

# Annual Report 2024–25

ACT Insurance Authority



The ACT Government acknowledges the Ngunnawal people as traditional custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region. We acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region.

The ACT Insurance Authority acknowledges the Ngunnawal people as traditional custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region.

We respect the Aboriginal and Torres Strait Islander people, particularly our Aboriginal staff, and their continuing culture and contribution they make to the Canberra region and the life of our city.

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Information about the directorate and an electronic version of this annual report can be found on the website: <https://www.treasury.act.gov.au/insurance-and-risk-management>

# Contents

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## Part A

### Transmittal Certificate and Compliance

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Transmittal Certificate	6
Compliance Statement	7
PART 1 Directions Overview	7
PART 2 Reporting Entity Annual Report Requirements	7
PART 3 Reporting by Exception	7
PART 4 Specific Reporting Entities Annual Report Requirements	7
PART 5 Whole of Government Annual Reporting	8

## Part B

### Organisational Overview and Performance

---

B.1 Organisational Overview	10
B.2 Performance Analysis	19
B.3 Scrutiny	23
B.4 Risk Management	24
B.5 Internal Audit	24
B.6 Fraud Prevention	26
B.7 Freedom of Information	26
B.8 Community Engagement and Support	26
B.9 Aboriginal and Torres Strait Islander Reporting	27
B.10 Disability Inclusion Act 2023 Reporting	27
B.11 Multiculturalism Act 2023 Reporting	27
B.12 Period Products and Facilities (Access) Act Reporting	27
B.13 Work Health and Safety	28
B.14 Human Resources Management	29
B.15 Ecological Sustainability Reporting	32

## Part C

### Financial Management Reporting

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C.1 Management Discussion and Analysis	35
C.2 Financial Statements	46
C.3 Capital Works	102
C.4 Asset Management	102
C.5 Government Contracting	102
C.6 Statement of Performance	106
Glossary Of Technical Terms	112

# Part A

## Transmittal Certificate and Compliance Statement

# A. Transmittal Certificate



Rachel Stephen-Smith MLA  
Finance Minister  
ACT Legislative Assembly  
London Circuit  
CANBERRA ACT 2601

Dear Minister

## **2024-25 ACT Insurance Authority Annual Report**

This report has been prepared in accordance with section 7(2) of the *Annual Reports (Government Agencies) Act 2004* and in accordance with the requirements under the *Annual Reports (Government Agencies) Directions 2024*.

It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report by the ACT Insurance Authority (ACTIA).

I certify that information in the attached annual report, and information provided for whole of government reporting, is an honest and accurate account and that all material information on the operations of ACTIA has been included for the period 1 July 2024 to 30 June 2025.

I hereby certify that fraud prevention has been managed in accordance with the *Public Sector Management Standards 2006 (repealed)*, Part 2.3 (see section 113, *Public Sector Management Standards 2016*).

Section 13 of the *Annual Reports (Government Agencies) Act 2004* requires that you present the report to the Legislative Assembly within 15 weeks after the end of the reporting year.

Yours sincerely

A handwritten signature in black ink, appearing to read "Scott Austin". The signature is stylized and cursive.

Scott Austin  
A/g Under Treasurer  
Chief Minister, Treasury and Economic Development Directorate  
12 September 2025

# Compliance Statement

The **2024-25 ACT Insurance Authority Annual Report** must comply with the *Annual Reports (Government Agencies) Directions 2025* (the Directions) made under section 8 of the *Annual Reports (Government Agencies) 2004 Act*. The Directions are found at the ACT Legislation Register: [www.legislation.act.gov.au](http://www.legislation.act.gov.au).

The Compliance Statement indicates the subsections under Parts 1 to 5 of the Directions that are applicable to the ACT Insurance Authority (Authority) and the location of information that satisfies these requirements.

## PART 1 Directions Overview

The requirements under Part 1 of the Directions relate to the purpose, timing and distribution, and records keeping of annual reports. The **2024-25 ACT Insurance Authority Annual Report** complies with all subsections of Part 1 under the Directions.

To meet Section 15 Feedback, Part 1 of the Directions, contact details for the Authority are provided within the **2024-25 ACT Insurance Authority Annual Report** to provide readers with the opportunity to provide feedback.

## PART 2 Reporting Entity Annual Report Requirements

The requirements within Part 2 of the Directions are mandatory for all reporting entities and the Authority complies with all subsections. The information that satisfies the requirements of Part 2 is found in the **2024-25 ACT Insurance Authority Annual Report** as follows:

- A. Transmittal Certificate, see page 6.
- B. Organisational Overview and Performance, inclusive of all subsections, see pages 10-33.
- C. Financial Management Reporting, inclusive of all subsections, see pages 34-114.

## PART 3 Reporting by Exception

The Authority has nil information to report by exception under Part 3 of the Directions for the 2024-25 reporting year.

## PART 4 Specific Reporting Entities Annual Report Requirements

Part 4 of the Directions is not applicable to the Authority.

## **PART 5 Whole of Government Annual Reporting**

All subsections of Part 5 of the Directions apply to the Authority. Consistent with the Directions, the information satisfying these requirements is reported in the one place for all ACT Public Service directorates, as follows:

- Bushfire Risk Management, see the annual report of the Justice and Community Safety Directorate;
- Human Rights, see the annual report of the Justice and Community Safety Directorate;
- Legal Services Directions, see the annual report of the Justice and Community Safety Directorate;
- Public Sector Standards and Workforce Profile, see the annual State of the Service Report; and
- Territory Records, see the annual report of the Chief Minister, Treasury and Economic Development Directorate (CMTEDD).

ACT Public Service Directorate and other annual reports are found at the following web address:

<https://www.act.gov.au/open/annual-reports>

# Part B

## Organisational Overview and Performance

# B. Organisational Overview and Performance

## B.1 Organisational Overview

### B.1.1 Who we are

The ACT Insurance Authority (the Authority) is established under the *ACT Insurance Authority Act 2005* (the Act).

The Authority works to protect the assets and services of the Territory by providing risk management support and insurance services to all ACT Government directorates and statutory authorities. The Authority operates as the ACT Government's captive insurer of Territory risks. The captive insurance model protects the ACT Government budget from a range of catastrophic and accumulated risk exposures through its insurance arrangements, and the accumulation of a fund reserve to meet the cost of asset losses and legal liabilities that occur as a result of the activities of Government.

The Authority meets the insurable claims and losses of the ACT Government through its self-insurance and reinsurance arrangements and operates on a cost recovery basis by collecting premiums from directorates and statutory authorities to meet the anticipated costs of claims.

In 2024-25, the Authority insured Territory assets to the value of \$38.95 billion, collected \$90.5 million in annual premium revenue, held \$408.6 million in investments, held \$144.1 million in other assets, with total liabilities of \$478.2 million.

The Authority reports to the Minister for Finance through the Under Treasurer, Chief Minister, Treasury and Economic Development Directorate (CMTEDD).

### B.1.2 What we do

The Authority provides insurance, claims, and risk management services to ACT Government directorates and statutory authorities. The Authority's functions are to:

- carry on the business of insurer of Territory risks;
- take out insurance of Territory risks with other entities;
- manage and settle claims in relation to Territory risks;
- develop and promote good practices for the management of Territory risks; and
- give advice to the Minister about insurance and the management of Territory risks.

The insurance coverage is provided to directorates and statutory authorities by statements of insurance. The Authority's insurance program is broad form cover that includes:

- public liability;
- medical negligence;
- professional indemnity;
- property damage;
- directors' and officers' liability; and
- financial crime.

The Authority arranges external insurance policies on behalf of the ACT Government to cover contract works, travel, art and galleries, aviation, and personal accident cover for both aero retrieval and volunteer workers. The Authority bears no risk on these policies.

The Territory renewed the indemnity agreement with QBE Insurance (Australia) Ltd (QBE) on 1 July 2025 for another three-year term, to continue providing Residential Builders Warranty Insurance (BWI) to ACT builders, with the Territory indemnifying QBE in respect of any claim losses.

Commencing 1 April 2023, ACTIA established a scheme to indemnify Physical and Sexual Abuse liability (PSA) for out of home care service providers in the ACT in coordination with the Community Services Directorate.

The Authority also administers the Office of the Nominal Defendant of the ACT, for default claims under the ACT Motor Accident Injuries Scheme as well as the Default Insurance Fund, for default claims under the ACT Private Workers' Compensation Scheme. The activities of these entities are reported separately and appear in reports annexed to the 2024-25 CMTEDD Annual Report.

### **B.1.3 Our Approach**

Throughout 2024-25, the Authority was a part of the Economic, Revenue, and Insurance (ERI) division within CMTEDD.

ACTIA Mission: We engage to provide high quality enabling services and solutions in collaboration with our directorate partners. We strive to ensure:

- our understanding of directorate needs;
- cost effectiveness;
- timeliness;
- governance and integrity; and
- assurance.

Values: In all that we do, we hold ourselves accountable for demonstrating our values:

- Integrity
- Respect
- Collaboration
- Innovation

### **B.1.4 Organisational Structure**

Under the *Financial Management Act 1996* the Authority is responsible to the Minister for Finance through the Chief Executive Officer, for the efficient and effective financial management of resources. The delegate for the Chief Executive Officer is the Under Treasurer and the Authority operates under CMTEDD.

The Authority is supported by an Insurance Advisory Board (the Board) appointed under the Authority's enabling legislation. The external Board members during 2024-25 were Mr Ian Faragher (Chair) and Ms Robyn Bateup (member).

The Board provides important and valuable support to the Authority, particularly in relation to its reinsurance program, the identification of emerging risks, and improvements to risk and claims management services. Details of the Board members' qualifications and experience appear in section B.1.7 Internal Accountability under the sub-heading 'Insurance Advisory Board'.

The Authority delivers services through the following streams:

- Risk, Insurance and Governance;
- Claims Services; and
- Financial Services.

# Organisation Chart



## **B.1.5 Year in Review**

The Authority's key achievements during the 2024-25 year were:

### *Risk Management Support*

The Authority's Risk Management Team comprises three full time roles. The team pursued five core priorities in 2024–25, which continue into 2025–26:

- Policy Development and Review;
- Risk Training Delivery;
- Advisory Services and Workshops;
- Community of Practice (CoP) Engagement; and
- Risk Reporting and Insights.

### **Policy Development and Review**

A comprehensive review of the Whole-of-Government Risk Policy (last updated in 2022) is underway. The aim is to elevate risk maturity across ACT Government agencies through key enhancements, including increased risk training, development of risk appetite/tolerance statements, and stronger control assurance requirements. In 2024-25 the Risk team lead a Whole of Government working group through multiple workshops to develop a draft policy. The draft policy is in the consultation phase and will be released in the 2025–26 financial year.

### **Risk Management Training**

Training delivery reached 1,906 completions in 2024–25, reflecting strong demand and quality execution. The Authority's three-tiered training framework for Introductory, Practitioner, and Executive is supported through e-learning, face-to-face sessions, and CoP education events.

### **Advisory and Workshops**

Advisory sessions and risk workshops engaged 280 participants across government. Workshops covered multiple areas, including work health and safety, disaster resilience, strategic risk, and project risk. Workshops covering insurance risk have been a new focus, following changes in 2024 to the *Government Procurement Act 2001*.

A tool for assessing and managing risk across the full procurement lifecycle has been co-developed with Procurement ACT, and a set of risk workshop tools has been introduced to uplift the effectiveness of risk assessment activities.

### **Risk Reporting**

The Authority worked in 2024-25 to collate and analyse enterprise level risks from all ACT Government Directorates, creating a Whole of Government view of common risks and

controls, to facilitate sharing of best practices across directorates. Work is now underway on implementing a Risk module within the Authority's information management system, designed to enhance data availability and decision-making in 2025–26.

The Risk team members now regularly join in Claims Review meetings with agencies, utilising a risk lens to assess claims causation data, to provide feedback to agencies on the effectiveness of their risk controls.

### *Reinsurance Program Placement and External Insurance for 2025-26*

The placement of the Territory's annual insurance and reinsurance program is one of the Authority's key operational deliverables each year, with the program to be settled by 30 June of the prior financial year. The program protects the Territory from losses resulting from catastrophic events or an accumulation of insurable losses.

The Authority completed a strategic review of the suitability of its program taking into consideration a range of issues including the prevailing market conditions, emerging operational issues, and changes to business activities. The review also considered the Territory's claims experience, legislative changes, historical costs, placement structure, and risk retention levels, as well as its short and long-term strategic objectives.

The 2025-26 renewal strategy tested the current program structure and pricing with incumbent insurance and reinsurance providers across all insurance classes.

The successful placement of the 2025-26 reinsurance program, with 100 per cent capacity provided by the global insurance market, was a positive result for the Territory in challenging market conditions. The Authority's Advisory Board and the Under Treasurer supported the final structure after lengthy negotiations with the participating reinsurance market. The cost of the 2025-26 reinsurance program was negotiated at \$16.5 million, representing an increase of 1.27 per cent on the 2024-25 program.

There were premium decreases in relation to Property/ISR (Industrial Special Risk), with an 11.7 per cent decrease, and a decrease of 2.6 per cent for the combined Public Liability and Professional Indemnity reinsurance policy. The Authority negotiated to retain the existing reinsurance program structure for the Medical Negligence policy at a 35.38 per cent premium increase, which was determined to represent the most efficient and best value for money transfer of this risk to the market.

The Authority also arranges direct insurance cover for contract works, travel, art and galleries, aviation, and personal accident cover for both aero retrieval and volunteer workers. The premium for contract works has increased by 77.2 per cent from the prior period, based on an anticipated increase in construction activity across the Territory.

The Authority has agreed to self-insure standing timber within both the Arboretum and ACT Forests for the 2025-26 period, based on unfavourable terms and premium rates being indicated by commercial insurers.

The Authority continues to be a valued client with national and international insurers and reinsurers who participate on the current program, while continuing to attract interest from alternate underwriters to provide additional insurance capacity in certain classes of insurance.

### *Information System Upgrade*

The Authority entered an open market tender for the Claims management, Risk and Insurance system during 2023-24 through Procurement ACT. The Requests for Tender submission closed in May 2024, and the Authority entered into a contract with a new vendor in August 2024.

The Authority continues to work with its claims management system vendor on implementation and enhancements of the system to enable more streamlined claims and payment processing, to incorporate a Risk module, and to assist with enhanced data analysis.

### *Natural Disasters*

While changes to climate and weather patterns continue to give rise to claims, 2024/2025 has not seen either the volume or severity of incidents experienced in prior years. The Authority's Claims team have actively managed and resolved matters arising from the weather events in 2019/2020 and 2020/2021.

## **B.1.6 Outlook and Future Priorities**

The Authority continues to work with Territory directorates and statutory authorities to protect the assets and services of the Territory by providing high quality risk management, claims management, and insurance services.

The Authority's ability to value outstanding claims liabilities is informed by the accumulation of claims data, including claims experience information. It remains important to the Authority that incidents that are likely to give rise to a significant claim are reported promptly, to facilitate early intervention claims management. This also supports appropriate estimation of the future claim liabilities, which are reviewed annually. The Authority will continue to monitor incident reporting practices by agencies and provide guidance on the nature of incidents that need to be reported.

There continues to be pressure on reinsurance premiums for some classes of insurance and a softening market in other classes. The Authority expects that the commercial insurance market will remain very sensitive to the claims experience of individual entities. It is anticipated that insurers will apply pressure on insureds to restructure reinsurance programs, where the insurers are seeing regular claims into the reinsurance market.

The Authority will continue working with directorates and statutory authorities to develop strategies to reduce the incidence and cost of insurance claims against the Territory by promoting good claims and risk management practices. The Authority's risk management team continues to assist agencies on a range of risk management related topics.

The Authority's strategic and operational priorities in 2024-25 included:

- implementing a program of reinsurance to protect the Territory budget based on an appropriate balance between transferred and retained risk;
- proactively managing claims against the Territory in consultation with agency stakeholders, and in accordance with the ACT model litigant requirements;
- assisting agencies with the implementation and continuous improvement of risk management practices within the Territory that reflect international standards and business best practice;
- delivering risk management services including training, targeted educational seminars and consultancy services for agencies that increase the level of stakeholder engagement;
- implementing an claims, risk, and insurance information management system to enable the Authority to continue to deliver mature services to Territory agencies; and
- continuing a strategic review of the Authority's role in delivering insurance and risk functions to the Territory.

## **B.1.7 Internal Accountability**

### *Senior Executive Responsibilities and Remuneration*

Senior Executive responsibilities include providing professional advice to the Minister for Finance, the ACT Government, Territory agencies, and statutory authorities on insurance and risk management matters, as well as proactively managing claims against the Territory. In addition, the Senior Executive administers the Default Insurance Fund and the Office of the Nominal Defendant of the ACT.

The Senior Executive employed by the Authority is paid in accordance with the determinations of the ACT Remuneration Tribunal and relevant laws and instruments, including the *Public Sector Management Act 1994* and the *Public Sector Management Standards 2006*.

### *Insurance Advisory Board*

The Board is established under Section 12 of the Act and members are appointed in accordance with the *Insurance Management Guidelines 2005 (No. 1)*. The Under Treasurer, CMTEDD is delegated with authority to make board appointments. The Board must consist of two members appointed by the Authority who, in the opinion of the Authority, possess sufficient skill and judgement to provide advice in relation to the Authority's execution of its powers, functions and responsibilities. The appointment term must not exceed 3 years and

can be revoked by the Authority for misconduct, neglect of duty, or if the member becomes unable to carry out the duties of the office satisfactorily. Mr Faragher and Ms Bateup were reappointed to their positions in 2024, consistent with the *Governance Principles: Appointments, Boards and Committees in the ACT*, as members can serve two full terms.

**Table B.1: Board members**

Name of Member	Position	Duration	Meetings Attended
Mr Ian Faragher	Member and Chair	March 2020 to present. Membership expires February 2026	4 of 4
Ms Robyn Bateup	Member	September 2020 to present. Membership expires September 2026	4 of 4

The Authority’s board members have extensive experience in the general insurance industry at the executive level, particularly in relation to underwriting, claims management, risk management, reinsurance, actuarial and financial services.

Mr Ian Faragher (Chair) - Mr Faragher has over 36 years’ experience in the financial services industry, holding several Chief Executive positions of global financial services organisations. He has lived and worked in the United States, the Asia Pacific Region, and Australia. Mr Faragher has successfully led businesses in both developed and emerging insurance markets. Mr Faragher was instrumental as the Chairman and sole Asia-Pacific member of the Lloyd’s of London senior management team, in the establishment of Lloyd’s in China, earning the prestigious UK Review’s award for Company Start-up of the Year. Mr Faragher was invited to join the Members Council of the Motor Insurers Bureau in Hong Kong with responsibility over the Insurance Company Insolvency Funds and elected by membership as a Director of the Australian Chamber of Commerce in Shanghai to advocate on policy affecting over 300 Australian businesses across all sectors of the economy. Mr Faragher has been approved by Regulatory Authorities in Singapore, Thailand, Hong Kong, Taiwan, China, Fiji, and Australia to act as the Principal Officer and/or Responsible Person, evidencing a deep understanding of the operational requirements, governance, corporate laws and regulations in a wide variety of jurisdictions. Mr Faragher holds a Bachelor of Engineering from the University of Sydney, has participated in strategic leadership programs in Princeton, New Jersey, led by a consortium of elite international business schools, and was appointed as a Visiting Professor at the Shanghai University of Finance and Economics in recognition of support for International Risk Management and Insurance Studies. Mr Faragher now consults on various insurance matters, specialising in financial technology.

