Underwriting exposure is typically stable for these types of risks unless there has been a material change in the risk (i.e. significant turnover increases/decreases, number of travel trips increases, declared projects increase or decrease etc.). Whilst the underlying exposure may grow slightly from year to year it does not typically have an impact on the insurance premiums. [REDACTED]

For the remaining classes of insurance,

TasNetworks currently allocate the cost of insurance for these classes of insurance on the following basis:

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

Both allocation methodologies are considered reasonable.

#### 4.5.4 CURRENT AND FORECAST PREMIUMS

As noted, premiums for these classes of insurance are typically driven by market conditions and recent claims experience.

For financial lines classes such as [REDACTED] we have estimated premium increases for the remainder of the regulatory period of between [REDACTED]

For the upcoming regulatory period, we estimate premium increases will fall [REDACTED] as the market continues to soften after five years of hard market conditions.

For the remaining ancillary lines classes [REDACTED] premium increases are expected to be between [REDACTED] for the remainder of the regulatory period (depending on class) and between [REDACTED] for the upcoming regulatory period.

**Table 4.5.4.1 – Insurance Premium Forecast (Distribution Assets) (\$'000)**

Distribution Assets							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Premium Basis	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**Table 4.5.4.2 – Insurance Premium Forecast (Transmission Assets) (\$'000)**

[illegible]

#### 4.6 NEW POLICIES – CYBER MATERIAL DAMAGE and BUSINESS INTERRUPTION

##### 4.6.1 EXPOSURE and FORECAST EXPOSURE

As cyber losses continue to become more frequent and weight heavily on the insurance industry from a claims perspective, it is expected that all traditional property insurers will further restrict the cover available under their policies meaning the gap for physical damage from a cyber incident will widen. Should this cover be sought moving forward it is expected a standalone 'Cyber Material Damage / Business Interruption policy will need to be procured with specialist insurers.

Currently businesses are left with limited choices of perils and cyber wrap products to protect their property exposures, resulting in property damage and business interruption losses as a result of a cyber-attack or cyber terrorism on their IT system or those of their suppliers, customers or service providers. This is especially true for critical infrastructure businesses such as TasNetworks.

Cyber Material Damage and Business Interruption policies are rated based on insured asset values which includes Business Interruption revenue declarations.

The asset declaration for TasNetworks has been static for the last three years with less than a 3% change between 2019 and 2021. [REDACTED]

##### 4.6.1.1– Historic, Current and Forecast Insurable Assets ('000)

Distribution Assets									
2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Actual Values			Real Values based on CPI						
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Transmission Assets									
2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Actual Values			Real Values based on CPI						
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

##### 4.6.2 DRIVERS OF PRICE

Given this is a new class of insurance drivers of price will come down to availability of capacity and general claims performance. Premiums have been forecast with an adjustment included for expected inflation.

##### 4.6.4 ALLOCATION BETWEEN TRANSMISSION AND DISTRIBUTION

TasNetworks currently allocate the cost of most insurance classes based on the split of asset values. For the sake of this exercise we have assumed that this policy will be split on the same basis.

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

#### 4.6.5 INSURANCE PREMIUM FORECAST CALCULATIONS

**Table 4.6.5.1 – Insurance Premium Forecast (Distribution Assets) (\$'000)**

Distribution Assets							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Premium Basis	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
██████████	████	████	████	████	████	████	████
██████████				██████			
██████████							
██████████	████	████	████	████	████	████	████
██████████							
██████████	████	████	████	████	████	████	████
██████████							
██████████	████	████	████	████	████	████	████
██████████							

**Table 4.6.5.2 – Insurance Premium Forecast (Transmission Assets) (\$'000)**

Transmission Assets							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Premium Basis	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]				[REDACTED]			
[REDACTED]							
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]							
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]							





# APPENDICES

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## APPENDIX 1

### TASNETWORKS AER PRICE RESET ANALYSIS – FORECAST PREMIUM MODEL 2022 - 2029

Refer separate document.

## APPENDIX 2

### TASNETWORKS AER PRICE RESET ANALYSIS – HISTORICAL DECLARED VALUE OVERVIEW

Refer separate document.

## APPENDIX 3

### TASNETWORKS AER PRICE RESET ANALYSIS – HISTORICAL PREMIUM OVERVIEW

Refer separate document.

## APPENDIX 4

### TASNETWORKS AER PRICE RESET ANALYSIS – ALLOCATION MODEL (TRANSMISSION, DISTRIBUTION and UNREGULATED)

Refer separate document.

## APPENDIX 5

### BUSHFIRE MARKET UPDATE

Refer separate document.

## APPENDIX 6

### LOCKTON GLOBAL MARKET UPDATE

<https://global.lockton.com/us/en/news-insights/lockton-market-update-september-2021>

## APPENDIX 7

Premium Allocations Based on [REDACTED]

### Total Premium Forecast

#### Regulated Premium Forecast 2022 – 2024 (\$'000)

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

Total premium excluding GST

#### Regulated Premium Forecast 2024 – 2029 (\$'000)

	2024/25	2025/26	2026/27	2027/28	2028/29
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Total premium excluding GST

### Premium Forecast Split by Class of Insurance

#### Insurance Premium Forecast by Risk Class 2022–2024 (\$'000)

Risk Class	2022/23	2023/24	Total
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Officers, Crime, Employment Practices  
Liability, Statutory Liability (incl. Work Health and Safety), Travel and Group Personal Accident.

