



**Government
of South Australia**

TRS19D1103

Hon Stephen Mullighan MP
Member for Lee
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SEMAPHORE SA 5019

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Dear Mr Mullighan

APPLICATION UNDER THE *FREEDOM OF INFORMATION ACT 1991*

I refer to your application made under the *Freedom of Information Act 1991* (FOI Act), dated 9 May 2019.

Your application seeks access to:

"All minutes, briefings and correspondence titled 'Building Indemnity Insurance Premiums 2019/20' as described on the Objective document management system, between 12 July 2018 and 9 May 2019."

The legislative prescribed timeframe to determine this application has expired and is now deemed to have refused you access to all documents relevant to your application. I refer to my letter dated 26 May 2019 where I sought additional time to make my determination.

The purpose of this letter is to advise you of my determination. An extensive search was conducted within this office. A total of 1 document was identified as answering the terms of your application.

I grant you access in part to 1 document, a copy of which is enclosed.

Document Released in Part

Document 1 is a briefing which was prepared by SAFA in relation to building indemnity insurance for the 2019/20 underwriting year.

SAFA engaged its Actuary Finity Consulting Pty Ltd (Finity) to review the building indemnity insurance pricing for 2019/20. This review was an attachment to the briefing and I have determined to exempt this attachment in full pursuant to clause 7(1)(c).

I have determined to release the briefing in part, pursuant to clause 7(1)(c). Both the briefing and attachment contains commercially sensitive information belonging to QBE, the building indemnity insurer, and Finity.

Exemptions

Clause 7 – Documents affecting business affairs concerning

- (1) *A document is an exempt document—*
- (b) *if it contains matter—*
 - (i) *consisting of information (other than trade secrets) that has a commercial value to any agency or any other person; and*
 - (ii) *the disclosure of which—*
 - (A) *could reasonably be expected to have an adverse effect on those affairs or to prejudice the future supply of such information to the Government or to an agency; and*
 - (B) *would, on balance, be contrary to the public interest; or*
 - (c) *if it contains matter—*
 - (i) *consisting of information (other than trade secrets or information referred to in paragraph (b)) concerning the business, professional, commercial or financial affairs of any agency or any other person; and*
 - (ii) *the disclosure of which—*
 - (A) *could reasonably be expected to have an adverse effect on those affairs or to prejudice the future supply of such information to the Government or to an agency; and*
 - (B) *would, on balance, be contrary to the public interest.*

Please note, in compliance with Premier and Cabinet Circular PC045 - *Disclosure Logs for Non-Personal Information Released through Freedom of Information* (PC045), the Department of Treasury and Finance is now required to publish a log of all non-personal information released under the *Freedom of Information Act 1991*.

In accordance with this Circular, any non-personal information determined for release as part of this application, may be published on the DTF website. A copy of PC045 can be found at the following address: <https://dpc.sa.gov.au/resources-and-publications/premier-and-cabinet-circulars>. Please visit the website for further information.

As I am determining this application as Principal Officer, Section 29(6) of the Act does not provide for an internal review. If you are dissatisfied with my determination you are entitled to exercise your rights of external review with the Ombudsman.

Alternatively, you can apply to the South Australian Civil and Administrative Tribunal. If you wish to seek a review, Section 39(3) of the Act states you must do so within 30 calendar days of receiving the determination.

If you require any further information, please contact Vicky Cathro on 8226 9769.

Yours sincerely



Hon Rob Lucas MLC
Principal Officer

6 August 2019

Tanuku, Naveena (DTF)

From: Lardner, Helen (DTF)
Sent: Thursday, 31 January 2019 8:47 AM
To: DTF:Treasurer
Cc: Cantley, Kevin (DTF); Graf, Judy (DTF)
Subject: A981653 - Building Indemnity Insurance Premiums 2019/20
Attachments: A981653 - Building Indemnity Insurance Premiums.pdf; Attachment - Building Indemnity Insurance Pricing 2019-20.pdf

Categories: Kate

Good morning

Please find attached a scanned copy of the Minute + attachment regarding the above matter for your consideration, which has been supported by the OCE (as per new process).