Ms Robyn Bateup (Member) BSc, FIAA, GAICD - Ms Bateup has over 26 years’ experience in general insurance. Ms Bateup held a Senior Executive position within a general insurer prior to joining, and becoming a Principal of, and the Australian General Insurance Sector Leader for,

an international consulting firm advising corporations and government entities. Ms Bateup has also been an elected Council member of the Council of the Actuaries Institute where she also sat on various advisory committees. Ms Bateup is an Executive Director of her own consulting firm, Bateup Actuarial & Consulting Services, as well as a Non-Executive Director of Medical Insurance Australia Limited, and Eric Insurance Pty Ltd, where she chairs the Risk Committees. Ms Bateup has a strong background in risk, pricing, governance, and actuarial services. She has also served as an expert witness in litigated general insurance matters. Ms Bateup is a Graduate Member of the Australian Institute of Company Directors.

The remuneration of the Board members is determined by the ACT Remuneration Tribunal.

The Board met on four occasions during 2024-25 and was consulted on the following:

- the Territory's reinsurance program for 2025-26;
- actuarial and financial matters;
- operational priorities;
- ICT systems and management;
- reviews of major claims;
- risk management matters; and
- ACTIA strategic review.

## **B.2 Performance Analysis**

The Authority's Key Performance Indicators (KPIs) are detailed in the Authority's *2024-25 Statement of Intent* and are reported as part of the Authority's Statement of Performance, see pages 106-111. The objective of the KPIs being measured is to ensure the delivery of the Authority's strategic objectives, quantifying specific outputs or activities that are measurable.

A summary of the outcomes achieved against each of the Authority's principal objectives and KPIs is detailed below.

### **B.2.1 Carry on the Business of Insurer of Territory Risks**

#### *Conduct an annual customer satisfaction survey*

The Authority's annual customer satisfaction survey was undertaken with a range of questions focused on governance processes, practices, product, and service outcomes.

Surveys were sent to a range of agency contacts including Directors-General, Chief Executive Officers, and other key stakeholders of ACT Government directorates and statutory authorities. Respondents were asked to rate the quality of different aspects of the Authority's services, based on their experiences over the past 12 months.

Overall satisfaction with the Authority was 97.44 per cent. The Authority's customers identified the following positive characteristics as the key drivers of positive experiences:

- the professionalism of the Authority's staff;
- the Authority's staff understand the services they deliver;
- the Authority's staff understand the Directorate's requirements; and
- the Authority responds to requests in a prompt and timely manner.

The Authority continues to collaborate with customers at all levels to enhance the level of service provided, and to identify and clarify those areas that may require improvement.

### ***Maintain a funding ratio within the targeted range stated in the ACTIA Capital Management Plan***

The ACTIA Capital Management Plan provides a comprehensive and structured approach to the long-term management of the Authority's financial assets.

The plan establishes the basis for an agreed approach to the management of the Authority's financial strategy and objectives and takes into consideration the variability of the Authority's capital position that may result from changes in claims experience and investment returns.

The Authority aims to manage its capital position at a range between 100 – 120 per cent. This position seeks to strike a balance between the appropriate management of the Territory's risk, while allowing suitable mechanisms to address a capital position outside the target ratio range. This would include action to seek capital injections (in a deficit situation) or surrendering excess capital (in a surplus situation) if assessed as necessary after considering various factors including future market conditions.

The Authority’s funding ratio as at 30 June 2025, is 116 per cent, equating to a balance sheet surplus of \$74.5 million with a forecasted capital funding position for 2025-26 of \$91.5 million or 121 per cent.

**Table B.2: Funding Ratio**

<b>Balance Sheet</b>	<b>Actual 30 June 2024 \$ million</b>	<b>Actual 30 June 2025 \$ million</b>	<b>Forecast 30 June 2026 \$ million</b>
Assets	\$476.4	\$552.7	\$535.5
Liabilities	\$426.6	\$478.2	\$444.0
Net Assets	\$49.8	\$74.5	\$91.5
Funding Ratio	112%	116 %	121%
Capital Return	-	-	-

***General and administrative expense as a percentage of total annual premium revenue***

General and administrative expenses represent 7 per cent of gross premium revenue in 2024-25. This is lower than the original target of 10 per cent. The Authority’s management and staff continue to work on improving operational efficiency without compromising on the service delivery expectations of customers. The lower general and administrative expenditure ratio for 2024-25 is mainly due to the increase in Gross Premium Revenue compared to the prior year.

***Average number of days to process payments for settlement of claims***

During 2024-25 it took an average of 38 days to process payments for the settlement of claims. This is higher than the original target of 14 days which is due to a change in the Authority’s claims management system that was undertaken in late 2024. While the new system was being implemented, the Authority limited the number of manual payments that were being made and put a hold on non-urgent payments to providers, for approximately three months. During this time, the Authority ensured that all urgent payments were processed and paid in a timely manner, and in accordance with claim settlement terms and court orders. The Authority consistently makes payments within legislative requirements and court orders.

## **B.2.2 Take out Insurance of Territory Risks with Other Entities**

### *Complete property loss control surveys*

The Authority's lead property reinsurer undertakes an annual program of property surveys in consultation with the Authority and Territory agencies. A selection of assets are surveyed each year as part of a rolling program. This process provides reinsurers with an overview of the Territory's asset management practices, with a focus on emergency management systems and property protection. The eight surveys conducted in 2024-25 confirmed that the Territory's asset management practices were appropriate in the sample of assets surveyed.

The survey reports and recommendations were provided to agency representatives responsible for asset management arrangements for consideration and appropriate action, where relevant.

### *Quarterly review of claims*

Claim review meetings were held quarterly during 2024-25 to review all liability and medical negligence claims where the claim reserve exceeds \$250,000. The claim review meetings were attended by Authority staff, representatives of the Authority's insurance broker Marsh Pty Ltd, and the ACT Government Solicitor's Office, with notes from the meetings forwarded to the Territory's external reinsurers. The review meetings provide an excellent opportunity to enhance the Territory's ability to develop and execute complex claims management strategies and provides transparency to the Territory's reinsurers.

The Authority continues to work with key agencies, analysing claims data and developing strategies to reduce the incidence of claims against the Government by implementing robust risk management practices which, in turn, assist in the reduction of costs incurred by the Territory.

### **B.2.3 Develop and Promote Good Practices for the Management of Territory risks**

#### *Provide quarterly reports*

In 2024-25, the Authority issued Claims Risk Profile Reports to Directors-General, and to agency staff involved in management of operational insurance and risk management. These reports provided data as at 30 June 2024, 30 September 2024, 31 December 2024 and 31 March 2025. The reports contained an analysis of claims history, claim costs and claim estimates, which were broken down by insurance class and incident type. These reports assist agencies to identify trends or issues across different classes of insurance. The content and format of these reports is constantly reviewed and updated, based on consultation with Directorates.

#### *Deliver general and targeted risk management training courses*

The risk team conducted a total of 51 face-to-face training activities in 2024-25. Participation in training was provided across a range of directorates and statutory authorities.

Face to face training was delivered across introductory, risk practitioner and executive levels through a series of public (open to all territory entities) and bespoke (entity-specific) structured learning activities, which supported the existing introductory and risk practitioner level e-learning modules. 63% of risk management training continued to be delivered across e-learning platforms.

#### *Overall participant satisfaction with risk management training sessions*

The risk management training sessions offered by the Authority have been well received and feedback from participants continues to be positive.

Participants indicated a high level of satisfaction with the courses provided in 2024-25 and a majority indicated that the training was informative, comprehensive, well-presented and generally met their needs. Feedback received showed 86.5 per cent of respondents were satisfied with the risk management training provided in 2024-25. The Authority continues to consider all feedback to continually improve the programs delivered.

## **B.3 Scrutiny**

In January 2025, the ACT Legislative Assembly Standing Committee on Economics, Industry and Recreation commenced an inquiry into insurance costs in the ACT. The Authority contributed to the ACT Government's submission to the committee, and the Senior Executive of the Authority provided evidence at the public hearings. The inquiry report has not yet been released. There were no reviews of the Authority from the ACT Ombudsman in 2024-25. The only scrutiny from the Auditor-General during the reporting year was for the audit of the 2023-24 Financial Statements, and the review of the 2023-24 Statement of Performance.

## B.4 Risk Management

The Authority maintains its own operational risk register, and work health and safety risk register, which identify the Authority's business and workplace health and safety risks. The registers detail the control measures and treatment plans for identified categories of risk including financial, business, information technology, and workplace health and safety. The Authority is part of CMTEDD and, as such, it is covered by CMTEDD's risk management arrangements.

## B.5 Internal Audit

During 2024-25 the Authority's internal audit functions were provided by the CMTEDD Audit and Risk Committee (the Committee). Internal Audit and the Audit and Risk Committee (Committee) are key components to CMTEDD's governance arrangements. They support the Director-General and Under Treasurer in fulfilling their responsibilities under the *Financial Management Act 1996*.

The operations and expectations of Internal Audit and the Committee are set out in their respective Charters. The Internal Audit function is responsible for the development and implementation of the CMTEDD Internal Audit Plan, audit recommendation tracking and providing secretariat support for the Committee. Prior to 3 October 2024 CMTEDD engaged an individual service provider from the ACT Government Professional and Consulting Services Panel, or specialists, to complete each audit. In October 2024, CMTEDD engaged KPMG as its single Internal Audit Service Provider to deliver the 2024-25 Internal Audit Plan (Plan).

Two audit reports were tabled at Committee meetings during the 2024-25 financial year:

- Contact Centre (Access Canberra); and
- Payroll accuracy and assurance mechanisms.

Another four audits from the Plan were in various fieldwork and reporting stages at the end of the year, and will be reported to the Committee during 2025-26.

The Committee met seven times during the year. Strategic risks were reviewed at each of the ordinary meetings, with the Strategic Risk Register and business area risk registers presented to the Committee on a rotational basis. New or emerging risks are reported to the Committee as identified, and major risks are monitored on an ongoing basis until they are managed to an acceptable level.

The Committee consists of three independent members (Chair, Deputy Chair and Member), a Senior Executive from a directorate outside of the CMTEDD Portfolio, and two advisors.

The following changes were made to the Committee membership during 2024-25:

- The Director-General approved the engagement of a third independent member. The independent member was appointed on 31 July 2024;
- The Executive Officer from another ACT Government directorate retired from the ACT Government on 23 August 2024 and the position has not been refilled;
- After the resignation of the Chair on 30 April 2025, a new Chair was appointed on 18 June 2025; and
- The tenure of one of the internal advisors ended on 10 April 2025 and was not refilled.

The Chair, Deputy Chair and Member stand up the Financial Sub-Committee to review the Directorate’s financial statements.

The Chair provides advice to the Director-General and Under Treasurer on audit outcomes, significant risks and implementation of mitigation strategies through quarterly outcomes meetings.

The Committee members are engaged under a service delivery contract and remunerated based on an agreed rate for each meeting.

**Table B.3: Internal Audit and Risk Committee Membership and Attendance 2024-25**

Name	Position	Duration	Meetings Attended
Marcia Doheny	Independent Chair	1 July 2024 – 30 April 2025	6
Darren Schaeffer	Independent Chair	18 June 2025 – 30 June 2025	1
Diana Hamono	Independent Deputy Chair	1 July 2024 – 30 June 2025	7
Sam Volker	Independent Member	31 July 2024 – 30 June 2025	5
Paul Ogden	Senior Executive Officer from another ACT Government directorate	1 July 2024 – 23 August 2024	1
Kate Starick	Advisor	1 July 2024 – 10 April 2025	4
Penny Shields	Advisor	1 July 2024 – 30 June 2025	6

The internal audit program did not require the Authority to complete any audit activities during 2024-25.

## B.6 Fraud Prevention

The Authority is part of CMTEDD and, as such, it is covered by CMTEDD's Fraud and Corruption Prevention Plan and the CMTEDD Fraud Risk Register. Appropriate delegations and separation of duties are in place for financial and administrative operations. There were no reports or allegations of fraud or corruption received during the reporting year.

## B.7 Freedom of Information

The *Freedom of Information Act 2016* (FOI Act) gives individuals the legal right to:

- access government information unless access to the information would, on balance, be contrary to the public interest;
- ask for personal information to be changed if it is incomplete, out-of-date, incorrect, or misleading; and
- appeal a decision about access to a document, or a decision in relation to a request to amend or annotate a personal record.

In accordance with Section 96 of the FOI Act, the Authority is required to report on the operation of the FOI Act in relation to the Authority for the reporting year.

CMTEDD manage FOI applications on behalf of the Authority and reporting requirements are detailed in Volume 1 of the CMTEDD 2024-25 Annual Report.

### Total Charges and Application Fees Collected

The Authority did not collect any fees or charges in relation to the processing of FOI requests in 2024-25 under the FOI Act.

Further information relating to the Freedom of Information including how to make an FOI application, what details you need to make an application, and contact details for the FOI information officer can be found on the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) website <https://www.cmtedd.act.gov.au/functions/foi>. There are also details of requests received by the directorate listed on the Freedom of Information Disclosure Log for CMTEDD.

## B.8 Community Engagement and Support

The Authority has nothing to report against this section. The Authority does not undertake any community engagement or support in performing its functions.

## **B.9 Aboriginal and Torres Strait Islander Reporting**

ACTIA is committed to progressing actions towards the *National Closing the Gap Agreement (the National Agreement)* and working towards goals of the *ACT Aboriginal and Torres Strait Islander Agreement 2019–28 (the ACT Agreement)*. Refer to the CMTEDD Annual Report for more detailed information on CMTEDD'S priority actions, programs, engagements and activities during the reporting period. The Authority does not undertake any Aboriginal and Torres Strait Islander programs, projects and/or initiatives other than those delivered by CMTEDD.

## **B.10 Disability Inclusion Act 2024 Reporting**

ACTIA is committed to progressing actions towards the *Disability Inclusion Act 2024*. Refer to the CMTEDD Annual Report for more detailed information on CMTEDD'S priority actions, programs, engagements and activities during the reporting period. The Authority does not undertake any disability inclusion programs, projects and/or initiatives other than those delivered by CMTEDD.

## **B.11 Multiculturalism Act 2023 Reporting**

ACTIA is committed to progressing actions towards the *Multiculturalism Act 2023*. Refer to the CMTEDD Annual Report for more detailed information on CMTEDD'S priority actions, programs, engagements and activities during the reporting period. The Authority does not undertake any multicultural programs, projects and/or initiatives other than those delivered by CMTEDD.

## **B.12 Period Products and Facilities (Access) Act Reporting**

Workplaces have appropriate toilets, sanitary waste, and handwashing facilities in a way that respects the dignity of the person. The ACTPS Employment Portal includes detailed information about Menstruation and Menopause Leave and flexible working arrangements for ACTPS staff.

## **B.13 Work Health and Safety**

The Authority manages workplace health and safety in accordance with the provisions of the *Work Health and Safety Act 2011* and complies with CMTEDD's workplace health and safety management system. The Authority is committed to maintaining the health and safety of its employees and arranges ongoing training throughout the year for at least one of each of the following:

- one health and safety representative;
- one qualified first aid officer;
- one Respect, Equity and Diversity Contact officer; and
- one fire warden.

The Authority is located at 220 London Circuit Canberra and is covered by the workplace health and safety protections in place at that location.

### **B.13.1 Reporting Requirements Under the Work Health and Safety Act 2011**

During the reporting year, the Authority did not receive any notices under Part 10 or 11, or any findings of a failure to comply with a safety duty under Part 2 Division 2.2, 2.3 or 2.4 of the *Work Health and Safety Act 2011*.

The Authority is committed to promoting and maintaining a high standard of health, safety and well-being for all staff, contractors and visitors. The Authority is provided guidance and support by the CMTEDD People and Capability Branch to ensure that all employees understand the basic principles of injury prevention and management. Details of the CMTEDD work health and safety arrangements can be found in the CMTEDD 2024-25 Annual Report.

The Authority continues to strengthen its safety and reporting culture through increased awareness of reporting requirements and regular discussion as a standing agenda item at all team and leadership meetings.

As a result of staff working in a hybrid environment, the Authority has implemented strategies to ensure that staff do not feel isolated and continue to maintain a positive work culture, when working away from the office environment.

## **B.14 Human Resources Management**

The Authority was supported by CMTEDD Corporate throughout 2024-25. This team provides strategic, operational and technical advice and support as issues arise. Details of human resource management can be found in the CMTEDD 2024-25 Annual Report.

The Authority is committed to the *ACT Public Service Code of Conduct*, *ACTPS Performance Framework* and the *ACT Public Service Respect, Equity and Diversity Framework* to build a positive, inclusive and diverse workplace. The Authority has adopted a range of measures aimed at achieving this objective, including:

- providing access to study leave;
- providing access to flex time and ensuring staff do not work excessive hours; and
- providing flexible working arrangements including part-time work.

Staff have been employed by the Authority based on merit, their qualifications, experience, and skills. The Authority aims to create a workplace where the strengths, talents and contributions of all staff are recognised and valued.

### **B.14.1 Learning and Development**

The key development and learning priorities for the Authority have been identified as risk and claims management, insurance, finance, governance, and work health and safety. During 2024-25, staff undertook formal training courses and attended external conferences and seminars in these areas.

The Authority organised for internal training to be provided, from internal members of the team and service providers including legal advisors and the Territory's insurance broker.

A number of the Authority's employees have attended courses offered by CMTEDD throughout the year and utilised the CMTEDD Study Assistance Program to work towards gaining various formally recognised qualifications. The cost of training courses and seminars undertaken in 2024-25 totalled \$4,953.

### **B.14.2 Workplace Relations**

The Authority's staff are covered under the *ACT Public Sector Administrative and Related Classifications Enterprise Agreement 2023-2026*. The ACT Public Sector Enterprise Agreements provide scope for Attraction and Retention Incentives (ARIn) to be agreed with staff to allow higher levels of remuneration or other benefits to be provided, where market rates exceed those payable. The Authority has no ARIn arrangements in place.

### B.14.3 Staffing Profile

The following tables provide statistical information for permanent staff of the Authority for 2024-25:

**Table B4: FTE and headcount by division/branch**

Division/Branch	FTE	Headcount
ACT Insurance Authority	29.4	31

**Table B5: FTE and headcount by gender**

	Female	Male	Non-Binary	Total
FTE by Gender	19.4	10	-	29.4
Headcount by Gender	21	10	-	31
% of Workforce	67.7%	32.3%	0.0%	100.0%

**Table B6: Headcount by classification and gender**

Classification Group	Female	Male	Non-Binary	Total
Administrative Officers	13	4	-	17
Senior Officers	8	5	-	13
Executive Officers	-	1	-	1
TOTAL	21	10	-	31

**Table B7: Headcount by employment category and gender**

Employment Category	Female	Male	Non-Binary	Total
Casual	-	-	-	-
Permanent Full-time	17	8	-	25
Permanent Part-time	2	-	-	2
Temporary Full-time	2	2	-	4
Temporary Part-time	-	-	-	-
TOTAL	21	10	-	31

**Table B8: Headcount by diversity group**

	Headcount	Percentage of Authority Workforce
Aboriginal and Torres Strait Islander	1	3.2%
Culturally & Linguistically Diverse	9	29.0%
People with a disability	1	3.2%

Note: Employees may identify with more than one diversity group.

