

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

This Circular requires all agencies, other than electricity generators and suppliers, to consult with SICorp with a view to joining the TMF for the 2013–14 fund year, and all agencies not joining the TMF to demonstrate that their existing insurance arrangements (i.e. cover and price) at least match the TMF's.

Summary

Since 1989, all budget agencies have been required to insure their insurable assets and liabilities through the Treasury Managed Fund (TMF). Administered by the NSW Self Insurance Corporation (SICorp), the TMF provides member agencies with unlimited cover worldwide, with no excess and limited exclusions, at a highly competitive price.

To secure cost savings while at the same time providing comprehensive cover against loss and damage to the state's insurable assets and liabilities:

- all agencies not currently in the TMF, other than electricity generators and suppliers, are required to consult with SICorp with a view to obtaining entry to the TMF for the 2013–14 year for all their insurance requirements;
- all agencies not taking up TMF membership are required to demonstrate that their existing insurance arrangements offer equal or better coverage to that offered by the TMF at an equal or better price.

There are numerous benefits of joining the TMF for non-budget agencies, including (but not limited to) unlimited world-wide cover that is simple, all-encompassing, continuous, and flexible at a significantly reduced cost.

To enable a true comparison of TMF indemnity with an agency's existing insurance arrangements, SICorp will require agencies to provide information about their existing insurance arrangements.

Agencies should start consulting with SICorp as soon as possible **but no later than 1 August 2012**.

Philip Gaetjens
Secretary

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What is the role of the Treasury Managed Fund (TMF)?

Since 1989, all budget agencies have been required to insure their insurable assets and liabilities through the Treasury Managed Fund (TMF). Administered by the NSW Self Insurance Corporation (SICorp), the TMF provides member agencies with unlimited cover worldwide, with no excess and limited exclusions, at a highly competitive price. The TMF's simple, all-encompassing, and continuous indemnity avoids the extra work and additional risks that come with multiple policies and highly complex insurance documents.

What do agencies not currently in the TMF now have to do?

To secure cost savings while at the same time providing comprehensive cover against loss and damage to the state's insurable assets and liabilities all agencies not currently in the TMF, other than electricity generators and suppliers, are required to consult with SICorp with a view to obtaining entry to the TMF for the 2013–14 year for all their insurance requirements.

What are agencies not taking up TMF membership required to do?

All agencies not taking up TMF membership are required to demonstrate that their existing insurance arrangements offer equal or better coverage to that offered by the TMF at an equal or better price.

What are the benefits of joining the TMF for a non-budget agency?

TMF membership has been mandatory for budget agencies since the TMF's inception in 1989. Because of the TMF's significant benefits, a number of non-budget agencies have, after a comprehensive consultation process, applied to become TMF members. Recent entrants to TMF include Sydney Water and Transgrid.

The benefits of joining the TMF for a non-budget agency are numerous and significant. They include:

- Unlimited world-wide cover that is simple, all-encompassing, continuous, and flexible 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
- Exclusions are limited to issues agencies can directly control (e.g. illegal acts, pollution (other than sudden and accidental) and wear and tear)
- Protection from the collapse of a commercial insurer or reinsurer (i.e. the TMF bears the risk)
- The cost of cover is quarantined from market fluctuations (such as those brought about by the 2001 liability crisis)

- Premium rates are not loaded with a margin for profit or the need to satisfy capital requirements, thereby freeing-up funds to support core business activities
- Access to TMF risk management resources to help minimise losses through improved risk management capability and targeted risk management strategies
- 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.

What information will SICorp require from agencies during the consultation process?

To enable a true comparison of TMF indemnity with an agency's existing insurance arrangements, SICorp will require agencies to provide the following information:

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

When should agencies start consulting with SICorp?

All agencies, other than electricity generators and suppliers, are required to consult with SICorp with a view to obtaining entry to the TMF for the 2013–14 fund year for all their insurance requirements. Agencies should start consulting with SICorp as soon as possible **but no later than 1 August 2012**.

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

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