Kind regards

Helen

Helen Lardner

Principal Executive Assistant to the Chief Executive, Deputy Chief Executive and A/Executive Director, Organisation and Governance

Office of the Chief Executive

State Administration Centre, Level 8, 200 Victoria Square ADELAIDE SA 5000

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Government of South Australia
Department of Treasury
and Finance

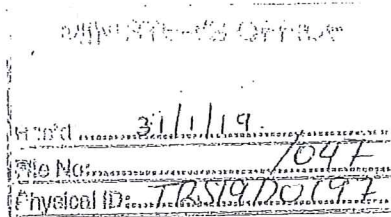


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MINUTE



MINUTES forming ENCLOSURE

File SAF19/0129

Doc No A981653

To The Treasurer

BUILDING INDEMNITY INSURANCE PREMIUMS 2019/20

Timing: ROUTINE

Recommendations/Issues: It is recommended that you:

- note SAFA has engaged its actuary Finity Consulting Pty Limited (Finity) to review the required breakeven premium for building indemnity insurance for the 2019/20 underwriting year;
- [REDACTED]
- [REDACTED]
- note in November 2018 the SAFA Advisory Board endorsed that no adjustment be made to BII premiums in 2019/20, subject to your approval and ongoing monitoring of the claims experience;
- note in December 2018 external administrators were appointed to three South Australian builders, the impact of which is unlikely to be known until the end of the March 2019 quarter;
- note the required breakeven premium calculation includes a loading for large builder insolvencies which is likely to be adequate to cover the losses incurred as a result of the recent claim events;
- approve SAFA making no adjustment to BII premiums for the 2019/20 underwriting year, subject to the continued monitoring of the claims experience.