**Table B9: Headcount by age group and gender**

Age Group	Female	Male	Non-Binary	Total
Under 25	1	-	-	1
25-34	4	3	-	7
35-44	5	3	-	8
45-54	8	2	-	10
55 and over	3	2	-	5

**Table B10: Average length of service by gender (headcount)**

	Female	Male	Non-Binary	Total
Average years of service	7.1	3.9	-	6.1

**Table B11: Recruitment and separation rates**

	Percentage Total
Recruitment Rate	21.6%
Separation Rate	18%

## B.15 Ecological Sustainability Reporting

The Authority is committed to the principles of ecologically sustainable development as set out in the *Environmental Protection Act 1997* and required by the *Climate Change and Greenhouse Gas Reduction Act 2010*.

The Authority proactively incorporates appropriate management practices that are consistent with the principles of ecologically sustainable development into its daily business practices. The Authority uses recycled paper and where possible uses energy efficient office equipment. Recycling and organic bins are provided for the use of staff. Where possible electronic communications are used in preference to paper.

Information on the Authority's operational consumption data that are captured at a directorate level can be found in the Ecological Sustainability Reporting section with the CMTEDD Annual Report 2024-25.

**Table B.12: Sustainable Development: Current and Previous Financial Year**

Indicator as at 30 June	Unit	2023-24 Result	2024-25 Result	Percentage change
Stationary energy usage				
Electricity use	Kilowatt hours	Refer to the CMTEDD Annual Report		N/A
Fossil fuel gas use (non-transport)	Megajoules			
Diesel use (non-transport)	Kilolitres			
Liquid Petroleum Gas	Kilolitres			
Transport fuel usage				
Zero Emissions Vehicles (ZEV)	Number	-	-	-
Plug-in Hybrid Electric Vehicles (PHEV)	Number	-	-	-
Hybrid Electric Vehicles (HEV)	Number	-	-	-
Internal Combustion Engine (ICE) vehicles	Number	-	-	-
Total number of vehicles	Number	-	-	-
Fuel use – Petrol	Kilolitres	-	-	-
Fuel use – Diesel	Kilolitres	-	-	-
Fuel use – Liquid Petroleum Gas (LPG)	Kilolitres	-	-	-

Indicator as at 30 June	Unit	2023-24 Result	2024-25 Result	Percentage change
Fuel use – Compressed Natural Gas (CNG)	Gigajoules	-	-	-
<b>Water Usage</b>				
Water use	Kilolitres	Refer to the CMTEDD Annual Report		N/A
<b>Resource efficiency and waste</b>				
Waste to landfill	Litres	Refer to the CMTEDD Annual Report		N/A
Co-mingled material recycled	Litres			
Paper and cardboard recycled (incl. secure paper)	Litres			
Organic material recycled	Litres			
<b>Greenhouse gas emissions</b>				
Emissions from fossil fuel gas use (non-transport)	Tonnes CO <sub>2</sub> -e	Refer to the CMTEDD Annual Report		N/A
Emissions from diesel use (non-transport)	Tonnes CO <sub>2</sub> -e			
Emissions from transport fuel use	Tonnes CO <sub>2</sub> -e			
Emissions from refrigerants	Tonnes CO <sub>2</sub> -e			
Total emissions*	Tonnes CO <sub>2</sub> -e			

\*Total emissions include scope 1 and scope 2 emissions and exclude scope 3 emissions.

# Part C

## Financial Management Reporting

# C. Financial Management Reporting

## C.1 Financial Management Analysis

The Authority's Financial Statements are contained in Part C.2 of this report. The Authority's Management Discussion and Analysis is below.

### C.1.1 Management Discussion and Analysis for the Financial Year ended 30 June 2025

#### *General Overview*

The ACT Insurance Authority (the Authority) is established under the *Insurance Authority Act 2005*.

The Authority works to protect the assets and services of the Territory by providing risk management support and insurance services to all ACT Government directorates and statutory authorities. The Authority meets the insurable claims and losses of the ACT Government.

The Authority operates as the ACT Government's captive insurer of Territory risks. The captive insurance model protects the ACT Government budget from a range of catastrophic and accumulated risk exposures through its insurance arrangements, and the accumulation of a fund reserve to meet the cost of asset losses and legal liabilities that occur as a result of the activities of Government.

The Authority operates on a cost recovery basis by collecting premiums from directorates and statutory authorities to meet the anticipated costs of claims.

The Authority manages Builders Warranty Insurance (BWI) on behalf of the Territory through the agreement in place between the Territory and QBE Insurance (Australia) Ltd (QBE) which commenced 12 March 2020. Under the agreement, the Authority receives premium revenue from QBE for any new policies written, QBE is paid a commission and receives fees for the administration of the claims management services it provides.

The Authority also operates on a cost recovery basis by collecting indemnity fees from the Community Services Directorate (CSD) to meet the costs of future asset losses and legal liabilities that occur as a result of the activities of Government. In consideration of the indemnity fees paid, the Authority provides indemnity to CSD for insurable losses and claims incurred in relation to Out of Home Care Physical and Sexual Abuse (PSA) that have been lodged against their third party providers that are actively part of the scheme.

The relevant BWI and PSA claims provisions are recorded in the ACTIA Financial Statements.

## *Services and Functions*

The Authority provides insurance, claims and risk management services to directorates and statutory authorities.

The Authority's functions are to:

- carry out the business of insurer of Territory risks;
- take out insurance of Territory risks with other entities;
- manage and settle claims in relation to Territory risks;
- develop and promote good practices for the management of Territory risks; and
- give advice to the Minister about insurance and the management of Territory risks.

## *Risk Management*

The Authority has developed and implemented a risk management plan in accordance with the Australian Standard on risk management AS ISO 31000:2018 and the ACT Government's Risk Management Policy. The Authority's plan identifies and details risks, control measures, and treatment action plans for financial, business, and information technology risks.

The Authority has identified the following key financial risks:

- insufficient and/or unsatisfactory external insurance arrangements; and
- annual premiums not sufficient to fully fund claims over the claim development period.

To manage these risks, the Authority engages a specialised insurance broker to provide professional advice and access to international and local reinsurance markets. Professional external actuaries provide support and advice that aligns agency premiums with claims experience.

## *Financial Performance*

The following financial information is based on audited Financial Statements for 2024-25, and the forward estimates contained in the Authority's 2025-26 Statement of Intent.

During 2024-25 the Authority experienced several functional and operational events. Some of the key changes and events included:

- Outstanding claims liabilities for the year ended 30 June 2025 continue to remain large, mainly due to large claims for significant fire events at the Hume Material Recovery Facility and North Canberra Hospital, along with deteriorating claims experience in medical negligence and public liability insurance classes, changes in actuarial variables such as discounting and inflation, and actuarial assumption changes in the medical negligence insurance class.
- Despite increasing claims liabilities, the Authority has maintained a positive capital position with an increase of 4% in the funding ratio from 2023-24, as a result of overall higher cash and investments balances driven by recent economic conditions and higher estimated reinsurance recoveries, mainly in the property and medical negligence insurance classes.
- The independent actuarial valuation of claims liabilities and Liability Adequacy Test (LAT) for BWI scheme was undertaken as at 30 June 2025, as required by *AASB 1023 General Insurance Contracts*. The LAT assesses the adequacy of the unearned premium liability by considering current estimates of the present value of the expected future cash flows relating to future claims under current policies. The LAT conducted as at 30 June 2025 failed, with the total discounted future claims liability (with risk margin) for underwriting years being \$59,519 higher than the total of the gross unearned premium. The LAT assessments will continue to be undertaken at each valuation and monitored for potential corrective action.

### *Operating Result*

The Authority's operating result for 2024-25 is a surplus of **\$24.7 million**, being **\$21.7 million** higher than the original budget operating result surplus of **\$3.0 million**, which was primarily due to the fair value of investments having increased, mainly due to the recent changes in macroeconomic conditions leading to a higher than targeted return on investment capital gains and unbudgeted claims related recoveries, partially offset by higher claims expenses mainly due to recent large claims for property damage and a deteriorating claims experience for medical negligence claims than budgeted, which was based on the 2023-24 mid-year actuarial review, as well as higher claims expenses from BWI scheme.

## Underwriting Result

### Components of Underwriting Result

For the year ended 30 June 2025, the Authority recorded a total underwriting loss of **\$3.8 million**. As shown below at *Table C.1* the underwriting results comprise of net earned premiums less net incurred claims.

**Table C.1: Underwriting (Loss)**

Description	Actual 2023-24 \$'000	Actual 2024-25 \$'000	Original Budget 2024-25 \$'000	Budget 2025-26 \$'000
Net Earned Premiums	68,851	74,175	80,272	82,476
Net Incurred Claims	(78,369)	(77,956)	(92,320)	(90,702)
Underwriting (Loss) Profit	(9,518)	(3,781)	(12,048)	(8,226)

### Comparison to Original Budget

The underwriting loss of **\$3.8 million** in 2024-25 was **\$8.3 million** lower than the original budget underwriting loss of **\$12.0 million**.

Net incurred claims incorporate claims expense net of reinsurance recoveries and other claims related recoveries. Claims expenses were lower than the original budget by **\$14.4 million** due to the deteriorating claims experience in both the medical negligence and property insurance classes, partially offset by claims recoveries of **\$29.0 million** mainly from reinsurance arrangements. The net earned premiums remain largely consistent with a minor decrease of **\$6.1 million**.

### Comparison to 2023-24 Actual

In comparison to the 2023-24 underwriting loss of **\$9.5 million**, the underwriting loss decreased by **\$5.7 million**. The variance was due to a decrease in net incurred claims of **\$0.4 million** and an increase in the net earned premiums of **\$5.3 million**. The decrease in net incurred claims was predominantly due to the expectation of claims liabilities and reinsurance recoveries returning to the longer-term claims experience pattern, based on actuarial estimations of liabilities, and an increase in directorate annual insurance premiums which were driven by deteriorating claims experience in both the medical negligence and property portfolios.

## Future Trends

The future trend expected for the 2025-26 underwriting result is a budgeted underwriting loss of **\$8.2 million**, which is expected to increase from **\$3.8 million** from the 2024-25 actual loss result. This is due to an expected increase in net incurred claims of **\$12.7 million** due to lower budgeted reinsurance recoveries based on the December 2024 actuarial valuation, partially offset by an increase in the net earned premiums of **\$8.3 million** as a result of an increase in annual insurance premiums primarily due to deteriorating claims experience in both the medical negligence and property portfolios.

## Investment Performance

For the year ended 30 June 2025, the Authority's investment performance resulted in a net gain of **\$41.2 million**. As shown below at *Table C.2* the investment performance is measured as a combination of the distribution revenue from the investment portfolio and the gain/(loss) on the remeasurement of investments reflecting the movement in the market value of the investment portfolio.

**Table C.2: Investment Performance**

Description	Actual 2023-24 \$'000	Actual 2024-25 \$'000	Original Budget 2024-25 \$'000	Budget 2025-26 \$'000
Investment and Interest Revenue	14,498	13,957	16,195	18,481
Gain / (Loss) on Investment	20,571	27,239	4,195	4,933
Total Investment Revenue/(Net loss)	35,069	41,197	20,390	23,414

## Comparison to Original Budget

The total investment revenue was **\$41.2 million** which was **\$20.8 million** higher than the original budget of **\$20.4 million**.

The increase in the investment revenue was mainly due to the investment portfolio delivering an overall annual gain of 10.6 per cent compared to the budget target of 5.29 per cent gain, representing a higher-than-expected gain on the remeasurement of investments of **\$23.0 million** and **\$1.6 million** higher in cash interest earned in the Westpac operating bank account. This was partially offset by a lower-than-expected investment distribution of **\$3.8 million** due to a decrease in amount of distributable income from the Authority's investment portfolio.

The Authority initially purchased **\$40 million** of investments and then held off further investment transactions for the remainder of the financial year, to maintain sufficient cash to meet the anticipated monthly transactions, as well as the resolution of several large medical negligence and property claims. This reduced investment against budget has also impacted on the investment distribution.

### Comparison to 2023-24 Actual

The investment revenue in 2024-25 was **\$41.2 million**, an increase of **\$6.1 million** compared with **\$35.1 million** in 2023-24. The variance was mainly due to an overall annual gain of 10.6 per cent, compared to the annual gain of 9.9 per cent for 2023-24.

### Future Trends

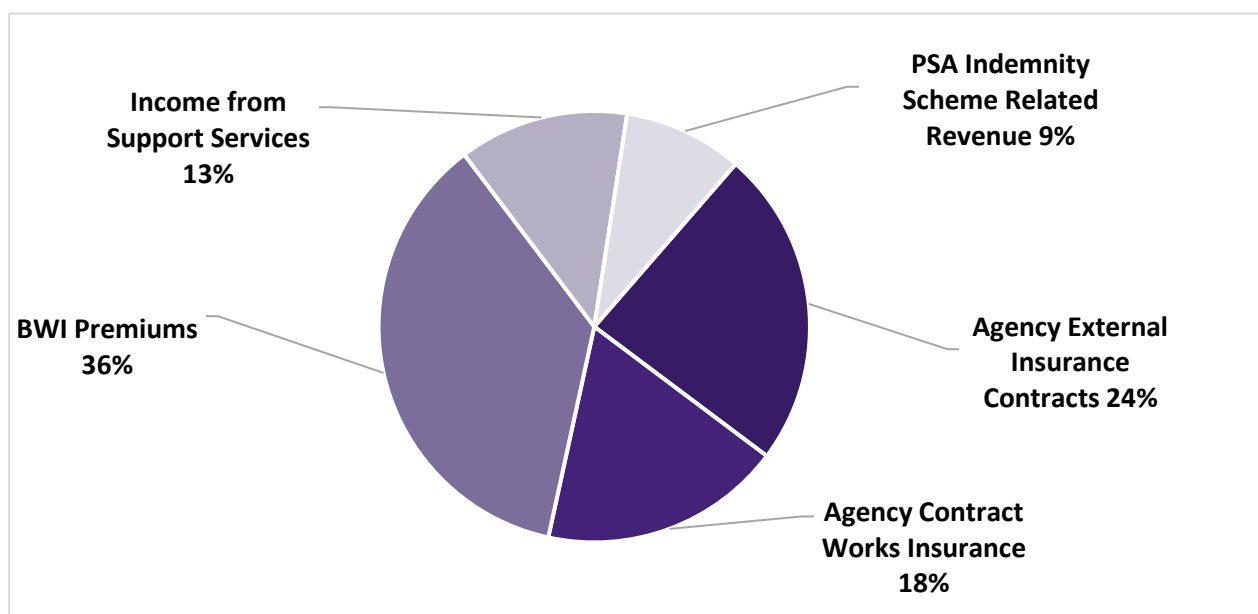
The future trend expected for the 2025-26 investment revenue is a budget of **\$23.4 million**. This is a decrease of **\$17.8 million** from the 2024-25 actual investment revenue. This decrease is due to the investment return target (long term average CPI+2.5%) remaining unchanged for the 2025-26 budget based on expectation of a return to normal investment market conditions. However, the 2024-25 overall annual return on investment of 10.6 per cent was significantly higher than the investment return target.

### Other Income

#### Components of Other Income

For the year ended 30 June 2025 the Authority recorded other revenue of **\$9.9 million**. The main sources of other revenue are BWI premiums, income from support services, PSA related revenue, and contract works and external insurance as shown in *Figure C.1*.

**Figure C.1: Components of Other Income 2024-25**



Source: ACT Insurance Authority's 2024-25 Financial Statements.

## Comparison to Original Budget

Other revenue of **\$9.9 million** was **\$3.2 million** higher than the original budget of **\$6.7 million**. This is mainly due to higher insurance premium revenue for the BWI scheme due to the deteriorating claims experience in the residential building sector.

## Comparison to 2023-24 Actual

In comparison to the 2023-24 actual result of **\$6.5 million**, other revenue increased by **\$3.4 million**. This is mainly due to higher insurance premium revenue for the BWI scheme due to the deteriorating claims experience in the residential building sector and Territory fleet insurance received from relevant government agencies.

## Future Trends

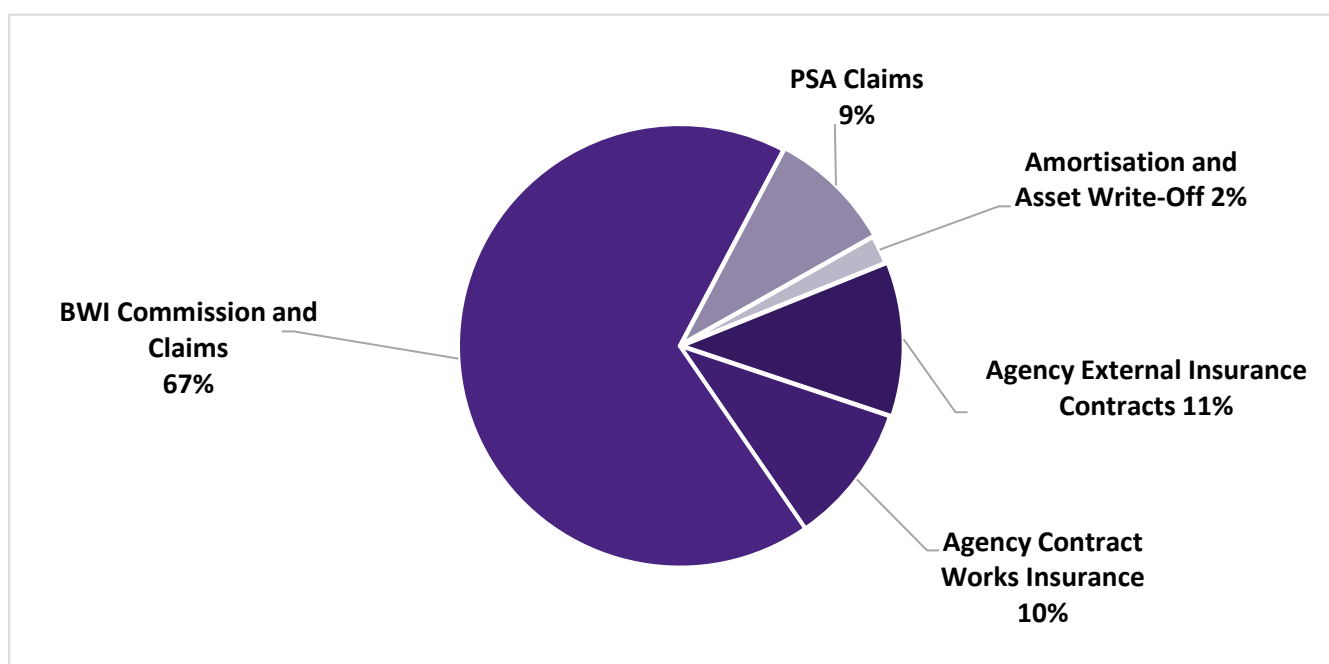
The future trend expected for the 2025-26 budget for other income is **\$4.3 million**. This is a decrease of **\$5.6 million** from the 2024-25 actual result due to the lower BWI premium budget being reallocated from other income to the gross earned insurance premiums line in the budget for the better presentation and disclosure.

## Other Expenses

### Components of Other Expenses

For the year ended 30 June 2025 the Authority recorded other expenses of **\$16.2 million**. The main sources of other expenses are the BWI claims and commission, PSA claims, agency contracts works, and agency external insurance contracts premiums as shown in *Figure C.2*.

**Figure C.2: Components of Other Expenses 2024-25**



Source: ACT Insurance Authority's 2024-25 Financial Statements.

## Comparison to Original Budget

Other expenses of **\$16.2 million** was **\$12.9 million** higher than the original budget of **\$3.4 million** mainly due to an increase in BWI claims expenses due to a deteriorating claims experience.