#### 2024 – 2028 Premium Forecast - [REDACTED]

#### Insurance Premium Forecast by Risk Class 2024–2029 (\$'000)

Risk Class	2024/25	2025/26	2026/27	2027/28	2028/29	Total
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



[illegible][illegible]

# Confidentiality

## Acknowledgement of Confidentiality

The RECIPIENT acknowledges and agrees that the Confidential Information is confidential and secret and that unauthorised disclosure of it to any Third Party shall cause substantial loss and damage to the DISCLOSER.

## Obligation Not to Disclose Confidential Information

The RECIPIENT agrees to keep the Confidential Information confidential and secret and not to disclose the Confidential Information or any part of it to any Third Party without prior consent of the DISCLOSER.

The RECIPIENT acknowledges and agrees that:

- i) the Confidential Information is secret, confidential and valuable to the DISCLOSER;
- ii) it owes an obligation of confidence to the DISCLOSER concerning the Confidential Information;
- iii) it has no right or interest in any of the Confidential Information other than the right to use and disclose it on the terms of this agreement; and
- iv) all Confidential Information shall be and remain at all times the property of the DISCLOSER and that the receipt and handling of any Confidential Information shall not grant to the RECIPIENT any copyright, intellectual property or trademark rights with regard to such material.

## Use of the Information Only For the Purpose

The RECIPIENT agrees to use the Confidential Information for the Purpose and only for the Purpose.

The RECIPIENT agrees that it will not use (for the benefit of the RECIPIENT or any other person or to the detriment of the DISCLOSER) any confidential information other than for the Purpose without the prior written consent of the DISCLOSER.

## Obligation Not to Copy

The RECIPIENT acknowledges and agrees that the Confidential Information in all its manifestations and whether such recording be in the "hard copy", electronic or digital form of any kind on tape or on disc or otherwise recorded as in the property of the DISCLOSER and the DISCLOSER owns all right, title and interest in and to the copyright in such recordings of the information.

The RECIPIENT will not make any copies of the Confidential Information in any form without the prior written consent of the DISCLOSER unless such copies are reasonably required for the Purpose.

## Intellectual Property

The supply of Confidential Information by the DISCLOSER to the RECIPIENT shall not be construed as:

- i) Transferring any Relevant Intellectual Property to the RECIPIENT, which Relevant Intellectual Property will remain the property of the DISCLOSER; or
- ii) Granting or conferring any right by way of license or lease in respect of any Relevant Intellectual Property of the DISCLOSER to the RECIPIENT.

All Relevant Intellectual Property will be the sole property of the DISCLOSER and the RECIPIENT will execute such transfers and other documents as the DISCLOSER may require to give effect to the intention of this sub-clause.

The RECIPIENT will not:

- i) Apply for registration for, or any other form of protection of, any Relevant Intellectual Property in any jurisdiction, nor purport to do so;
- ii) Sell, assign, license, lease or otherwise deal with or dispose of any Relevant Intellectual Property, not purport to do so;
- iii) Disclose the existence or any particulars or any Relevant Intellectual Property to the extent that it is connected to the Purpose of

this agreement to any person not authorised by the DISCLOSER;

iv) Publish the existence or any particulars of any Relevant Intellectual Property in any article journal, periodical, magazine, letter, newspaper or any other publication, without the prior written consent of the DISCLOSER which may be given or withheld by the DISCLOSER, as the case may be, in the absolute discretion of the DISCLOSER and if given, subject to such conditions as the DISCLOSER may impose in its absolute discretion.

#### Definitions

1 Where used in this agreement, the following terms will have the following meaning:

**Confidential Information** means any and all information and documentation whether commercial, financial, technical or otherwise, disclosed to the RECIPIENT in connection with the Purpose, orally or otherwise, in any form whatsoever and whether or not the information is marked as confidential but does not include any information which, without breach of this agreement:

i) is or becomes public knowledge;  
ii) was available to or which the RECIPIENT or its Representative already knew or had, on a non- confidential basis, prior to its disclosure by the DISCLOSER;  
iii) has been independently developed or acquired by the RECIPIENT or its Representative ; or iv) is or becomes available to the RECIPIENT or its Representative on a non- confidential basis from another source entitled to make such disclosure .

**Discloser** means a party who gives Confidential Information to the other party, or from whom the other party acquires Confidential Information. References to 'party' include, in each case, a party's Authorised Persons.

**Purpose** means the purpose of Lockton Companies Australia Pty Ltd providing an independent review and forecast of the insurance premiums for the 2022 – 2029

periods for Tasmanian Networks Pty Ltd (TasNet) in relation to their regulatory price reset.

**Recipient** means Tasmanian Networks Pty Ltd. References to 'party' include, in each case, a party's Authorised Persons.

**Representative** means any directors, officers, employees, auditors, reinsurers, agents and advisers of the RECIPIENT.

**Relevant Intellectual Property** means patents, trademarks, designs, copyright and applications for registration therefor and includes know-how and all other forms of intellectual property.

i) Of the DISCLOSER;  
ii) Subsisting in Confidential Information; and  
iii) Which may be created by the RECIPIENT while engaged in the Purpose;

**Third Party** means any person(s) or company(ies) not being party to this agreement.

1.1. Words importing the singular will include the plural wherever the context requires and vice versa.

1.2. Words importing any particular gender will include a reference to any or all other genders where the context requires.

1.3. Every reference to a person will include a corporation, statutory authority or body and vice versa.

1.4. The interpretation of any covenant, clause or word herein will not be restricted by reference to any other covenant, clause or word mentioned herein or by the juxtaposition of the same.

1.5. Each phrase, sentence, paragraph and clause in this agreement is severable notwithstanding the manner in which the same may be entered of grouped grammatically and if any phrase, sentence, paragraph or clause is found

to be defective or unenforceable for any reason whatsoever the remaining phrases, sentences, paragraphs or clauses, as the case may be, will be full

force and effect will continue to be of full force and effect.

