

Mandatory Use of the Treasury Managed Fund (TMF) for All Government Insurance Requirements

This Circular requires all government agencies to be members of the TMF and to take out a minimum level of cover. Government agencies seeking exemption from these requirements will need to obtain approval from Treasury.

Summary of mandatory requirements:

All government agencies must be insured in line with the State's risk appetite, as expressed through the Statement of Cover, inclusive of limits and terms, as a minimum.

- All government agencies are required to obtain cover for their insurable assets and liabilities through the Treasury Managed Fund (TMF).
- All government agencies are required to be TMF members for their insurance requirements.
- Government agencies not members of the TMF are required to consult with icare to obtain entry to the TMF for all their insurance requirements.

If a government agency seeks exemption from membership in the TMF, or from taking out cover less than the minimum level provided by the TMF, it will need to demonstrate that their alternative insurance arrangements offer equal or better coverage to that offered by the TMF at a better price.

- Agencies will also be required to provide, on a continuing basis, all information about their insurance arrangements to icare.
- Government agencies seeking exemption from TMF membership are required to share with icare and Treasury all information on their existing or alternate insurance arrangements. This is to be able to truly compare the TMF indemnity to their existing or alternate insurance arrangements.

Government agencies may consult with icare should they have any questions.

Michael Pratt AM

Secretary

Further Information: Financial Risk Management
FRM@treasury.nsw.gov.au

NSW Treasury website: www.treasury.nsw.gov.au/

Supporting Information

Which government agencies are required to be part of the TMF?

All government agencies are required to be a TMF member, unless they are exempted from participation.

Government agencies not currently part of the TMF are required to consult with icare with a view to obtaining entry to the TMF for all their insurance requirements. The TMF, administered by icare, provides members with broad unlimited cover worldwide, with no excess and limited exclusions, at a highly competitive price.

The participation of all government agencies in the TMF helps ensure that the risks and liabilities of the NSW Government are managed in a prudent and efficient way. In order to secure cost savings while providing comprehensive cover against loss and damage to the State's insurable assets and liabilities

When may a government agency be exempt from taking up TMF membership?

Exemptions of government agencies from TMF membership will be rare and will be based solely on evidenced and individual government agency reasons.

To apply for an exemption, a government agency must contact their Treasury relationship manager and develop a business case for approval by Treasury (in consultation with icare). Treasury may take into consideration the following items, but will not be limited to:

- Value for money comparison, where the cover is equivalent;
- Minimum level of coverage;
- Compliance with the State's risk appetite; and
- Public policy or competitive neutrality.

All exemptions will be reviewed at the earliest of expiry of approved insurances or expiry of insurance service (i.e. brokerage) contracts. Agencies must take positive steps to obtain re-exemption. In order to evaluate an exemption request properly, icare requires at least 5 months' notice in advance of an agency renewing its alternative commercial insurances.

Government agencies exempted from TMF membership will need to provide all the information on their non-TMF insurance arrangements to icare and Treasury.

Government agencies will also be required to disclose to icare and Treasury all advice received (whether internal or third-party advice) on TMF Membership and insurance coverage in order to ensure that they are receiving comprehensive and accurate advice reflecting Government policy.

What does the TMF cover?

Under the TMF Statement of Cover, government agencies will be covered for:

- Workers' Compensation according to NSW statute;
- Liability, including, but not limited to, public liability, products liability, professional indemnity, directors'/officers' liability and medical negligence;
- Property (full replacement, new for old, and consequential loss);
- Motor vehicle; and
- Other miscellaneous losses, including but not limited to employee dishonesty, personal accident and protection during overseas travel.

Please see the current version of the TMF Statement of Cover for full description of the scope of cover and exclusions on the icare website <<https://www.icare.nsw.gov.au/government-agencies/our-funds-and-schemes/treasury-managed-fund>>.

What is the minimum level of coverage that government agencies must have?

All government agencies must be insured in line with the State's risk appetite, as expressed through the Statement of Cover, inclusive of limits and terms, as a minimum.

Individual government agencies may have unique requirements and additional cover (extensions) can be made available in consultation with icare where:

- There is an additional business need for cover or a unique risk;
- The duplication does not create 'aggregate of risk' exposures for the TMF;
- Covering the risk is not against a principle of coverage.

In the first instance, government agencies should seek cover through the TMF. In the circumstance that the TMF is unable to provide government agencies with the appropriate level of cover, the government agency must apply for an exemption from the TMF to purchase commercial insurance. Where a government agency with TMF membership declares non-TMF insurance products, that government agency must contact their Treasury relationship manager and develop a business case for approval by Treasury (in consultation with icare).

Where additional commercial insurances are required, icare will support the government agency by using its whole-of-government insurance and brokerage services contract for greater cost efficiency.

What are the benefits of being a member of the TMF?

The benefits of joining the TMF for a government agency includes, but are not limited to:

- The TMF's simple, all-encompassing, world-wide and continuous indemnity, avoids the extra work and additional risks that come with multiple policies and highly complex insurance documents, and offers cover at a significantly reduced cost;
- "Peace of mind" (because gaps in cover are not possible);
- No complex insurance documents full of hazardous "fine print";
- No multiple policy documents to understand, administer, and track;
- Protection from the collapse of a commercial insurer or reinsurer (i.e. the TMF bears the risk);
- Agencies are able to directly influence their contributions through effective risk management;
- No possibility of membership refusal because of adverse claims history or high risk activities;
- No cumbersome and time-consuming underwriting processes;
- Access to claims management specialists;
- No tendering costs for broking and claims management services;
- Risk and injury prevention support, training and advice.

What information will icare require from government agencies?

icare will require government agencies to provide the following information:

- Current declarations using icare's declaration forms;
- Copies of insurance schedule(s) including a summary of premiums, insurable exposure, experience data, limits, deductibles, and any restrictions on cover.

Who is the icare contact for all enquiries and correspondence about joining the TMF?

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