## Comparison to 2023-24 Actual

In comparison to the 2023-24 actual result of **\$8.8 million**, other expenses increased by **\$7.4 million**. This is mainly due to an increase in BWI claims expenses due to a deteriorating claims experience.

## Future Trends

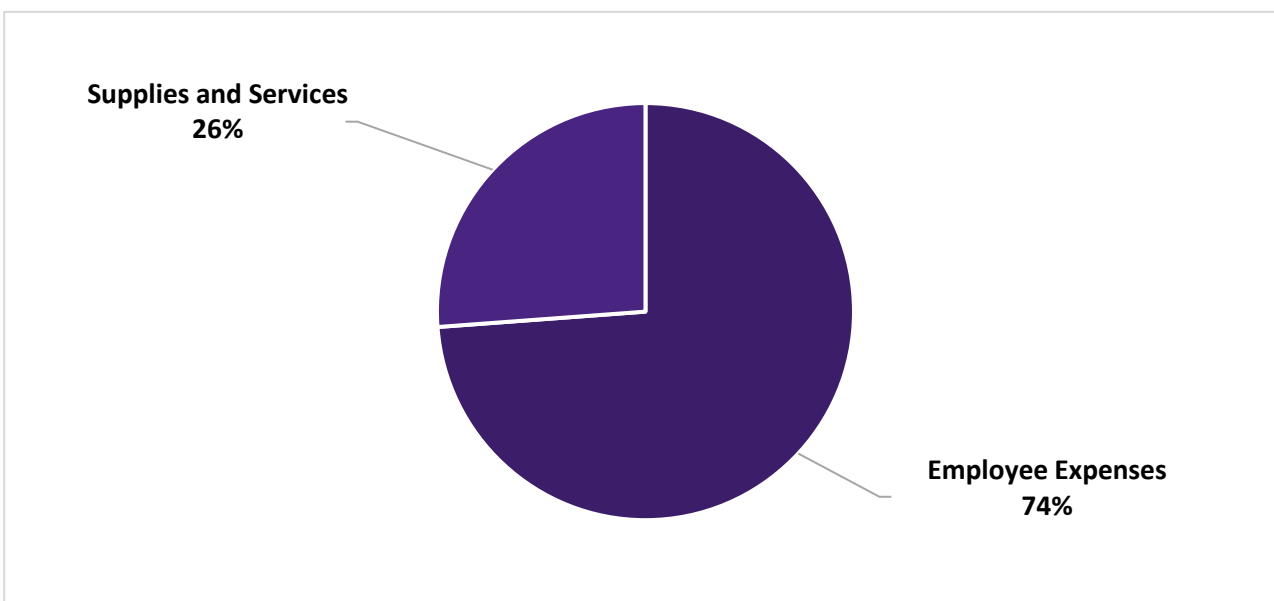
The future trend expected for the 2025-26 budget for other expenses is **\$3.4 million**. This is a decrease of **\$12.9 million** mainly due to an increase in BWI claims expenses due to a deteriorating claims experience than budgeted, which was based on the previous year actuarial review. This decrease is also due to the budgets being reallocated from other expense to the gross earned insurance premiums line in the budget, for better presentation and disclosure.

## General and Administration Expenses

### Components of General and Administration Expenses

General and administration expenses totalled **\$6.4 million** for the Authority in 2024-25. As shown in *Figure C.3*, the main components of these expenses relate to employee and supplies and services expenses.

**Figure C.3: Components of General and Administration Expenses 2024-25**



Source: ACT Insurance Authority's 2024-25 Financial Statements.

## Comparison to Original Budget

In 2024-25, general and administration expenses were **\$2.3 million** lower than the original budget of **\$8.6 million**. This is predominantly due to lower than expected expenses in supplies and services.

## Comparison to 2023-24 Actual

In comparison to the 2023-24 actual result of **\$6.1 million**, general and administration expenses have not had a significant movement, with a minor increase of **\$0.3 million**.

## Future Trends

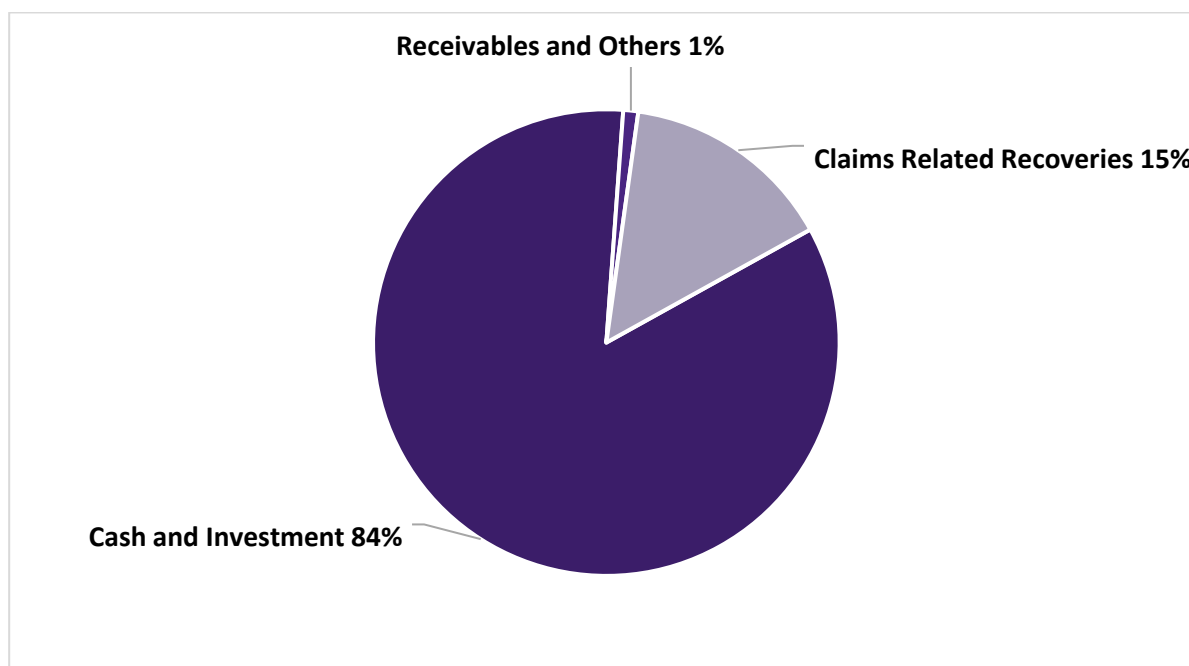
The future trend expected for the 2025-26 budget for general and administration expenses is **\$8.0 million**. This is an increase of **\$1.6 million** from the 2024-25 actual result. The increase is mainly due to higher expenses anticipated in supplies and services, which includes the additional costs of establishing and enhancing the Authority's Claims, Insurance and Risk Management information management system.

## Total Assets

### Components of Total Assets

The total assets position of the Authority as at 30 June 2025 is **\$552.7 million**. *Figure C.4* below indicates that the majority of the assets are held in Cash and Investments.

**Figure C.4: Components of Total Assets 2024-25**



Source: ACT Insurance Authority's 2024-25 Financial Statements.

### **Comparison to Original Budget**

Total assets as at 30 June 2025 of **\$552.7 million** is **\$70.3 million** higher than the original budget of **\$482.4 million** for 2024-25. This is predominantly due to higher-than-expected claims related recoveries of **\$61.6 million** due to the movement of actuarial estimated claims recoveries and **\$9.5 million** higher in cash and investment.

### **Comparison to 2023-24 Actual**

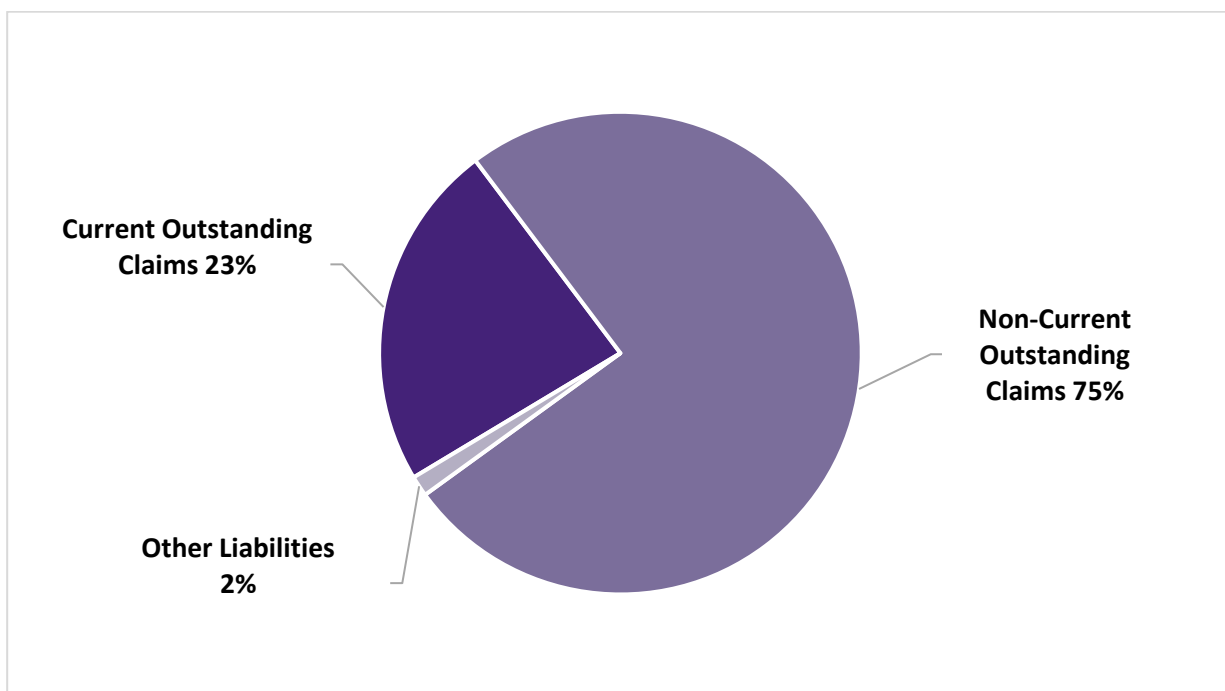
Total assets for 2024-25 are **\$76.3 million** higher than the 2023-24 actual position of **\$476.4 million**. This is predominantly due to higher-than-expected claims related recoveries due to the movement of actuarial estimated claims recoveries and higher in cash and investment.

## Total Liabilities

### Components of Total Liabilities

The total liabilities position of the Authority as at 30 June 2025 is **\$478.2 million**. *Figure C.5* below shows that the majority of liabilities relate to outstanding claims.

**Figure C.5: Components of Total Liabilities 2024-25**



Source: ACT Insurance Authority's 2024-25 Financial Statements.

### Comparison to Original Budget

Total liabilities as at 30 June 2025 of **\$478.2 million** is **\$27.6 million** higher than the original budget of **\$450.5 million**. The increase is predominantly due to an increase in outstanding claims liabilities mainly due to large claims for significant fire events in December 2022 at the Hume Material Recovery Facility and North Canberra Hospital, along with deteriorating claims experience in medical negligence and public liability, the changes in actuarial variables such as discounting and inflation and actuarial assumption changes in the medical negligence.

### Comparison to 2023-24 Actual

Total liabilities are **\$51.6 million** higher than the 2023-24 actual position of **\$426.6 million** mainly due to an increase in outstanding claims liabilities mainly due to large claims for significant fire events in December 2022 at the Hume Material Recovery Facility and North Canberra Hospital, along with deteriorating claims experience in medical negligence and public liability, the changes in actuarial variables such as discounting and inflation and actuarial assumption changes in the medical negligence.

## Capital Funding Ratio

The Authority's capital management plan takes into consideration the variability of the Authority's capital position that may result from changes in claims experience, investment returns, the opportunity cost of holding capital in the Authority's captive fund and the funding ratio targets of other similar captive insurers in the public sector.

Each year, the Authority prepares a capital management plan which outlines a structured and comprehensive approach to the long-term management of the Authority's financial assets.

Under this plan the Authority aims to maintain its funding ratio between 100 – 120 per cent. These parameters guide decision making to address a capital position outside this targeted ratio range. This would include considering action to seek capital injections (in a deficit situation) or surrendering excess capital (in a surplus situation) if assessed as necessary after considering various factors including future market conditions.

**Table C.3: Funding Ratio**

Description	Actual	Actual	Budget	Budget
	at 30 June 2024	at 30 June 2025	at 30 June 2025	at 30 June 2026
	\$'000	\$'000	\$'000	\$'000
Total Assets	476,392	552,686	482,389	535,482
Total Liabilities	426,608	478,176	450,527	443,960
Funding Ratio	112%	116%	107%	121%

The Authority's funding ratio as at 30 June 2025 is **116 per cent**. This is higher than the 2024-25 budget funding ratio of **107 per cent** due to higher-than-expected reinsurance recoveries in the medical negligence and property classes, lower outstanding claims provisions that are largely driven by lower than expected inflation, and changes to actuarial assumptions in relation to medical negligence claims experience. The Authority's budget forecast for 2025-26 is a funding ratio of **121 per cent**.

## C.2 Financial Statements

### For the Financial Year Ended 30 June 2025

The Authority's Financial Statements are reported on page 51 of the *2024-25 ACT Insurance Authority Annual Report*.

## INDEPENDENT AUDITOR'S REPORT

To the Members of the ACT Legislative Assembly

### Opinion

I have audited the financial statements of the ACT Insurance Authority (Authority) for the year ended 30 June 2025 which comprise the statement of responsibility, statement by the general manager, operating statement, balance sheet, statement of changes in equity, statement of cash flows, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In my opinion, the accompanying financial statements:

- (i) present fairly, in all material respects, the Authority's financial position as at 30 June 2025, and its financial performance and cash flows for the year then ended; and
- (ii) are presented in accordance with the *Financial Management Act 1996* and comply with Australian Accounting Standards.

### Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of the Authority for the financial statements

The Under Treasurer is responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Financial Management Act 1996* and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of the financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Authority to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

## **Auditor's responsibilities for the audit of the financial statements**

Under the *Financial Management Act 1996*, the Auditor-General is responsible for issuing an audit report that includes an independent opinion on the financial statements of the Authority.

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Authority's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Authority;
- conclude on the appropriateness of the Authority's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Authority to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Under Treasurer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Ajay Sharma PSM  
Assistant Auditor-General, Financial Audit  
26 September 2025

# ACT INSURANCE AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 STATEMENT OF RESPONSIBILITY

In my opinion, the ACT Insurance Authority's financial statements fairly reflect the financial operations for the year ended 30 June 2025 and its financial position on that date.



Russ Campbell  
Under Treasurer  
Chief Minister, Treasury and Economic Development Directorate  
Delegate for the Chief Executive Officer  
ACT Insurance Authority  
26 September 2025

# ACT INSURANCE AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 STATEMENT BY THE GENERAL MANAGER

In my opinion, the ACT Insurance Authority's financial statements have been prepared in accordance with the Australian Accounting Standards, are in agreement with its accounts and records and fairly reflect its financial operations for the year ended 30 June 2025 and the financial position on that date.



Damian Black  
A/g General Manager  
ACT Insurance Authority  
26 September 2025

# CONTENT OF FINANCIAL STATEMENTS

	Page
<b>Financial Statements</b>	
Operating Statement	52
Balance Sheet	53
Statement of Changes in Equity	54
Statement of Cash Flows	55
<b>Overview Notes</b>	
Note 1	Objectives of the ACT Insurance Authority 56
Note 2	Basis of Preparation of the Financial Statements 56
Note 3	Impact of Accounting Standards Issued but Yet to be Applied 58
Note 4	Change in Accounting Estimates 59
<b>Income and Expenses Notes</b>	
Note 5	Underwriting Result 60
Note 6	Net Incurred Claims 62
Note 7	Investment and Interest Revenue 62
Note 8	Other Income and Expenses 63
Note 9	Employee Expenses 66
Note 10	Supplies and Services 67
<b>Assets Notes</b>	
Note 11	Cash and Investments 69
Note 12	Receivables 71
Note 13	Claims Related Recoveries 72
Note 14	Other Assets 73
<b>Liabilities Notes</b>	
Note 15	Outstanding Claims 73
Note 16	Employees Benefits 86
Note 17	Other Liabilities 88
<b>Other Notes</b>	
Note 18	Financial Instruments 89
Note 19	Related Party Disclosures 94
Note 20	Budgetary Reporting 97
Note 21	Builders Warranty Insurance 98
Note 22	Physical and Sexual Abuse Indemnity Scheme 100

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**ACT INSURANCE AUTHORITY  
OPERATING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2025**

	Note No.	Actual 2025 \$'000	Original Budget 2025 \$'000	Actual 2024 \$'000
<i>Underwriting activities</i>				
Gross Earned Insurance Premiums	5	90,589	97,374	85,225
Reinsurance Premiums (Expense)	5	(16,414)	(17,102)	(16,374)
<i>Net Earned Premiums</i>		<u>74,175</u>	<u>80,272</u>	<u>68,851</u>
Claims (Expense)	5	(106,986)	(92,320)	(98,110)
Claims Related Recoveries	5	29,030	-	19,742
<i>Net Incurred Claims</i>	6	<u>(77,956)</u>	<u>(92,320)</u>	<u>(78,369)</u>
<b>Underwriting Result</b>		<u><b>(3,781)</b></u>	<u><b>(12,048)</b></u>	<u><b>(9,518)</b></u>
<i>Investment Result</i>				
Investment and Interest Revenue	7	13,957	16,195	14,498
Gain/(Loss) on Investment	7	27,239	4,195	20,571
		<u>41,197</u>	<u>20,390</u>	<u>35,069</u>
<i>Other Income</i>				
Other Income	8	9,898	6,653	6,518
		<u>9,898</u>	<u>6,653</u>	<u>6,518</u>
<i>Other Expenses</i>				
Other Expenses	8	(16,234)	(3,365)	(8,794)
		<u>(16,234)</u>	<u>(3,365)</u>	<u>(8,794)</u>
<i>General and Administration Expenses</i>				
Employee Expenses	9	(4,690)	(4,934)	(4,668)
Supplies and Services	10	(1,663)	(3,701)	(1,393)
		<u>(6,353)</u>	<u>(8,635)</u>	<u>(6,061)</u>
<b>Operating Result</b>		<u><b>24,726</b></u>	<u><b>2,995</b></u>	<u><b>17,214</b></u>
<b>Total Comprehensive Result</b>		<u><b>24,726</b></u>	<u><b>2,995</b></u>	<u><b>17,214</b></u>

The above Operating Statement is to be read in conjunction with the accompanying notes.

