Insurance expert’s report template

Licensees must use this template when submitting their insurance expert’s report to IPART.

About this template

It is a standard licence condition for all licensed operators and retailers to hold insurance of an appropriate type, scope and limit for the activities the licensee carries out under the licence. (Please refer to Schedule C, licence condition C2.1 of the operator licence and Schedule B, licence condition B2.1 of the retailer licence for full details.)

Licensees must demonstrate that the insurance they have obtained is appropriate. This is established by providing a report to IPART from an insurance expert, certifying that in the insurance expert’s opinion, the type, scope and limit of insurance obtained is appropriate for the size and nature of the activities being undertaken under the licence, and attaching all certificates of currency of insurances obtained. The insurance expert must be an insurance broker, holding an Australian financial services licence (AFSL) under Part 7.6 of the *Corporations Act 2001* (Cth) that authorises it to provide financial product advice for, and deal in, insurance contracts.

The report must be in the form prescribed by this template. This form is set out in the template below. The report should also set out the insurance expert’s AFSL number and ACN (or attach a copy of an AFS licence register search from ASIC providing these details).

Licensees must submit this report to IPART via WILMA. The report must be submitted:

* by the licensed operator, before commencing to operate water industry infrastructure for a scheme under an operational approval,
* by the licensed retailer, before commencing to supply water or sewerage services to a scheme; or
* when requested by IPART.

This report may take four to six weeks (or potentially longer) to obtain, as it will require the insurance expert to undertake or review a risk assessment of the licensed activities in order to provide the information required in the report. Licensees should allow for enough time to obtain the report before commencing commercial operation or commencing supply of retail services.

Meaning of icon in this template

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|  | Indicates an instruction for completing the insurance expert’s report. |

Insurance expert’s report

[Licensee’s name and ACN] (Licensee) has engaged [Insurance broker’s name, ACN and Australian financial services licence number] to provide this report to the Independent Pricing and Regulatory Tribunal (IPART).

This report concerns the licensee’s insurance arrangements in relation to the activities authorised under the operator’s licence [insert No.] and/or retailer’s licence [insert No.] (Licence) granted to the licensee under the *Water Industry Competition Act 2006* (NSW) (Act). Those activities are [enter a brief description of the authorised business activities e.g. The design, construction, maintenance and operation of sewerage, drinking water, stormwater and recycled (non-potable) water infrastructure; the supply of water (potable, recycled and non-potable) services, sewage and stormwater collection services and sewerage services to residential, business and industrial customers and connections]. The provision of this report is required by condition C3.1 [operator] and/or B2.1 [retailer] of the Licence (as applicable).

Licensee’s Insurance Arrangements

The attached Schedule A sets out the:

* Type, scope and limit of insurance obtained by the licensee in relation to the activities carried out under the Licence (Licensee’s Insurance Arrangements).
* Reasons as to why the Licensee’s Insurance Arrangements are appropriate for the size and nature of the activities carried out under the Licence.

Certification

[Insurance broker’s name] certifies to IPART that in its opinion, the Licensee’s Insurance Arrangements are appropriate for the size and nature of the activities carried out under the Licence. In reaching this opinion, [Insurance broker’s name] has:

* Identified and analysed the key risks of the licensee undertaking the activities authorised by the Licence as set out in the attached Schedule C, using the approach or methodology set out in the attached Schedule B.
* Reviewed the Licensee’s Insurance Arrangements.
* Based on the information set out below:
	+ considered whether the Licensee’s Insurance Arrangements are appropriate for the size and nature of the activities carried out under the Licence using the risk analysis set out in the attached Schedule C, and
	+ considered any risks that remain wholly or partially uninsured and explained in the attached Schedule D what those risks are, why they are wholly or partially uninsured, and why this does not affect the certification given in this report.

In preparing this report, [Insurance broker’s name] has:

* Been briefed by the licensee on the activities being or to be carried out under the Licence and on the Licensee’s Insurance Arrangements.
* Reviewed the risk assessment in the following operational plans provided by the licensee:
	+ Water Quality Management System *[delete if not applicable]*
	+ Sewage Management System or Plan *[delete if not applicable]*
	+ Asset Management System or Plan *[delete if not applicable]*
* Reviewed the risk register developed by the licensee.
* Reviewed evidence of the licensee’s current insurance policies, or of the insurance policies that the licensee will obtain before commencing operation or supply of services, in the form of certificates of currency (where currently available) and the relevant policy schedules and policy wording. Where an insurance policy is written in a foreign language, [Insurance broker’s name] has reviewed an English translation or English summary of the policy.
* [Insert details of other information/documents reviewed or any other inquiries made].

Acknowledgments

[Insurance broker’s name] has prepared this report for the licensee.

[Insurance broker’s name] acknowledges that IPART may disclose this report:

* To the Minister administering the WIC Act (Minister) or the Department of Climate Change, Energy, the Environment and Water (which currently administers the Act on the Minister’s behalf).
* Under the *Government Information (Public Access) Act 2009* (NSW) or the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW), or where otherwise required by law.

[Insurance broker’s name] also acknowledges that this report is for the benefit of the Minister and IPART, and that the Minister and IPART will rely on the report in performing their respective functions under the Act.