Noted & Approved / Not-Approved

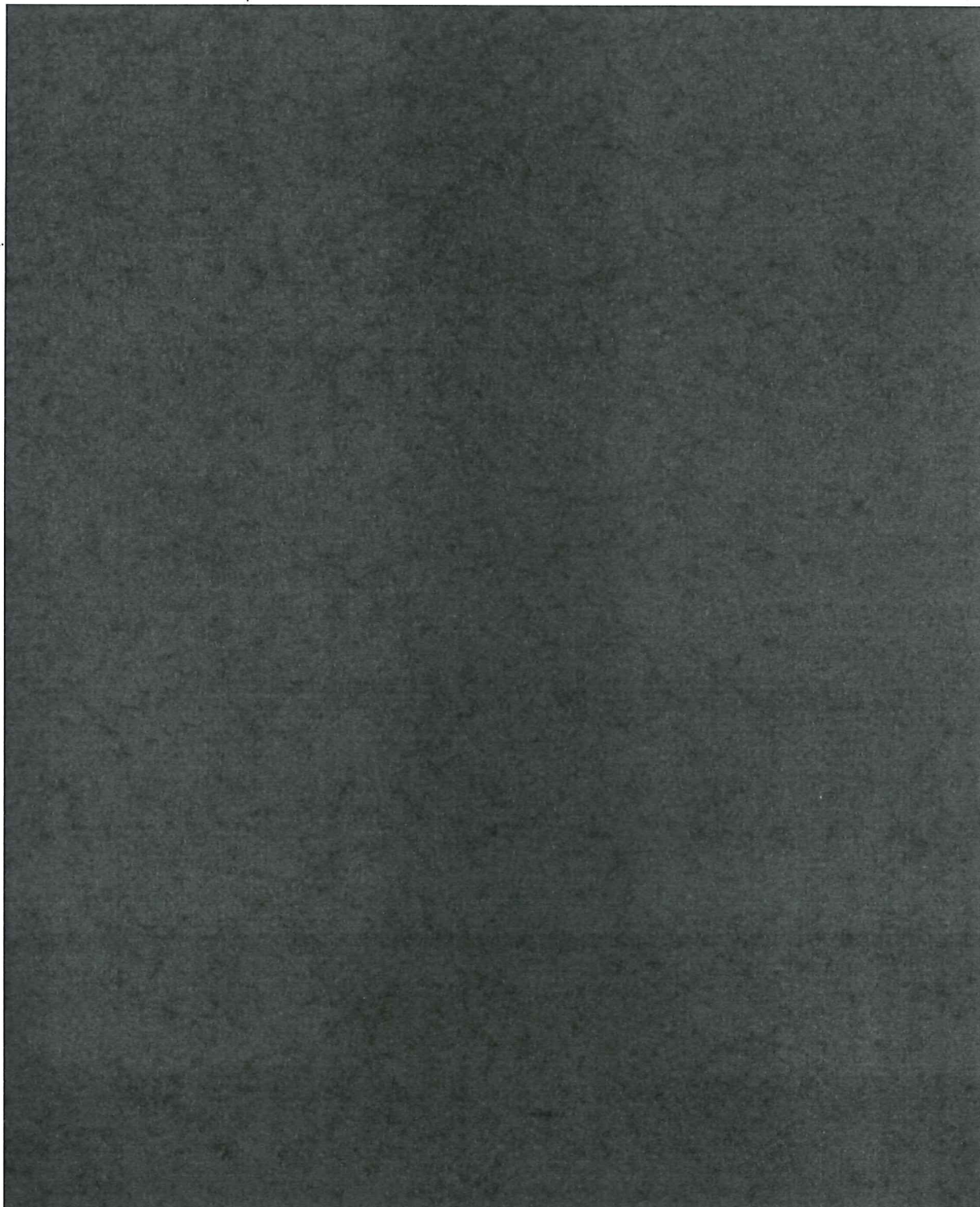
Rob Lucas

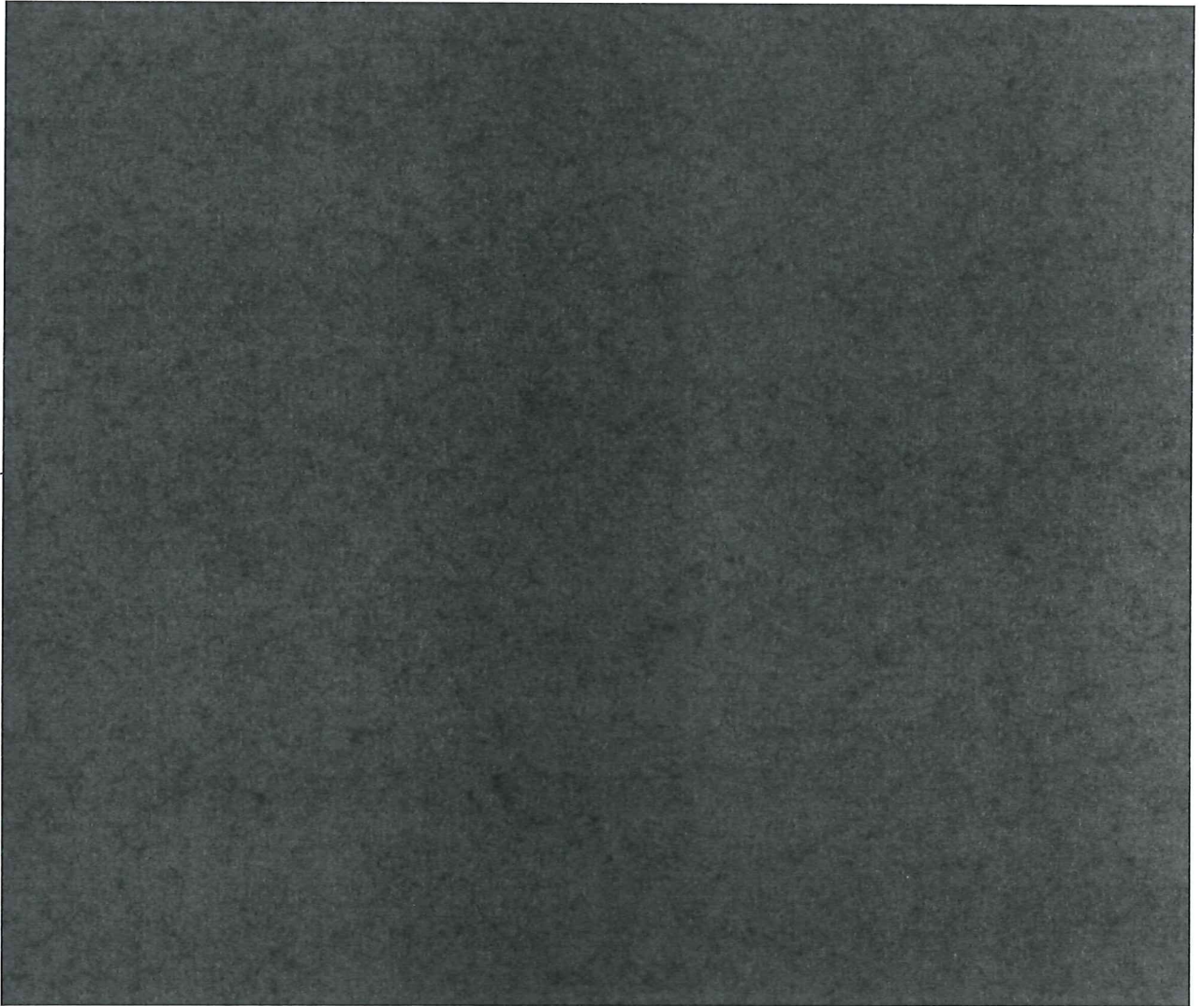
Hon Rob Lucas MLC
Treasurer
12/2/19



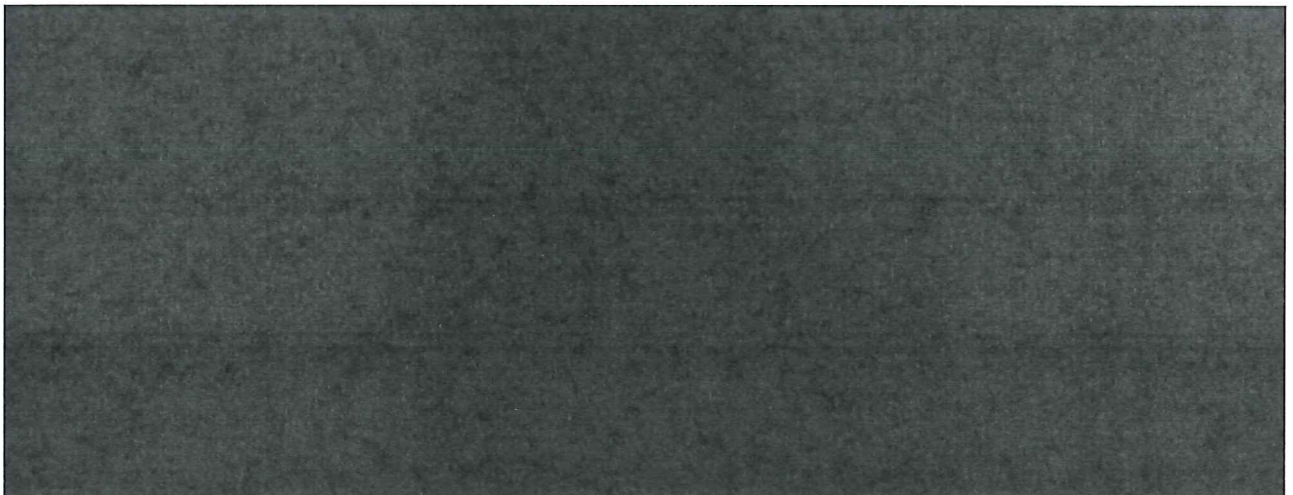
Key Points:

- The breakeven premium for building indemnity insurance (BII) is reviewed annually by SAFA's actuary, Finity Consulting Pty Limited (Finity).
- Finity's review of the 2019/20 required breakeven premium for BII is set out in the attached report.





- In December 2018 external administrators were appointed to three South Australian builders, resulting in insolvency claims being triggered under the BII policy. Further detail regarding these claims events are detailed in the table below:



- QBE have made arrangements with three other South Australian builders to assist homeowners with incomplete homes. This is usual practice in large insolvency events and can drastically reduce the volume and value of claims impacting the premium pool. It also removes much of the stress of the claim event for homeowners.
- At this stage it is too early to know what impact the above insolvencies will have on the premium pool.

- SAicorp recommends you approve making no adjustment to the 2019/20 BII premium.
- SAicorp will continue to monitor the receipt of claims and will engage Finity to review the adequacy of premiums as required. Premiums can be adjusted at any point in the underwriting year.


Kevin Cantley
GENERAL MANAGER, SAFA

30 January 2019

Contact Officer:	Jenny White
Telephone:	72274
Email address:	jenny.white@sa.gov.au

Supported / Not Supported



David Reynolds
CHIEF EXECUTIVE

Department of Treasury and Finance

Date 30/1/19