# ACT INSURANCE AUTHORITY

## BALANCE SHEET

### AS AT 30 JUNE 2025

	Note No.	Actual 2025 \$'000	Original Budget 2025 \$'000	Actual 2024 \$'000
<b>Current Assets</b>				
Cash and Cash Equivalents	11	56,758	93,692	68,868
Investments	11	408,689	362,263	341,450
Receivables	12	4,481	4,554	5,877
Claims Related Recoveries	13	35,523	6,284	22,831
Prepayments	14	1,136	1,740	1,488
<b>Total Current Assets</b>		<b>506,587</b>	<b>468,533</b>	<b>440,514</b>
<b>Non-Current Assets</b>				
Fixed Assets		121	283	313
Claims Related Recoveries	13	45,978	13,573	35,565
<b>Total Non-Current Assets</b>		<b>46,099</b>	<b>13,856</b>	<b>35,878</b>
<b>Total Assets</b>		<b>552,686</b>	<b>482,389</b>	<b>476,392</b>
<b>Current Liabilities</b>				
Payables		581	606	336
Outstanding Claims	15	111,607	75,204	87,132
Employee Benefits	16	1,252	981	1,023
Other Liabilities	17	1,938	2,461	1,671
<b>Total Current Liabilities</b>		<b>115,378</b>	<b>79,252</b>	<b>90,162</b>
<b>Non-Current Liabilities</b>				
Outstanding Claims	15	359,992	367,511	332,963
Employee Benefits	16	61	138	141
Other Liabilities	17	2,744	3,626	3,342
<b>Total Non-Current Liabilities</b>		<b>362,798</b>	<b>371,275</b>	<b>336,447</b>
<b>Total Liabilities</b>		<b>478,176</b>	<b>450,527</b>	<b>426,608</b>
<b>Net Assets</b>		<b>74,510</b>	<b>31,862</b>	<b>49,783</b>
<b>Equity</b>				
Accumulated Funds		74,510	31,862	49,783
<b>Total Equity</b>		<b>74,510</b>	<b>31,862</b>	<b>49,783</b>

The above Balance Sheet is to be read in conjunction with the accompanying notes.

In last year's financial statements Cash and Cash Equivalents and Investments were included in the Cash and Investments line item. However, these have been disclosed separately on the face of the balance sheet, to better assist users of the financial statements.

**ACT INSURANCE AUTHORITY  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2025**

	<b>Accumulated Funds Actual 2025 \$'000</b>	<b>Total Equity Actual 2025 \$'000</b>	<b>Original Budget 2025 \$'000</b>
<b>Balance at 1 July 2024</b>	<b>49,783</b>	<b>49,783</b>	<b>28,867</b>
<b>Comprehensive Income</b>			
Operating Result	24,726	24,726	2,995
<b>Total Comprehensive Result</b>	<b>24,726</b>	<b>24,726</b>	<b>2,995</b>
<b>Balance at 30 June 2025</b>	<b>74,510</b>	<b>74,510</b>	<b>31,862</b>

	<b>Accumulated Funds Actual 2024 \$'000</b>	<b>Total Equity Actual 2024 \$'000</b>
<b>Balance at 1 July 2023</b>	<b>32,568</b>	<b>32,568</b>
<b>Comprehensive Income</b>		
Operating Result	17,214	17,214
<b>Total Comprehensive Income</b>	<b>17,214</b>	<b>17,214</b>
<b>Balance at 30 June 2024</b>	<b>49,783</b>	<b>49,783</b>

*The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.*

# ACT INSURANCE AUTHORITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Note No.	Actual 2025 \$'000	Original Budget 2025 \$'000	Actual 2024 \$'000
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Insurance Premiums Received		91,474	98,192	86,081
Distribution from Investments		12,052	13,870	8,179
Contract Works and Other Externally Purchased Insurance Premiums		3,656	3,203	1,690
Reinsurance and Other Recoveries Received		6,394	19,856	2,676
Other		9,079	4,894	6,786
Goods and Services Tax Collected from Customers		361	1,188	361
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		2,794	2,034	3,360
<b>Total Receipts from Operating Activities</b>		<b>125,810</b>	<b>143,237</b>	<b>109,133</b>
<b>Payments</b>				
Employee		4,532	4,897	4,700
Supplies and Services		1,274	3,647	1,137
Other		10,245	3,322	5,082
Reinsurance Premiums		16,414	17,102	16,374
Insurance Claims		62,376	65,041	67,359
Goods and Services Tax Paid to Suppliers		2,917	2,036	3,364
Goods and Services Tax Remitted to the Australian Taxation Office		162	1,188	292
<b>Total Payments from Operating Activities</b>		<b>97,920</b>	<b>97,233</b>	<b>98,308</b>
<b>Net Cash Inflows from Operating Activities</b>	11(b)	<b>27,890</b>	<b>46,004</b>	<b>10,825</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts</b>				
Proceeds from Sale/Maturities of Investments		-	30,000	30,000
<b>Total Receipts from Investing Activities</b>		<b>-</b>	<b>30,000</b>	<b>30,000</b>
<b>Payments</b>				
Purchase of Investments		40,000	50,000	30,000
<b>Total Payments from Investing Activities</b>		<b>40,000</b>	<b>50,000</b>	<b>30,000</b>
<b>Net Cash (Outflows) from Investing Activities</b>		<b>(40,000)</b>	<b>(20,000)</b>	<b>-</b>
<b>Net (Decrease)/Increase in Cash</b>		<b>(12,110)</b>	<b>26,004</b>	<b>40,825</b>
Cash at the Beginning of the Reporting Period		68,868	67,688	28,043
<b>Cash at the End of the Reporting Period</b>	11(a)	<b>56,758</b>	<b>93,692</b>	<b>68,868</b>

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

# ACT INSURANCE AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2025

#### NOTE 1. OBJECTIVES OF THE ACT INSURANCE AUTHORITY

##### Operations and Principal Activities of the ACT Insurance Authority

The ACT Insurance Authority (the Authority) is a not-for-profit ACT Government entity established under the *Insurance Authority Act 2005*.

The functions of the Authority are to:

- carry on the business of insurer of Territory risks;
- take out insurance of Territory risks with other entities;
- manage and settle claims in relation to Territory risks;
- take action, with the Treasurer's approval, for the realising, enforcing, assigning or extinguishing rights against third parties arising out of or in relation to its business, including, for example:
  - taking possession of, dealing with or disposing of, property; or
  - carrying on a third parties' business as a going concern;
- develop and promote good practices for the management of Territory risks; and
- give advice to the Minister about insurance and the management of Territory risks.

The Authority also administers the:

- Office of the Nominal Defendant of the ACT, for claims against uninsured and/or unidentified vehicles for the Motor Accident Injury Scheme; and
- Default Insurance Fund, for default claims under the ACT Private Sector Workers' Compensation Scheme.

Financial Statements for these two entities are included in Volume 2 of the Chief Minister, Treasury and Economic Development Directorate 2024-25 Annual Report.

#### NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

##### Legislative Requirement

The *Financial Management Act 1996* (FMA) requires the preparation of annual financial statements for ACT Government authorities. The FMA and the *Financial Management Guidelines* issued under the Act, requires a territory authority's financial statements to include:

- (i) an Operating Statement for the year;
- (ii) a Balance Sheet at the end of the year;
- (iii) a Statement of Changes in Equity for the year;
- (iv) a Statement of Cash Flows for the year;

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS -  
Continued**

- (v) the significant accounting policies adopted for the year; and
- (vi) other statements as are necessary to fairly reflect the financial operations of the Authority during the year and its financial position at the end of the year.

These general-purpose financial statements have been prepared to in accordance with:

- (i) Australian Accounting Standards as required as required by the FMA; and
- (ii) ACT Accounting and Disclosure Policies.

**Accrual Accounting**

The financial statements have been prepared using the accrual basis of accounting. The financial statements are prepared according to the historical cost convention, except for financial instruments which were measured at fair value in accordance with the (re)valuation policies applicable to the Authority during the reporting period.

**Currency**

The financial statements are presented in Australian dollars, which is the Authority's functional currency.

**Individual Reporting Entity**

The Authority is an individual not-for-profit reporting entity.

**Reporting Period**

These financial statements state the financial performance, changes in equity and cash flows of the Authority for the year ended 30 June 2025 together with the financial position of the Authority as at 30 June 2025.

**Comparative Figures**

*Prior Year Comparatives*

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

Where the presentation or classification of items in the financial statements is amended, the comparative amounts have been reclassified where practical. Where a reclassification has occurred, the nature, amount and reason for the reclassification is provided.

*Budget Figures*

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2024-25 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the Statement of Intent.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS -  
Continued**

*Rounding*

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000). Use of “-” represents zero amounts or amounts rounded down to zero.

**Going Concern**

The 2024-25 financial statements have been prepared on a going concern basis as the Authority operates on a cost-recovery basis and the current funding ratio is within the target range. The Budget Papers include forward estimates for the Authority.

**NOTE 3. IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE  
APPLIED**

Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) but yet to be applied have been assessed as not being relevant to the Authority or will have an immaterial financial impact.

The Authority has assessed whether AASB 2022-9 will have a material financial impact on its Schemes.

- *AASB 2022-9 Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector.*

This standard makes key modifications to the requirements of AASB 17 *Insurance Contracts* specific to public sector entities. The modifications relate to providing public sector entities with:

- a) pre-requisites, indicators and other considerations that need to be judged to identify arrangements that fall within the scope of AASB 17 in a public sector context;
- b) an exemption from sub-grouping onerous versus non-onerous contracts at initial recognition;
- c) an exemption from sub-grouping contracts issued no more than a year apart;
- d) an amendment to the initial recognition requirements so that they do not depend on when contracts become onerous;
- e) guidance on coverage periods in a public sector context, which has consequences for determining the cash flows used to measure insurance liabilities and the pattern of revenue recognition;
- f) an accounting policy choice to measure liabilities for remaining coverage applying the premium allocation approach; and
- g) a transition requirement grandfathering the existing classification of arrangements constituting a liability for settlement of claims incurred before the liability was acquired in a transfer as either a liability for incurred claims within the scope of AASB 17 or a provision within the scope of AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 3. IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED - Continued**

This Standard also amends AASB 1050 *Administered Items* to provide an accounting policy choice for the Authority to apply either AASB 17 or AASB 137 in determining the information to be disclosed about administered captive insurer activities. Because AASB 17 applies to all entities for annual periods beginning on or after 1 July 2026, this Standard also:

- a) repeals AASB 1023 General Insurance Contracts; and
- b) reverses the temporary consequential amendments set out in AASB 2022-8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* that amended various Standards to permit public sector entities to continue applying AASB 1023 to annual periods beginning on or after 1 January 2023 but before 1 July 2026.

Public sector entities are required to apply AASB 17 to an insurance arrangement if, and only if, it is enforceable, has an identifiable coverage period and gives rise to insurance contracts based on certain indicators and considerations.

Based on a comprehensive assessment performed by the Authority, the Authority's Core Scheme (consisting of multiple classes of insurance coverage for the ACT Government directorates and agencies such as Medical Negligence, Public liability, Professional Indemnity and Property and Motor), Physical and Sexual Abuse (PSA) and Builders Warranty Insurance (BWI) Schemes meets the definition of an insurance contract, as defined by AASB 17, and is within the scope of both AASB 17 and AASB 2022-9. The Authority is currently assessing the impact of this amendment on its financial statements effective from 1 July 2026, with no intention to early adopt.

**NOTE 4. CHANGE IN ACCOUNTING ESTIMATES**

**Changes in Accounting Estimates**

*Changes in Actuarial Assumptions*

The Authority engaged an independent actuary, Scyne Advisory Pty Ltd, to provide the estimate of outstanding claims liabilities for those insurance classes covering ACT Government entities. The estimate utilises actuarial assumptions and methods which are based on past claims experience, risk exposure and projections of economic variables. As a result of changes in these variables, the estimate of the outstanding claims liabilities has changed. This change has resulted in an increase to the estimates of the outstanding claims liabilities and claims expense in the current reporting period (refer to Note 6: 'Net Incurred Claims' and Note 15: 'Outstanding Claims').

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**INCOME AND EXPENSES NOTES**

**NOTE 5. UNDERWRITING RESULT**

**Description and Material Accounting Policies relating to Underwriting Result**

**Gross Earned Insurance Premiums**

Gross Earned Insurance Premiums is recognised in the Operating Statement in accordance with *AASB 1023 General Insurance Contracts* and is measured evenly over the expected risk period.

Insurance premium revenue comprises amounts charged to directorates, agencies and statutory authorities. All gross earned insurance premiums are written and earned in the current reporting period as all policies cover the period from 1 July 2024 to 30 June 2025. Premiums are treated as earned from the date of attachment of risk and is recognised evenly over the policy period, which closely approximates the pattern of risks underwritten.

**Claims Related Recoveries**

Claims Related Recoveries recognised in the operating statement include any reinsurance or external recoveries received and the movement in the estimated claims related recoveries receivables from reinsurance and external parties. Refer to Gross Claims Expenses, Note 13: 'Claims Related Recoveries' and Note 15: 'Outstanding Claims' for the methodology for valuation and estimates. The estimates for claims related recoveries receivable includes an assessment of reinsurance policy coverage maintained by the Authority on behalf of the Territory and involvement of external parties to indemnify the Authority against those estimated claims costs.

**Gross Claims Expenses**

Gross claims expenses include the movement in liability for outstanding claims and related claims expenses and are recognised in the financial statements. The liability covers claims reported but not yet paid; incurred but not yet reported (IBNR); incurred but not enough reported (IBNER) and the anticipated direct and indirect costs of settling those claims. Outstanding claims are actuarially assessed by reviewing claim data and estimating changes in the ultimate cost of settling claims, IBNRs and associated settlement costs using statistics based on past experience and trends.

The liability for outstanding claims is measured as the net central estimate of the present value of the expected future payments, against claims incurred at the reporting date with an additional risk margin to allow for the inherent uncertainty in the central estimate. The expected future payments are estimated based on the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal inflation and superimposed inflation. Superimposed inflation refers to factors such as trends in court awards, for example increases in the level and period of compensation for injury.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 5. UNDERWRITING RESULT - Continued**

The present value of future payments is estimated using the Commonwealth Government Bond risk free yield curve derived from yields on Commonwealth Government Bonds.

**Reinsurance Premium Expenses**

Reinsurance premium is recognised in the operating statement over time based on the period of coverage for reinsurance contracts. The Authority purchases reinsurance to cover catastrophic and accumulated risk exposures for those major insurance classes which it underwrites, including insurance against:

- loss, damage, or destruction of Territory assets; and
- the legal liabilities incurred by the Territory for third party property damage and personal injury to third parties.

	Note No.	2025 \$'000	2024 \$'000
<b>Underwriting Revenues</b>			
Gross Earned Insurance Premiums		90,589	85,225
Claims Related Recoveries	6	29,030	19,742
<b>Underwriting Revenues</b>		<b>119,619</b>	<b>104,967</b>
<i>All underwriting revenues relate to operating activities</i>			
<b>Underwriting Expenses</b>			
Claims Expenses	6	(106,986)	(98,110)
Reinsurance Premium Expenses		(16,414)	(16,374)
<b>Underwriting Expenses</b>		<b>(123,400)</b>	<b>(114,485)</b>
<i>All underwriting expenses relate to operating activities</i>			
<b>Underwriting Results</b>			
Underwriting Revenues		119,619	104,967
Underwriting Expenses		(123,400)	(114,485)
<b>Underwriting Result</b>		<b>(3,781)</b>	<b>(9,518)</b>

*The increase in the underwriting result compared to 2023-24 is mainly due to the increase in annual insurance premiums primarily due to deteriorating claims experience in the medical negligence and property insurance classes and challenging insurance market conditions, the increase in claims related reinsurance recoveries mainly relating to incurred large individual claims and high-cost events including property and medical negligence, partially offset by the increase in claims expenses mainly due to the expectation of claims expenses and liabilities returning to the longer-term claims experience pattern, based on actuarial estimations. Refer to Discounted Gross Incurred Claims and Related Expenses in Note 6: 'Net Incurred Claims'.*

# ACT INSURANCE AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2025

## NOTE 6. NET INCURRED CLAIMS

### Description and Material Accounting Policies relating to Net Incurred Claims

Net incurred claims are separated into those contributed from the current insurance year and those from prior insurance years, which are impacted by changes in economic factors and the assumptions used in the actuarial valuation of the outstanding claims liabilities.

<b>2025</b>	<b>Note No.</b>	<b>Current Year \$'000</b>	<b>Prior Years \$'000</b>	<b>Total \$'000</b>
Undiscounted Gross Incurred Claims and Related Expenses		(100,678)	(9,321)	(109,999)
Discount and Discount Movement		16,432	(13,418)	3,014
<b>Discounted Gross Incurred Claims and Related Expenses <sup>a</sup></b>	<b>5</b>	<b>(84,247)</b>	<b>(22,739)</b>	<b>(106,986)</b>
Claims Related Recoveries	5	-	29,030	29,030
<b>Net Incurred Claims</b>		<b>(84,247)</b>	<b>6,291</b>	<b>(77,956)</b>
<b>2024</b>				
Undiscounted Gross Incurred Claims and Related Expenses		(102,663)	(7,947)	(110,610)
Discount and Discount Movement		18,376	(5,875)	12,500
<b>Discounted Gross Incurred Claims and Related Expenses <sup>a</sup></b>	<b>5</b>	<b>(84,288)</b>	<b>(13,822)</b>	<b>(98,110)</b>
Claims Related Recoveries	5	-	19,742	19,742
<b>Net Incurred Claims</b>		<b>(84,288)</b>	<b>5,919</b>	<b>(78,369)</b>

<sup>a</sup> The discounted gross incurred claims and related expenses reflects the cost of claim payments actually made, as well as changes in the value of outstanding claims liabilities between valuation dates. In 2024-25, the total net incurred claims expenses are \$77.96 million. Of this amount, \$84.25 million relates to the current year, made up of \$100.68 million in undiscounted gross incurred claims and related expenses, partially offset by an amount of discount totalling \$16.43 million. There is a decrease of \$6.29 million in net incurred claims and related expenses as a result of new incurred claims and revised assumptions related to prior years offset by claim related recoveries.

Discounted gross claims expense for 2024-25 is \$106.99 million compared to \$98.11 million in 2023-24. This equates to a \$8.88 million increase in discounted gross incurred claims and related expenses between 2023-24 and 2024-25. This is mainly because of some large claims experience across the Medical Negligence, Property and Professional Indemnity portfolios. Much of this expense is expected to be recovered through the current reinsurance arrangement, which explains the increase in claims related recoveries for prior years

## NOTE 7. INVESTMENT AND INTEREST REVENUE

### Description and Material Accounting Policies relating to Investment and Interest Revenue

#### Interest

Interest revenue relates to the variable interest earned in the operating bank account maintained with Westpac Bank. Interest is recognised based on monthly interest received in the bank statement. Refer to Note 11: 'Cash and Investments' for further details. Interest for the Builders Warranty Insurance scheme is allocated based on the closing General Ledger bank balance for the scheme.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 7. INVESTMENT AND INTEREST REVENUE - Continued**

*Distributions from Investments*

Distribution revenue is received from investments with the Territory Banking Account.

*Loss/Gain on Remeasurement of Investments*

The Authority makes long-term investments with the Territory Banking Account by acquiring units in the Territory Banking Account's financial investments portfolio. The unit value changes in response to the underlying market value of the financial investments held by the Territory Banking Account. All unitised investments are designated at fair value through operating statement with the carrying amount measured at fair value. Refer Note 11: 'Cash and Investments' for further details.

	Note No.	2025 \$'000	2024 \$'000
<b>Investment and Interest Revenue</b>			
Interest from Bank <sup>a</sup>		3,434	2,328
Interest from Bank - Builders Warranty Insurance <sup>a</sup>	21	447	886
Distributions from Investments <sup>b</sup>		10,076	11,284
<b>Total Investment and Interest Revenue</b>		<b>13,957</b>	<b>14,498</b>
<b>Gain on Remeasurement of Investments</b>			
Gain on Remeasurement of Investments <sup>c</sup>		27,239	20,571
<b>Gain on Remeasurement of Investments</b>		<b>27,239</b>	<b>20,571</b>

<sup>a</sup> Interest from bank is higher in 2024-25 mainly due to the higher than average cash balance in the Westpac operating bank account.