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|  | Include the following section if attaching certificates of currency to this report on behalf of the licensee. |

Certificates of Currency

All certificates of currency for the insurances are attached in Schedule E.

Schedule A: Summary of current insurance arrangements

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|  | Include a brief statement of the insurance arrangements the licensee has or intends to have in place prior to commencing operation and/or supply of services. Refer to IPART’s [***Insurance Guide for WICA Licence Applicants and Licensees***](https://www.ipart.nsw.gov.au/Home/Industries/Water/Alternate-water-utilities-WICA/Forms-guidelines/WIC-Act-Insurance-Guide-for-Applicants-and-Licensees-July-2020) as to which types of insurance policies should be included in this summary. For completeness, include details of any other insurances to be obtained. |
|  | For each insurance policy, the information in the following table is to be summarised. |

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| Policy type/class | [e.g. Public & Products Liability, Professional Indemnity, Industrial Special Risks, Environmental Impairment Liability, Workers Compensation, etc] |
| Parties Insured  | [full name of entity to be insured – ensure covers the licensee, particularly where the licensee is a subsidiary company] |
| Policy number |  |
| Period of insurance |  |
| Insurer |  |
| Insured’s Business/Business Description  | [Provide a description of the business activities and ensure that the description accurately encapsulates the extent of the licensee’s activities to be insured under the policy] |
| Risks/Interests insured | [Summary of what the insurance covers] |
| Covering/Situation of Risk/Assets Insured | [if applicable] |
| Limit of Liability/Sum Insured/Limit of Indemnity/Sub-limits | [e.g. $ amount/s or ‘as provided under Legislation’] |
| Key Exclusions |  |
| Policy Extensions | [if applicable] |
| Deductible/Excess | [if applicable] |
| Geographical Limits |  |
| Rate of exchange | [if applicable] |
| Evidence of Policy | [i.e. Policy Wording & Schedules (or Policy summary/translation where policy issued in another language); Certificate of Currency dated x (where available)] |
| Appropriateness of Policy | [insert commentary] |

Schedule B: Risk profiling and analysis approach

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|  | Insert details of the approach used to identify and analyse risks. All business risks must be considered whether insurable or not. The approach used should be consistent with the *International Standard ISO 31000-2018, Risk Management - Guidelines*, as published by the International Organization for Standardization and as updated from time to time.Explain how the risk is evaluated (or rated) and set out your risk evaluation criteria or descriptors in tables. |

Schedule C: Insurable risk analysis – key risks

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|  | Set out in table form the following:* Each key risk identified, including a general risk type (e.g. Product liability – water; Financial risks; etc) and a more detailed description of the risk or the risk scenario identified (e.g. product causing property damage or personal injury; failure of critical equipment; inadequate funds available resulting in licensee’s bankruptcy; etc).
* Your assessment or evaluation of the consequences of each key risk, including your risk rating (e.g. this will be numbers and/or descriptors, as described in Schedule B).
* An indication of whether the key risk is insurable or not (e.g. yes/no/partially).
* An indication of what the applicable insurance or insurances for that key risk would be (i.e. the policy type).
* An indication of whether the key risk is in fact insured (e.g. yes/no/partially).
* Any further insurance comments on the insurance cover for the risk (e.g. extent of the cover) and the appropriateness of that cover (e.g. This exposure will be picked up under the property policies of the asset owner; Generally the combined liability policy will provide cover for these risks, except in relation to…; etc.).
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Schedule D: Wholly or partially uninsured risks

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|  | For each key risk that is currently wholly or partially uninsured, the following information should be set out in table form:* A description of each wholly or partially uninsured risk (e.g. Legislative non-compliances of WHS, environmental, etc; Asset damage; Inadequate funds available resulting in licensee’s bankruptcy; etc).
* Whether there is an available insurance solution (e.g. Yes, No, Partial or an explanatory comment such as: ‘A statutory liability policy is available to provide cover for innocent breaches of legislation’, etc).
* Comment as to why the risk is wholly or partially uninsured, and why this does not affect the certification given in this report, for example:
	+ A commercial decision has been made to self-insure these exposures, and it is not considered a material risk exposure with respect to the licensee’s project
	+ Responsibility for insurance of the asset rests with the owner of the asset, not the licensee
	+ Such cover is not typically purchased due to the high cost of obtaining such cover and therefore the licensee’s insurance arrangements are considered standard industry practice.
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Schedule E: Certificates of currency

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|  | The insurance broker may attach certificates of currency to the report where the insurances are already in place. If the certificates of currency are not attached to the report, the licensee must separately provide them to IPART before commencing operation or supply of services.The certificates to be attached should be for all insurances set out in Schedule A. The information to be provided in the certificate should include the following, where applicable:* Policy type/class
* Parties Insured
* Insurer
* Policy number
* Period of insurance
* Interest Insured
* Covering/Situation of Risk/Assets Insured (if applicable)
* Limit of Liability/Sum Insured/Limit of Indemnity/Sub-limits
* Deductible/Excess (if applicable)
* Rate of Exchange (if applicable)
* Geographical Limits.

Delete Schedule E if it does not apply. |