<sup>b</sup> Distributions received from investments held with the Territory Banking Account fluctuate year on year subject to the amount of income available for distribution in the underlying investment asset class sector exposures. The increase in distribution revenue reflects the amount of available distributable income from the Territory Banking Account.

<sup>c</sup> The fair value of investments fluctuates year on year depending on the performance of the underlying financial investment exposures. In 2024-25 the investments continue to achieve a strong positive return of 10.56% (9.88% in 2023-24) due to the increase in market valuation of the investment portfolio mainly due to underlying gains on share investments.

**NOTE 8. OTHER INCOME AND EXPENSES**

***Description and Material Accounting Policies relating to Other Income and Expenses***

Other revenue and expenses mainly relate to the Builders Warranty Insurance (BWI) Scheme, the Physical and Sexual Abuse (PSA) Indemnity Scheme designed for out of home care providers, contract works insurance, and external insurance contracts.

***Builders Warranty Insurance Scheme***

Refer to Note 21: 'Builder Warranty Insurance' for the background information. Premium revenue is recognised based on AASB 1023 General Insurance Contracts based on a liability adequacy test and actuarial estimates on assessment of unexpired risk.

# ACT INSURANCE AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2025

#### NOTE 8. OTHER INCOME AND EXPENSES - Continued

The commission and claims processing service fees are based on the agreement with QBE Insurance Group Limited (QBE) and recognised based on the policies written and number of claims processed by QBE during the period. Claims related recoveries and claims expenses are recognised based on claims payments and recoveries, and the movements in actuarial valuations of the outstanding claims liabilities as at the end of financial year.

##### *Physical and Sexual Abuse Indemnity Scheme*

Refer to Note 22: 'Physical and Sexual Abuse Indemnity Scheme' for the background. The Authority operates on a cost recovery basis by collecting indemnity fees from the Community Services Directorate (CSD) to meet the costs of future asset losses and legal liabilities that occur as a result of the activities of government. In consideration of the indemnity fees paid, the Authority provides indemnity to CSD for insurable losses and claims incurred in relation to Out of Home Care Physical and Sexual Abuse claims, that have been lodged against their third party providers, who are actively part of the scheme.

Each year the Authority, with the assistance of its actuaries, Scyne Advisory, determines the total annual insurance premiums and indemnity fees to be collected from CSD, to meet the anticipated cost of claims for the insurance year. The actuarial approach to setting the annual insurance premiums and indemnity fees relies on assumptions about the estimated future number of claims, the estimated average settlement size, expected inflation rates, and investment returns.

##### *Contract Works Insurance*

The Authority purchases contract works insurance cover for ACT Government capital construction works. Premiums are recovered from ACT Government agencies by the Authority based on the value of each agency's capital works program. Transactions are undertaken by the Authority on behalf of other agencies. The Authority does not underwrite this insurance and therefore holds no financial risk.

##### *External Insurance Contracts*

The Authority arranges insurance cover on behalf of ACT Government agencies for travel, aviation, fleet, public art and personal accident cover for both aero retrieval, volunteer workers. Premiums are recovered from ACT Government agencies by the Authority based on the relevant cost drivers for the premium and as charged by external providers. Transactions are undertaken by the Authority on behalf of other agencies. The Authority does not underwrite this insurance and therefore holds no financial risk.

##### *Income from Support Services*

The Authority recovers a portion of administrative costs incurred in managing the Office of the Nominal Defendants of the ACT, the Default Insurance Fund, and the Builders Warranty Insurance Scheme as support services charges.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 8. OTHER INCOME AND EXPENSES - Continued**

The charges are based on a cost model allocating a portion of the employees expenses, administrative cost and ICT system support from the Authority in managing those entities and insurance schemes.

	Note No.	2025 \$'000	2024 \$'000
<b>Other Income</b>			
Resources Received Free of Charge		64	38
Builders Warranty Insurance Premiums <sup>a</sup>	21	3,058	2,394
Builders Warranty Insurance Recoveries	21	469	147
Physical and Sexual Abuse Indemnity Scheme set up Funding	22	-	248
Physical and Sexual Abuse Indemnity Scheme Premiums	22	885	869
Income from Support Services		1,261	1,132
Contract Works Insurance <sup>b</sup>		1,800	1,101
External Insurance Contracts <sup>c</sup>		2,360	590
<b>Total Other Revenue</b>		<b>9,898</b>	<b>6,518</b>
<b>Other Expenses</b>			
Contract Works Insurance <sup>b</sup>		1,666	1,218
External Insurance Contracts <sup>c</sup>		1,828	652
Builders Warranty Insurance Commission	21	658	505
Builders Warranty Insurance Claims Processing Service Fee	21	119	46
Builders Warranty Insurance Claims Expense <sup>d</sup>	21	10,153	2,946
Physical and Sexual Abuse Indemnity Scheme Claims Expense <sup>e</sup>	22	1,476	3,365
Asset Write Off <sup>f</sup>		302	-
Amortisation		31	62
<b>Total Other Expenses</b>		<b>16,234</b>	<b>8,794</b>

<sup>a</sup> AASB 1023 has been adopted in relation to the Builders Warranty Insurance (BWI) scheme to recognise the gross earned revenue based on a liability adequacy test and actuarial estimates on assessment of unexpired risk. Refer Note 21: 'Builders Warranty Insurance Scheme'.

<sup>b</sup> Contract Works insurance external policies and passthrough cost/ revenue has increased due to an increase in capital works programs by the Territory, following a number of projects being delayed during the previous period.

<sup>c</sup> External Insurance Contracts has increased mainly due to the Territory's fleet insurance arrangement the Authority took over management of from 31 March 2024, partially offset by the removal of Standing Timber and Forestry insurance policy.

<sup>d</sup> Builders Warranty Insurance Claims Expense has increased mainly due to a higher number of builder failures/collapses and a higher number of exposed contracts. Refer Note 21: 'Builders Warranty Insurance Scheme'.

<sup>e</sup> AASB 1023 has been adopted in relation to the Physical and Sexual Abuse (PSA) Indemnity Scheme to recognise the gross earned revenue based on a liability adequacy test and actuarial estimates on assessment of unexpired risk. Refer Note 22: 'Physical and Sexual Abuse Indemnity Scheme'.

<sup>f</sup> The one-off expense relates to old claims management system which has been replaced and has been no longer in-use and written-off from August 2024.

# **ACT INSURANCE AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

## **NOTE 9. EMPLOYEE EXPENSES**

### **Description and Material Accounting Policies relating to Employee expenses**

#### **Employee Expenses**

Employee expenses comprise all costs incurred in relation to employing staff including wages and salaries, fringe benefits tax, leave entitlements, annual leave loading, termination payments, workers' compensation insurance premiums, accrued flextime, non-monetary benefits, and other employee benefits and on-cost expenses.

Wages and salaries are recognised in the reporting period when the employee renders services to the agency. They are measured based on the amount paid to employees during the year as well as any wages and salaries due to employees that remain unpaid at the end of the financial year.

#### **Superannuation Expenses**

Employees of the Authority will have different superannuation arrangements due to the type of superannuation schemes available at the time of commencing employment, including both defined benefit and defined contribution superannuation scheme arrangements.

For employees who are members of the defined benefit Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation Scheme (PSS) the Authority makes employer superannuation contribution payments to the Territory Banking Account at a rate determined by the Chief Minister, Treasury and Economic Development Directorate (CMTEDD). The Authority also makes productivity superannuation contribution payments on behalf of these employees to the Commonwealth Superannuation Corporation, which is responsible for administration of the schemes.

For employees who are members of defined contribution superannuation schemes (the Public Sector Superannuation Scheme Accumulation Plan (PSSAP) and schemes of employee choice) the Authority makes employer superannuation contribution payments directly to the employees' relevant superannuation fund.

All defined benefit employer superannuation contributions are recognised as expenses on the same basis as the employer superannuation contributions made to defined contribution schemes. The accruing superannuation liability obligations are expensed as they are incurred and extinguished as they are paid.

#### **Superannuation Liability Recognition**

For the Authority's employees who are members of the defined benefit CSS or PSS the employer superannuation liabilities for superannuation benefits payable upon retirement are recognised in the financial statements of the Superannuation Provision Account.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 9. EMPLOYEE EXPENSES - Continued**

	Note No.	2025 \$'000	2024 \$'000
<b>Employee Expenses</b>			
Salaries		3,948	3,911
Annual Leave Expense <sup>a</sup>		13	18
Long Service Leave Expense <sup>a</sup>		58	71
Workers' Compensation Insurance Premium		62	54
Employee Expenses – PSA <sup>b</sup>	22	-	39
Superannuation Contribution to the Territory Banking Account <sup>c</sup>		130	205
Productivity Benefit		8	15
Superannuation to External Providers		398	354
Flexitime Expense <sup>d</sup>		73	-
<b>Total Employee and Superannuation Expenses</b>		<b>4,690</b>	<b>4,668</b>

<sup>a</sup> Lower Annual Leave and Long Service Leave Expenses for 2024-25 was mainly due to staff taking leave during the year. When annual leave and long service leave service is paid it is paid as salary expenditure and the expenses only reflects the movement of leave liability balances.

<sup>b</sup> Employee resources to support Physical and Sexual Abuse Indemnity Scheme and establishment has been discontinued from September 2023.

<sup>c</sup> Lower Superannuation Contribution to the Territory Banking Account related to a smaller number of employees who are members of the superannuation schemes.

<sup>d</sup> Flexitime expense was recognised for the flexitime that employees have accrued at the end of 2024-25. Refer Note 16: 'Employee Benefits'.

**NOTE 10. SUPPLIES AND SERVICES**

**Description and Material Accounting Policies Relating to Supplies and Services**

*Actuarial Services*

Actuarial services fees include independent external valuation of the outstanding claims liabilities, mid-year review and analysis of claims estimates and actuarial reviews and modelling on the annual premium for the Authority.

*Rent*

Lease rental payments includes office accommodation leases with the ACT Property Group and the outgoings charged for building services, utilities and workorders.

*Audit Service Fees*

Auditor's remuneration consists of financial audit services and limited assurance engagement on statement of performance provided to the Authority by the ACT Audit Office. The Authority's audit fees for the audit of its 2024-25 financial statements and review of its statement of performance was \$90,446 (\$76,252 in 2023-24). No other services were provided by the ACT Audit Office.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 10. SUPPLIES AND SERVICES Continued**

*Telecommunications and Computing Costs*

Telecommunication and computing cost include payments for ICT logistics, business applications and licenses along with asset rentals for computing equipment, phones, network equipment's and internet services charged by Digital Data and Technology Services (DDTS). The Authority also incurs software licencing fees and maintenance cost in managing its claims management system and accounting system.

*Risk Management Training and Seminars*

The Authority runs risk management training events on demand for ACT Government agencies based on their specific risk management requirements. Training events can be organised inhouse or with specialised risk management consultants. The Authority assesses the funding for specific training events for ACT Government agencies based on business needs and also delivers some training events on a cost recovery basis.

	Note No.	2025 \$'000	2024 \$'000
Actuarial Services – ACITA Core		234	203
Actuarial Services – BWI	21	98	90
Actuarial Services – PSA	22	59	77
Audit Fees		90	72
Telecommunications and Computing Costs <sup>a</sup>		374	528
Contractors and Consultants <sup>b</sup>	21 & 22	258	41
Rent		148	112
Risk Management Training and Seminars		4	7
Support Services <sup>c</sup>		164	106
Support Services – BWI	21	62	51
Legal Expenses – PSA	22	5	12
Travel		79	47
Other		88	48
<b>Total Supplies and Services</b>		<b>1,663</b>	<b>1,393</b>

<sup>a</sup> Lower Telecommunications and Computing Costs mainly related to lower claims management system expenses.

<sup>b</sup> Higher Contractors and Consultants expenses mainly related to an independent accounting review.

<sup>c</sup> Higher Support Services expenses were mainly driven by higher costs in claims reviews provided by the Government Solicitor Office.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**ASSETS NOTES**

**NOTE 11. CASH AND INVESTMENTS**

**Description and Material Accounting Policies Relating to Cash and Investments**

*Cash*

The Authority holds one bank account with Westpac Banking Corporation as part of the whole-of-government banking arrangements. As part of these arrangements, the Authority earns variable interest on credit balances (currently 4.30% annual interest rate effective as at 30 June 2025 for balances greater than \$50 million). Cash includes cash at bank and cash on hand.

*Investments*

The Investments by the Authority are made in accordance with the Treasurer's approved ACT Insurance Authority Investment Plan. The Investment plan for the Authority outlines the Authority's investment strategy and objectives in relation to investing its funds with the Territory Banking Account. The long-term investment return objective for the Authority's financial investments is a long-term average Consumer Price Index (CPI) + 2.5 per cent per annum.

The Authority makes long-term investments with the Territory Banking Account by acquiring units in the Territory Banking Account's financial investments portfolio. The unit value changes in response to the underlying market value of the financial investments held by the Territory Banking Account. All unitised investments are designated at fair value through operating statement with the carrying amount measured at fair value.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date and reflects the best available prices of the underlying financial investments. Subsequent to initial measurement, investments are re-measured to fair value with changes in their fair value (gains/loss) recognised in the Operating Statement of the Authority. Refer to Note 7: 'Investment and Interest Revenue' for distributions earned on these investments and the gains and/or loss on remeasurement of investments.

These long-term investments are classified as current because they are redeemable, subject to market conditions, on the request of the Authority.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 11. CASH AND INVESTMENTS - Continued**

**Cash and Investment Balances**

	Note No.	2025 \$'000	2024 \$'000
<b>Current Cash and Investments</b>			
Cash at Bank		52,112	61,536
Cash at Bank – Builders Warranty Insurance	21	4,646	7,332
Total Cash		56,758	68,868
Investments with the Territory Banking Account		408,689	341,450
<b>Total Current Cash and Investments</b>		<b>465,447</b>	<b>410,318</b>

*The fair value of investments fluctuates year on year depending on the performance of the underlying financial investment exposures in the market as well as investment deposit or redemption transactions. In 2024-25 investments recorded a positive return of 10.56% due to an increase in market valuations mainly due to underlying gains on share investments (9.88% in 2023-24).*

**Cash Flow Reconciliations**

**(a) Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period in the Statement of Cash Flows to the equivalent items in the Balance Sheet**

	2025 \$'000	2024 \$'000
Total Cash and Cash Equivalents Recorded in the Balance Sheet	56,758	68,868
<b>Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Statement of Cash Flows</b>	<b>56,758</b>	<b>68,868</b>

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**Note 11. CASH AND INVESTMENTS - Continued**

**(b) Reconciliation of the Operating Result to Net Cash Inflows/(Outflows) from Operating Activities**

	2025 \$'000	2024 \$'000
Operating Result	24,726	17,214
<b>Add/(Less) Non-Cash Items</b>		
Amortisation of Fixed Assets	31	62
<b>Add/(Less) Items Classified as Investing or Financing</b>		
Net (Gain) on Investments	(27,239)	(20,571)
Net Loss on Disposal of Non-Current Assets	302	-
<b>Cash Before Changes in Operating Assets and Liabilities</b>	<b>(2,180)</b>	<b>(3,295)</b>
<b>Change in Operating Assets and Liabilities</b>		
Decrease/(Increase) in Receivables	1,396	(2,679)
(Increase) in Recoveries	(23,105)	(17,235)
Decrease/(Increase) in Prepayments	352	(1,435)
Increase in Payables	245	154
Increase in Outstanding Claims	51,504	36,073
(Decrease) in Other Liabilities	(334)	(738)
Increase/(Decrease) in Employee Benefits	149	(21)
<b>Net Changes in Operating Assets and Liabilities</b>	<b>30,070</b>	<b>14,119</b>
<b>Net Cash Inflows from Operating Activities</b>	<b>27,890</b>	<b>10,825</b>

**NOTE 12. RECEIVABLES**

**Description and Material Accounting Policies Relating to Receivables**

*Accounts Receivables*

Accounts receivables are measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement.

The Authority's receivables predominantly relate to distributions from investments for the June quarter which are expected to be received in July 2025. The remaining receivables relate to goods and services taxation (GST), trade receivable from government entities and external parties. The Authority expects all receivables will be received.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 12. RECEIVABLES - Continued**

	Note No.	2025 \$'000	2024 \$'000
<b>Current Receivables</b>			
Distributions Receivable <sup>a</sup>		3,338	5,313
Goods and Services Tax Receivable		234	311
Receivables – Builders Warranty Insurance <sup>b</sup>	21	324	92
Other Receivables <sup>c</sup>		584	161
<b>Total Receivables</b>		<b>4,481</b>	<b>5,877</b>

*No receivables are past due or impaired.*

<sup>a</sup> *The lower Distributions Receivable for 2024-25 relates to the higher distributions from investments for the June quarter.*

<sup>b</sup> *The higher Builders Warranty Insurance Receivables for 2024-25 relates to higher gross premium collected as at June 2025 than the previous year end.*

<sup>c</sup> *The higher Other Receivables for 2024-25 mainly relates to true-up contracts insurance billed not yet received as at 30 June 2025.*

**NOTE 13. CLAIMS RELATED RECOVERIES**

**Description and Material Accounting Policies Relating to Claims Related Recoveries**

Claims related recoveries represent amounts expected as a receivable from a third-party who has been identified as liable and accepted liability for costs incurred and, actuarial estimate for the recoveries from reinsurance claims and BWI claims recoveries. Actuarial valuation conducted for the end of the financial year includes analysis and valuation of claims expenses and an estimate for outstanding claims liabilities along with an estimate for the claims related recoveries.

Reinsurance recoveries and external third-party recoveries are estimated using the total cost to settle the claims and any recovery from third party involvement or reinsurance coverage for the relevant period. Refer Note 15: 'Outstanding Claims' for further details on approach and methodologies.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 13. CLAIMS RELATED RECOVERIES - Continued**

	Note No.	2025 \$'000	2024 \$'000
<b>Current Claims Related Recoveries</b>			
Builders Warranty Insurance Recoveries	21	434	71
Reinsurance Recoveries <sup>a</sup>		35,090	17,867
Third Party Recoveries <sup>b</sup>		-	4,892
<b>Total Current Claims Related Recoveries</b>		<b>35,523</b>	<b>22,831</b>
<b>Non-Current Claims Related Recoveries</b>			
Builders Warranty Insurance Recoveries	21	244	137
Reinsurance Recoveries <sup>a</sup>		45,734	34,611
Third Party Recoveries <sup>b</sup>		-	817
<b>Total Non-Current Claims Related Recoveries</b>		<b>45,978</b>	<b>35,565</b>
<b>Total Claims Related Recoveries</b>		<b>81,502</b>	<b>58,396</b>

<sup>a</sup> Reinsurance recovery estimates mainly relate to Property (\$41.9 million) and Medical Negligence (\$28.6 million). The Authority incurred large individual claims and high-cost events mainly due to the significant fire events at the Hume Material Recovery Facility and North Canberra Hospital.

<sup>b</sup> Third party recoveries mainly related to the 2020 bushfire in the Namadgi National Park, where the costs of property damage are recoverable through a third party, receipted \$6.4 million in full during 2024-25.

**NOTE 14. OTHER ASSETS**

	Note No.	2025 \$'000	2024 \$'000
<b>Current Other Assets</b>			
Prepayments		1,136	1,488
<b>Total Current Other Assets</b>		<b>1,136</b>	<b>1,488</b>
<b>Total Other Assets</b>		<b>1,136</b>	<b>1,488</b>

The Authority made the payment in May 2025 to renew SG fleet insurance policy on behalf of ACT Government agencies covering the period from April 2025 to March 2026.

**LIABILITIES NOTES**

**NOTE 15. OUTSTANDING CLAIMS**

**Description and Material Accounting Policies Relating to Supplies and Services**

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers, based upon the gross provisions.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 15. OUTSTANDING CLAIMS - Continued**

**Significant Judgements and Estimates - Outstanding Claims**

**The Ultimate Liability Arising from Claims Made Under Insurance Contracts**

A provision is made at year-end for the estimated cost of claims incurred but not settled at the valuation date, including the cost of IBNR and IBNER claims to the Authority.

The estimated cost of claims includes direct expenses to be incurred in settling claims net of the expected value of recoveries. The Authority takes all reasonable steps to ensure that it has appropriate information regarding its claim's exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original estimate of the liability.

The estimation of IBNR and IBNER are generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified, as the cost of these claims is often not apparent until many years after the claim event. The public liability and medical negligence classes typically display higher levels of IBNR and IBNER claims.

For the property class, claims are typically reported soon after the claim event and therefore tend to display lower levels of volatility.

In calculating the estimated cost of unpaid claims, the Authority uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience.

Allowances are made for factors which may cause these to change, including:

- changes in the Authority's processes which might accelerate or slow down the development and/or recording of paid or incurred claims, compared with the statistics from previous periods;
- changes in the legal environment;
- the effects of inflation;
- changes in the ACT Government activities;
- the impact of large losses;
- movements in industry benchmarks; and
- medical and technological developments.

A component of these estimation techniques is the estimation of the cost of notified but not paid claims (case estimation) which considers the claim circumstance as reported, any information available from the ACT Government Solicitor and information on the cost of settling claims with similar characteristics in previous periods.

# ACT INSURANCE AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2025

#### NOTE 15. OUTSTANDING CLAIMS – Continued

Large claims are assessed separately, being measured on a case by case basis or projected separately, in order to allow for the possible distortive effect of the development and incidence of these large claims.

Where possible, the Authority adopts multiple techniques to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected and the range of possible outcomes. The most appropriate estimation technique is selected considering the characteristics of the business class and the extent of the development of each insurance year.

#### Changes in Actuarial Assumptions

The Authority engaged an independent actuary, Scyne Advisory Pty Ltd, to provide the estimate of outstanding claims liabilities for those insurance classes covering ACT Government entities. The estimate utilises actuarial assumptions and methods which are based on past claims experience, risk exposure and projections of economic variables. As a result of changes in these variables, the estimate of the outstanding claims liabilities has changed. This change has resulted in an increase to the estimates of the outstanding claims liabilities and claims expense in the current reporting period (Refer to Note 6: 'Net Incurred Claims').

The Authority provides the following classes of insurance to ACT Government entities: medical negligence, public liability, property damage, directors and officers, professional indemnity and financial crime.

Additionally, the Authority also provides Insurance schemes to cover the Residential Builders Warranty for homebuilders in the ACT and the Physical and Sexual Abuse (PSA) Indemnity Scheme for out of home care providers who provide services for the Territory through a contractual relationship with the Community Services Directorate.

The Authority commenced the PSA indemnity scheme as a transitional arrangement effective from 1 April 2023 with the formal establishment of the indemnity scheme effective 1 July 2023. The independent actuarial valuation of claims liabilities for the PSA scheme was undertaken as at 30 June 2025.

The actuarial process for estimating the outstanding claims liabilities is similar for all classes. A description is as follows:

- estimates of claims incurred but not yet reported (IBNR) at the actuarial valuation date are made by analysing past reporting patterns and applying assumed development rates to numbers of claims already reported to the Authority;

**ACT INSURANCE AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 15. OUTSTANDING CLAIMS - Continued**

- the number of past settlements is analysed, and an adopted ultimate settlement proportion is applied to the estimated ultimate numbers of claims, to obtain numbers of future settlements;
- past settlement sizes and past changes in case estimates are analysed;
- estimates of outstanding claims are first adopted for the most developed insurance years, considering the average sizes and relationship to current estimates of the claims from the Authority. The same process is extended to the more recent years, considering the experience of the earlier years and any differences in experience to date;
- separate analyses of large and small claims are made, and the incidence and sizes of large claims for recent years is drawn from experience in the more developed years;
- analyses are made on data which is gross of reinsurance and the resulting estimates of outstanding liabilities are also gross of reinsurance. Subsequent allowances, where needed, are then made for potential reinsurance recoveries to arrive at estimates of net outstanding liabilities; and
- allowances are made for all future claim escalation, whether from external inflation or superimposed inflation, and projected payments are discounted to present values to reflect the time value of money.

**Actuarial Assumptions**

The following assumptions have been made in estimating the outstanding claims liabilities for 2024-25.

<b>2025</b>	<b>Property and Motor</b>	<b>Public Liability</b>	<b>Medical Negligence</b>	<b>Directors and Officers</b>	<b>Financial Crime</b>	<b>Professional Indemnity</b>
Discounted Mean Term (for Outstanding Claims)	1.10	4.10	4.09	2.56	2.96	6.41
Ultimate Claim Numbers (2024-25 Insurance Year) <sup>a</sup>	101	141	168	1.5	0.1	8
Average Settlement Size	\$84,200 <sup>c</sup>	\$143,200 <sup>c</sup> and \$4.23m <sup>d</sup>	\$370,600 <sup>c</sup> and \$3.85m <sup>d</sup>	\$73,600 <sup>c</sup>	\$157,000 <sup>c</sup>	\$102,500 <sup>c</sup>
Expense Rate	10%	10%	10%	10%	10%	10%
Discount Rate <sup>b</sup>	3.4%	3.9%	3.8%	3.7%	3.5%	4.0%
Inflation and Superimposed Inflation <sup>b</sup>	3.3%	3.5%	3.4%	3.3%	3.3%	3.4%

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 15. OUTSTANDING CLAIMS - Continued**

The following assumptions were made in estimating the outstanding claims liabilities for 2023-24.

<b>2024</b>	<b>Property and Motor</b>	<b>Public Liability</b>	<b>Medical Negligence</b>	<b>Directors and Officers</b>	<b>Financial Crime</b>	<b>Professional Indemnity</b>
Discounted Mean Term (for Outstanding Claims)	1.21	3.78	4.24	3.53	2.71	4.17
Ultimate Claim Numbers (2022-23 Insurance Year) <sup>a</sup>	96	131	155	6.1	0.11	13
Average Settlement Size	\$80,400 <sup>c</sup>	\$146,500 <sup>c</sup> and \$4.31m <sup>d</sup>	\$388,400 <sup>c</sup> and \$4.07m <sup>d</sup>	\$72,600 <sup>c</sup>	\$160,000 <sup>c</sup>	\$97,900 <sup>c</sup>
Expense Rate	10%	10%	10%	10%	10%	10%
Discount Rate <sup>b</sup>	4.4%	4.6%	4.6%	4.8%	4.3%	4.5%
Inflation and Superimposed Inflation <sup>b</sup>	3.6%	3.7%	3.7%	3.8%	3.5%	3.6%

<sup>a</sup> Ultimate claims reported are the assumed number of claims incurred in the insurance year.

<sup>b</sup> Discount and inflation rates are calculated for each insurance class based on the payment pattern and the discount/inflation rate at the corresponding period of time.

<sup>c</sup> The adopted average claim size for small claims has a total cost up to \$1 million.

<sup>d</sup> The adopted average claim size for large claims has a total cost of \$1 million or greater.

**Process used to determine assumptions**

**Discounted mean term**

The discounted mean term is the number of years taken to finalise claims settlement and is calculated separately by class of insurance based on historic settlement patterns. A decrease in the discounted mean term to settlement would lead to more claims being paid sooner than anticipated. A change in the discounted mean term can cause an increase or a decrease in claims expense, depending on the interaction between the discount and inflation rates.

**Ultimate claim numbers**

The ultimate number of claims for each insurance class is the estimated total number of claims expected to emerge from each insurance year. The ultimate number of claims is estimated by analysing historical claim reporting rates and applying them to the observed claims reported to date in order to project the timing and number of future claims reported. All else being equal, an increase in the ultimate number of claims will increase the liability.

**Average settlement size**

The average settlement size is based on past claims experience. For public liability and medical negligence classes the incidence of large claims is greater and therefore their average size for small and large claims are shown separately.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 15. OUTSTANDING CLAIMS – Continued**

**Expense rate**

Claims handling expenses were calculated based on an assumed proportion of claims handling costs as a percentage of past payments. An estimate for the internal costs of handling claims is included in the outstanding claims liability. An increase or decrease in the expense rate assumption would have a corresponding impact on claims expense.

**Discount rate**

Discount rates derived from market yields on Commonwealth Government Bonds as at the valuation date have been adopted. The discount rates shown are the rates which reflect the single equivalent rate that could be adopted to discount the outstanding claims liability to adjust for the time value of money. All else being equal, an increase or decrease in the discount rate would have a corresponding decrease or increase on claims expense respectively.

**Inflation**

Economic inflation assumptions are set by reference to current economic indicators. An increase or decrease in the assumed levels of economic inflation rates would have a corresponding increase or decrease on claims expense.

**Superimposed inflation**

Superimposed inflation is the tendency for payments to increase over time at a faster rate than a suitable standard measure of inflation. This can be driven by factors such as increases in court settlement sizes and an assumption is set considering any superimposed inflation present in the portfolio and industry superimposed inflation trends. Currently, there has been no allowance for inflation over and above economic inflation measures used.

**Sensitivity Analysis**

The Authority conducted a sensitivity analysis to quantify the exposure to risk of changes in the key underlying variables. The valuations included in the reported results are calculated using certain assumptions about these variables as disclosed above. The movement in any key variable will impact the financial performance and equity position of the Authority.

Each of the below variations has been considered in isolation. However, in reality, volatility in the net outstanding claims is likely to be due to a number of these, and other factors in combination.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 15. OUTSTANDING CLAIMS – Continued**

**Sensitivity Analysis – continued**

Assumptions	Net Outstanding Claims	Difference	
		\$'000	%
<b>Gross Outstanding Claims Liabilities</b>	<b>471,599</b>		
Less expected Current and Non-Current Recoveries	(81,502)		
<b>Net Outstanding Claims Liabilities</b>	<b>390,097</b>		
<b>Economic Assumptions</b>			
Discount rates increased by 1.0%	376,763	(13,334)	(3.4%)
Discount rates decreased by 1.0%	404,458	14,360	3.7%
<b>Medical Negligence</b>			
<i>Large Claims</i>			
Assumed average size of IBNR Claims is \$3.8 million			
Increase by \$1.0 million	420,657	30,560	7.8%
Decrease by \$1.0 million	359,537	(30,560)	(7.8%)
High uncertainty in ultimate large claim numbers for more recent insurance years			
1 additional claim per annum for 2020 and later	407,102	17,005	4.4%
1 less claim per annum for 2020 and later	373,085	(17,013)	(4.4%)
<b>Public Liability</b>			
<i>Large Claims</i>			
Assumed average size of IBNR Claims is \$4.2 million			
Increase by \$1.0 million	392,326	2,229	0.6%
Decrease by \$1.0 million	387,868	(2,229)	(0.6%)
High uncertainty in ultimate large claim numbers for the more recent insurance years			
1 additional claim per annum for 2020 and later	407,551	17,454	4.5%
High uncertainty in IBNR allowance for years 2018 and prior			
10 additional claims in allowance	392,476	2,379	0.6%
10 fewer claims in allowance	387,717	(2,380)	(0.6%)

**Economic Assumptions**

Currently, a 1 percent increase in the discount rate would result in a decrease of \$13.33 million in claims liability whereas a decrease in the discount rate of 1 percent would result in an increase of \$14.36 million in the liability.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 15. OUTSTANDING CLAIMS - Continued**

**Medical Negligence and Public Liability**

The liability for outstanding claims is sensitive to movements in the average claim size. As per the previous table, a change in average large claim size for medical negligence by \$1.0 million has a subsequent effect on the outstanding claims of either an increase of \$30.56 million or a decrease of \$30.56 million. Whereas for a change by \$1.0 million in average large claim size for public liability would either increase or decrease the outstanding claims liabilities by \$2.23 million.

A significant proportion of the outstanding claims liability is associated with large medical negligence and public liability claims. As such, the provision is sensitive to movements in the assumed number of large claims, with a greater uncertainty for more recent insurance years where experience is still relatively undeveloped.

For large medical negligence claims, a change in the assumption of allowing for one additional or one less IBNR claim per annum from 2020 and later has the subsequent effect on the outstanding claims liability of either an increase or decrease of approximately \$17.01 million. For large public liability claims, a change in the assumption of allowing for one additional IBNR claim per annum from 2020 and later has the subsequent effect on the outstanding claims liabilities of an increase of \$17.45 million.

For public liability, a change in the allowance for 10 greater or fewer IBNR claims from older years where an allowance was made for sexual assault claim reports has a corresponding increase or decrease in the outstanding claims liabilities of \$2.38m.

**Gross Outstanding Claims Liabilities**

The Authority used the services of an independent actuary, Scyne Advisory Pty Ltd to estimate the outstanding claims liabilities at 30 June 2025. The movement in outstanding claims liability can either reduce claims expense in the case of a reduction in liability or increase claims expense in the case of an increase in liability.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 15. OUTSTANDING CLAIMS - Continued**

	Note No.	2025 \$'000	2024 \$'000
<b>Expected Future Claim Payments and Discounted Liability for Outstanding Claims</b>			
Central Estimate		444,831	399,160
Risk Margin		67,647	60,377
Claims Handling Costs		43,822	39,558
<b>Total Undiscounted Outstanding Claims</b>		<b>556,300</b>	<b>499,095</b>
Discount to Present Value		(84,701)	(79,000)
<b>Total Gross Discounted Outstanding Claims Liabilities</b>	15(d)	<b>471,599</b>	<b>420,095</b>
Current - Core		105,846	85,559
Current – BWI	21	5,706	1,540
Current – PSA	22	55	33
<b>Total Current Liabilities</b>		<b>111,607</b>	<b>87,132</b>
Non-Current - Core		352,345	328,023
Non- Current – BWI	21	2,861	1,609
Non- Current – PSA	22	4,786	3,331
<b>Total Non-Current Liabilities</b>		<b>359,992</b>	<b>332,963</b>
<b>Total Gross Discounted Outstanding Claims Liabilities</b>	15(d)	<b>471,599</b>	<b>420,095</b>

**(a) Risk Margin**

*The process of determining risk margin*

The overall risk margin was determined allowing for the relative uncertainty of the outstanding claims estimate for each class. Assumptions regarding the uncertainty were made for each class considering potential variability in the actuarial models and assumptions, the quality of underlying data used in the models, the general insurance environment, and the assumptions made in other government schemes.

The assumptions were applied to the net central estimates for each class and then aggregated, with no explicit allowance made for diversification, to arrive at an overall provision which is intended to have a 75 per cent probability of adequacy. This means that the outstanding claims liability has a 75 per cent chance of being sufficient to reflect all possible future claims. A 75 per cent level of sufficiency is the minimum required by the Australian Prudential Regulatory Authority (APRA) for APRA regulated insurers.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 15. OUTSTANDING CLAIMS - Continued**

**(a) Risk Margin - Continued**

**Risk margins applied**

Class	Adopted Risk Margin	
	2025 (%)	2024 (%)
Directors and Officers	18	18
Financial Crime	30	30
Medical Negligence	15	15
Professional Indemnity	18	18
Property and Motor	23	23
Public Liability	17	17
Residential Builders Warranty	30	30
Physical and Sexual Abuse Indemnity Scheme	40	40
<b>Overall margin (weighted average) <sup>1</sup></b>	<b>16.8</b>	<b>16.3</b>

<sup>1</sup> The weighted average is based on the size of the net central estimate of the liability. That is, even if the adopted risk margin for each insurance class doesn't change, the weighted average may still change due to movements in the underlying liabilities for each insurance class.

**(b) Inflation and Discount Rates**

The following average inflation (normal and superimposed) rates and discount rates were used in the measurement of outstanding claims.

For the succeeding and subsequent year, inflation assumptions are set with reference to economic forecasts (short-term inflation assumptions). The long-term assumption is set using methodology which assumes a constant gap of adopted future inflation to the long-term discount rates and will increase or decrease as discount rates increase and decrease.

	2025 (%)	2024 (%)
<b>For the succeeding year</b>		
Inflation rate <sup>1</sup>	3.25	3.62
Discount rate <sup>2</sup>	3.36	4.42
<b>For the subsequent year</b>		
Inflation rate <sup>1</sup>	3.25	3.25
Discount rate <sup>2</sup>	3.06	3.97
<b>For long-term assumptions</b>		
Inflation rate <sup>1</sup>	4.57	4.16
Discount rate <sup>2</sup>	5.47	5.06

<sup>1</sup>Inflation rates are determined after consideration of forecasts from a number of economists and organisations as well as the mix of insurance classes and broader trends within similar insurance schemes.

<sup>2</sup>Discount rates are determined in accordance with AASB 1023 which requires the determination of a central estimate of the present value of the expected future payments for claims. It requires the application of "risk free" rates, which are generally accepted as rates derived from market values on Commonwealth Government Bonds.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 15. OUTSTANDING CLAIMS - Continued**

**(c) Term to Settlement**

The weighted average expected term to settlement of the outstanding claims from the valuation date is estimated to be 3.77 years in 2025 (3.72 years in 2024). The weighted average expected term to settlement has been based on industry averages and has been adjusted to reflect the specific classes of insurance offered by the Authority.

**(d) Reconciliation of Movement in Discounted Outstanding Claims Liability**

The table below compares the estimates as at 30 June 2025 for Gross Outstanding Claims at 30 June 2025 (30 June 2025 basis) compared with those projected from the 30 June 2024 valuation and Expected Gross Outstanding Claims at 30 June 2025 (30 June 2024 basis).

<i>Change in Basis - In the 12 months from 30 June 2024 to 30 June 2025</i>	<i>\$'000</i>	<i>\$'000</i>
<b>Gross Central Estimate at 30 June 2024 (30 June 2024 basis) <sup>a</sup></b>		<b>335,998</b>
Expense margin at 30 June 2024		33,428
Risk Margin at 30 June 2024		50,679
<b>Gross Outstanding Claims at 30 June 2024 (30 June 2024 basis) <sup>a</sup></b>		<b>420,095</b>
New Incurred Period		77,378
Expected payments to 30 June 2025 (Inflated and Undiscounted values)		(76,167)
Expected interest to 30 June 2025		13,207
Expected change in Expense Margin		1,284
Expected change in Risk Margin		6,611
<b>Expected Gross Outstanding Claims at 30 June 2025 (30 June 2024 basis)</b>		<b>442,408</b>

**ACT INSURANCE AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 15. OUTSTANDING CLAIMS – Continued**

**(d) Reconciliation of Movement in Discounted Outstanding Claims Liability - continued**

<i>Change in Basis - In the 12 months from 30 June 2024 to 30 June 2025 - continued</i>	<b>\$'000</b>	<b>\$'000</b>
(Actual less Expected) inflation <sup>b</sup>		(18,096)
Change in future discount rate assumptions		5,253
Change in future inflation assumptions		376
(Expected less Actual) payments <sup>c</sup>		23,876
<i>Directors and Officers</i>	35	
<i>Financial Crime</i>	86	
<i>Medical Negligence</i>	(3,520)	
<i>Professional Indemnity</i>	(152)	
<i>Property and Motor</i>	22,826	
<i>Public Liability</i>	3,825	
<i>Residential Builders Warranty</i>	753	
Change in experience and actuarial assumptions		16,217
<i>Directors and Officers</i>	(41)	
<i>Financial Crime</i>	(464)	
<i>Medical Negligence</i>	(3,230)	
<i>Professional Indemnity</i>	13,024	
<i>Property and Motor</i>	2,501	
<i>Public Liability</i>	5,503	
<i>Residential Builders Warranty</i>	(1,107)	
Physical & Sexual Abuse Indemnity Scheme	32	
Change in Expense margin at 30 June 2025		2,709
Change in Risk margin at 30 June 2025		(1,145)
Overall change in basis		<b>29,190</b>
<b>Gross Outstanding Claims at 30 June 2025 (30 June 2025 basis)</b>		<b>471,599</b>

<sup>a</sup> gross central estimates are inflated and discounted excluding expenses

<sup>b</sup> includes both past and future inflation

<sup>c</sup> a negative number indicates actual payments were more than expected during the insurance year

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 15. OUTSTANDING CLAIMS - Continued**

**(d) Reconciliation of Movement in Discounted Outstanding Claims Liability - continued**

The expected gross central estimate of \$442.408 million compares to the actual gross central estimate of \$471.599 million, indicating a total strengthening of \$29.190 million. This strengthening may be broken down into the main components:

- A release of \$18.1m due to actual inflation being less than expected over the 12 months.
- A strengthening of \$5.3m due to changes in future discounting and the yield curve. All else being equal, a decrease in future discount rates increases the outstanding claims liability.
- An increase of \$0.4m from changes in future inflation assumptions since 30 June 2024, reflecting the increase in longer term inflation forecasts.
- An increase of \$23.9m due to less than expected payments made in the 12 months to 30 June 2025. Approximately \$26.7m less than expected payments were made for the Property & Motor and Public Liability classes. This was partially offset by \$3.5m higher than expected payments made for the Medical Negligence portfolio. All else equal, the increase implies a delay in the timing of payments, therefore increasing the liability.
- An increase of \$16.2m due to changes in experience and actuarial assumptions. By class, these were:
  - A \$0.04m release in the Directors and Officers insurance class.
  - A \$0.5m decrease in the Financial Crime insurance class due to no claim activity.
  - A \$3.2m decrease in the Medical Negligence insurance class broadly attributable to decreases in the adopted large claim finalisation size and ultimate number of reports for the 2023 and 2024 insurance years. <sup>a</sup>
  - A \$13.0m increase in the Professional Indemnity insurance class due to a large claim related to a class action suit. <sup>a</sup>
  - A \$2.5m strengthening in the Property and Motor insurance class driven by large claims experience across recent insurance years. <sup>a</sup>
  - A \$5.5m increase in the Public Liability insurance class driven by an increased allowance for further sexual assault claim reports for older years.
  - A \$1.1m decrease in Residential Builder Warranty due to better-than-expected claims experience relating to builders that failed prior to 30 June 2024.
  - An increase of \$0.03m in the Physical & Sexual Abuse Scheme.

<sup>a</sup> A large claim is defined as a claim which has a total cost of \$1 million or greater.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 16. EMPLOYEE BENEFITS**

**Description and Material Accounting Policies Relating to Employee Benefits Liabilities**

*Accrued Wages and Salaries*

Accrued Salaries and relevant superannuation expenses are measured at the amount that remains unpaid to employees at the end of the reporting period.

*Annual and Long Service Leave*

Annual and long service leave, including applicable on-costs, that are not expected to be wholly settled before twelve months after the end of the reporting period when the employees render the related service, are measured at present value. The present value is determined based on the estimated future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At the end of each reporting period, the present value of future annual leave and long service leave payments is estimated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

Annual leave liabilities have been estimated on the assumption they will be wholly settled within three years. This financial year the rate used to estimate the present value of future:

- annual leave payment is 99.5% (98.2% in the previous financial year); and
- payment for long service leave is 100.1% (91.2% in the previous financial year)

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years of qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and applicable on-costs.

On-costs only become payable if the employee takes annual and long service leave while in-service. The probability that employees will take annual and long service leave while in-service has been taken into account in estimating the liability for on-costs.

Significant judgements have been applied in estimating the annual and long service leave liabilities, given that Authority uses the Whole-of-Government present value, probability and on-cost factors. These factors are issued by ACT Treasury and apply to all ACT Government Agencies. ACT Treasury organises an actuarial review to be undertaken every three years by the Australian Government Actuary to estimate each of these factors. The latest assessment was undertaken in December 2024 and early 2025, with the next review expected to be undertaken by late 2027.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 16. EMPLOYEE BENEFITS - Continued**

Annual leave and long service leave liabilities are classified as current liabilities in the Balance Sheet where there are no unconditional rights to defer the settlement of the liability for at least 12 months. Conditional long service leave liabilities are classified as non-current because the agency has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

*Flexitime*

The Flexitime liability has been estimated using a simplified shorthand method, consistent with ACT Government accounting policy. This method assumes a maximum accrual of 10 hours per employee, equivalent to one standard work week, in line with ACTIA's Work-Life Balance Policy. This approach provides a practical and resource-efficient solution that avoids time-intensive data collection while remaining compliant, consistent, and appropriate for ACTIA's operational context. The difference between this estimate and a detailed calculation is considered immaterial.

**Superannuation Liability**

The employer superannuation benefits payable to the Authority's employees, who are members of the defined benefit CSS or PSS Schemes, are recognised in the financial statements of the Superannuation Provision Account.

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current Employee Benefits</b>		
Annual Leave	452	440
Long Service Leave	587	450
Accrued Employee Expenses	140	134
Flexitime <sup>a</sup>	73	-
<b>Total Current Employee Benefits</b>	<b>1,252</b>	<b>1,023</b>
<b>Non-Current Employee Benefits</b>		
Long Service Leave	61	141
<b>Total Non-Current Employee Benefits</b>	<b>61</b>	<b>141</b>
<b>Total Employee Benefits</b>	<b>1,313</b>	<b>1,164</b>

<sup>a</sup> The increase in the flexitime liability of \$72,788 is due to a change in accounting policy regarding flexitime. Last financial year the Authority did not recognise its flexitime liability as it was assessed as immaterial. However, in this year's financial statements the agency recognised a flexitime liability regardless of materiality.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 17. OTHER LIABILITIES**

**Description and Material Accounting Policies Relating to Other Liabilities**

**Unearned Premium Liability - Builders Warranty Insurance**

Unearned Premium Liability - Builders Warranty Insurance (BWI) Scheme is the premium revenue that has not been recognised in the operating statement. Actuarial valuation for the outstanding claims liabilities for the BWI scheme as at 30 June 2025 included an estimate of unearned premium liability based on the cost to meet the claims liabilities that may arise including future claims handling costs.

A Liability Adequacy Test (LAT) was conducted as required by *AASB 1023 General Insurance Contracts* to assess the adequacy of the unearned premium liability by considering current estimates of the present value of the expected future cash flows relating to future claims under current policies. The LAT conducted as at 30 June 2025 failed, with the total discounted future claims liability (with risk margin) for underwriting years being \$59,519 higher than the total of the gross unearned premium.

**Accrued Expenses – Builders Warranty Insurance**

Accrued Expenses for Builders Warranty Insurance (BWI) scheme is recognised as a liability for any outstanding BWI commission, reimbursement for claims expenses and claims management fee as at the end of reporting period.

	Note No.	2025 \$'000	2024 \$'000
<b>Current Other Liabilities</b>			
Unearned Premium - Builders Warranty Insurance	21	1,500	1,328
Accrued Expenses - Builders Warranty Insurance	21	345	224
Accrued Expenses – PSA <sup>a</sup>	22	72	77
Other		22	42
<b>Total Current Other Liabilities</b>		<b>1,939</b>	<b>1,671</b>
<b>Non-Current Other Liabilities</b>			
Unearned Premium Liability - Builders Warranty Insurance	21	2,744	3,342
<b>Total Non-Current Other Liabilities</b>		<b>2,744</b>	<b>3,342</b>

<sup>a</sup> Accrued Expenses - PSA relates to the valuation costs due to the actuarial liability was assessed

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**OTHER NOTES**

**NOTE 18. FINANCIAL INSTRUMENTS**

**Description and Material Accounting Policies Relating to Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument of another entity.

Financial assets excluding statutory receivables and prepayments are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through Operating Statement on the basis of both:

- a. the business model for managing the financial assets; and
- b. the contractual cash flow characteristics of the financial assets.

The following are the classification of the Authority's financial assets under *AASB 9 Financial Instruments*:

Items	Business Model Held to collect principal and interest/sell	Solely for payment of Principal and Interest SPPI Test (basic lending characteristics)	Classification
Cash at Bank	Held to collect	Yes	Amortised cost
Receivables	Held to collect	Yes	Amortised cost
Investments	Held to collect and/or sell	No	Fair Value Through Profit or Loss

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability are disclosed under Note: 11 'Cash and Investments' and Note: 12 'Receivables'.

**(a) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

A small percentage of the Authority's financial assets are held as cash at bank which has a variable interest rate exposure. The Authority's financial liabilities are not subject to variable interest rates. This means that the Authority is not exposed to movements in interest payable; however, it is exposed to movements in interest receivable.

Interest rate risk for financial assets is managed by the Authority by only holding limited funds in cash. The interest rate risk for financial liabilities is not actively managed by the Authority as these liabilities are held in non-interest-bearing arrangements. There have been no changes in risk exposure or processes for managing risk since the last reporting period.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 18. FINANCIAL INSTRUMENTS – Continued**

**(a) Interest Rate Risk - continued**

*Sensitivity Analysis*

A sensitivity analysis has not been undertaken for the interest rate risk of the Authority as it has been determined that the possible impact on income and expenses or total equity from fluctuations in interest rates is immaterial.

**(b) Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority's credit risk is limited to the amount of the financial assets it holds net of any allowance for impairment. The Authority expects to collect all financial assets that are not past due or impaired.

Credit risk is managed by the Authority for cash at bank by holding bank balances with the ACT Government's appointed transactional bank, Westpac Banking Corporation (Westpac). S&P Global Ratings has assigned a AA- issuer credit rating to Westpac A 'AA' credit rating means the obligor has a 'very strong to strong capacity to meet its financial commitments'.

Direct credit exposure for the Authority is mainly attributed to cash at bank and distributions receivable from the Territory Banking Account. Inter-ACT Government agency receivables between ACT Government agencies are expected to have low credit risks and the cash at bank counterparty has a very strong capacity to meet financial commitments.

A large proportion of the Authority's receivables are from other ACT Government agencies which means that the credit risk of these receivables going into default is low. Therefore Authority does not recognise any loss allowance for receivables collectible from other ACT Government agencies consolidated into the whole-of-government financial statements.

The Authority actuarially estimates the claims related receivables in relation to claims related recoveries from a third-party, reinsurers and BWI claims recoveries. Refer Note: 13 'Claims Related Recoveries' and Note: 15 'Outstanding Claims' for details. The credit risk associated with claims related receivables, when the debt is raised is assessed as low as the Authority maintains a reinsurance program with reputed Australian or International reinsurance partners and receivables raised against third parties are often raised as per a court ordered or agreed settlement process coordinated by the ACT Government Solicitors Office.

The Authority's exposure to credit risk and management of the risk has not changed since the last reporting year.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 18. FINANCIAL INSTRUMENTS - Continued**

**(c) Liquidity Risk**

Liquidity risk is the risk that the Authority will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. To limit its exposure to liquidity risk, the Authority ensures that it has sufficient amounts of financial assets to meet its current financial liabilities. The Authority manages its premium revenue and investments to meet the cost of future claims payments.

The Authority's exposure to liquidity risk in relation to its financial instruments and the management of this risk has not changed since the previous reporting period.

**(d) Price Risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in unit prices.

The Authority is exposed to price risk as a result of its investment unit holdings with the Territory Banking Account. The investment unit price fluctuates as a result of changes in value in the underlying investment portfolio exposures.

The Territory Banking Account manages the price risk arising from these investments by diversifying the portfolio in accordance with the Authority's Investment Plan. Exposures to asset class sectors comprising cash, money market securities, fixed income bonds (domestic and international), equities (domestic and international), property and infrastructure are maintained in line with the strategic asset allocation that has been structured to achieve the Authority's long-term investment objective within acceptable risk tolerances. Under the investment structure, investments are diversified by geography, sector and financial instrument type to manage the risks associated with changing financial and economic conditions. More detail can be found in the financial statements of the Territory Banking Account.

The Authority's exposure to price risk and management of the risk has not changed since the last reporting period.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 18. FINANCIAL INSTRUMENTS - Continued**

**(d) Price Risk - continued**

*Sensitivity Analysis*

The following table summarises the sensitivity of the Authority's operating result and equity to price risk.

	Loss Impact \$'000	Profit Impact \$'000
<b>2025</b>		
<b>Volatility Factors</b>	(6.3%)	6.3%
Investments with the Territory Banking Account	(25,747)	25,747
<b>2024</b>		
<b>Volatility Factors</b>	(6.7%)	6.7%
Investments with the Territory Banking Account	(22,877)	22,877

The expected volatility factor represents the estimated variance in return for the Authority's investment strategy.

The volatility of returns reflects the inherent risk in the investments. The reasonably possible movements in risk variables are continually assessed and have been determined based on best estimates, having regard to a number of factors including historical correlation of the investment strategy with relevant benchmarks and market volatility.

Actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the underlying investments are invested.

**(e) Fair Value of Financial Assets and Liabilities**

The carrying amounts for all financial assets and liabilities reflect their fair value.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 18. FINANCIAL INSTRUMENTS - Continued**

**(f) Carrying Amount of Each Category of Financial Asset and Financial Liability**

Investments with the Territory Banking Account are measured at fair value with any adjustments to the carrying amount being recorded in the Operating Statement. Fair value is based on an underlying pool of investments which have quoted market prices on the held units at the reporting date.

	2025 \$'000	2024 \$'000
<b>Financial Assets</b>		
Financial Assets at Fair Value through Operating Statement Designated upon Initial Recognition	408,689	341,450
Receivables Measured at Amortised Cost	4,247	5,566
<b>Financial Liabilities</b>		
Payables Measured at Amortised Cost	581	336

**(g) Gain/(Loss) on Each Category of Financial Asset**

The Authority's financial assets are measured at fair value and as such, no additional categories are applicable.

Also, the Authority does not have any financial liabilities in the 'Financial Liabilities at Fair Value through Operating Statement' category and, as such, this category is not included above.

	2025 \$'000	2024 \$'000
<b>Gain/(Loss) on Financial Asset</b>		
Financial Assets at Fair Value through Operating Statement Designated upon Initial Recognition	27,239	20,571

**(h) Fair Value Hierarchy**

The Authority has investment assets whose carrying amount is measured at fair value. The Authority's investments are measured using the level 2 classification in the fair value hierarchy. This classification is based on the degree to which the fair value is observable considering the lowest level input that is significant to the fair value measurement as a whole. Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The Authority's Investments held within the Territory Banking Account financial investments are fair valued at redemption price on a daily basis reflecting the best available prices and valuation of the underlying investments and are considered level 2 investments.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 19. RELATED PARTY DISCLOSURES**

**Description and Material Accounting Policies Relating to Related Party Disclosures**

A related party is a person that controls or has significant influence over the Authority or is a member of the Key Management Personnel (KMP) of the Authority or its parent entity and includes their close family members and entities in which the KMP and/or their close family members individually or jointly have controlling interests.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Authority, directly or indirectly.

KMP of the Authority are the Under Treasurer, Deputy Under Treasurer, Economic, Revenue, Insurance (ERI) and the General Manager of the ACT Insurance Authority. The Head of Service and the ACT Executive comprising the Cabinet Ministers are KMP of the ACT Government and therefore related parties of the Authority.

This note does not include typical citizen transactions between the KMP and the Authority that occur on terms and conditions no different to those applying to the general public.

**(a) Controlling Entity**

The Authority is an ACT Government controlled entity.

**(b) Compensation of Key Management Personnel**

Compensation of all Cabinet Ministers, including the Portfolio Minister, is disclosed in the note on related party disclosures included in the ACT Executive’s financial statements for the year ended 30 June 2025.

Compensation of the Head of Service is included in the note on related party disclosures included in the Chief Minister, Treasury and Economic Development Directorate’s (CMTEDD) financial statements for the year ended 30 June 2025.

The Under Treasurer and Deputy Under Treasurer, are the KMPs of the Authority employed by CMTEDD and are compensated by CMTEDD. There were no transactions between the Authority and its KMP.

Compensation by the Authority to other KMP includes their roles as the Fund Manager of the Default Insurance Fund and the General Manager for the Office of the Nominal Defendant is set out below.

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	236	243
Post-employment benefits	27	28
Other long-term benefits	13	7
<b>Total Compensation by the Authority to KMP</b>	<b>276</b>	<b>278</b>

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 19. RELATED PARTY DISCLOSURES - Continued**

**(c) Transactions with other ACT Government Controlled Entities**

The Authority has entered into transactions with other ACT Government entities in 2024-25 and 2023-24 consistent with the Authority's day-to-day business operations provided under varying terms and conditions. The notes to the Financial Statements provide the details of transactions with other ACT Government entities. Below is a summary of the material transactions with other ACT Government entities.

**Revenue**

- Underwriting Results - Gross earned premium (Note 5) – The Authority received \$90.589 million in 2024-25 as revenue from other ACT Government Entities for insurance premiums to manage the self-insured insurance classes on behalf of the Territory.
- Distribution Revenue from TBA (Note 7) – The Authority received \$10.076 million in 2024-25 for investment distribution from the Territory Banking Account.
- Gains from Remeasurement of Assets (Note 7) – The Authority made \$27.239 million in 2024-25 for gains from the remeasurement of investments with the Territory Banking Account.
- Other Income (Note 8) – The Authority received \$4.165 million in 2024-25 for contract works and external insurance policies arranged and passed through to the ACT Government entities.
- Resources Received Free of Charge (Note 8) – The Authority received \$0.022 million in 2024-25 for legal services free of charge from the Government Solicitor's Office and \$0.040 million for human resources services free of charge from Shared Services.
- Other Income (Note 8)- The Authority received \$0.885 million in 2024-25 for the Physical and Sexual Abuse (PSA) Indemnity Scheme from the Community Services Directorate.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 19. RELATED PARTY DISCLOSURES – Continued**

**(c) Transactions with other ACT Government Controlled Entities – continued**

**Expenses**

- Claims Expenses (Note 5 and Note 6)- The Authority paid \$14.701 million in 2024-25 to the Government Solicitor’s Office for legal matters related to claims services and settlements.
- Claims Expenses (Note 5 and Note 6) - The Authority paid \$12.910 million in 2024-25 for the settlement of claims to various ACT Government Entities and received \$2.555 million in excess payments and recoveries.
- Employee Expenses (Note 9) – The Authority paid \$0.096 million in 2024-25 for superannuation contributions to the Territory Banking Account via Shared Services payroll and paid \$0.062 million for workers compensation cover to the Public Sector Workers Compensation Fund.
- Supplies and Services (Note 10) – The Authority paid \$0.102 million in 2024-25 to the ACT Audit Office for audit services, \$0.134 million to CMTEDD DDTs for telecommunication and computing services, \$0.148 million to ACT Property Group for rent and \$0.164 million to the Government Solicitor’s Office for periodic claims review.

**Assets**

- Cash and Investments (Note 11) – The Authority holds \$408.689 million in ‘investment unit holdings’ with the Territory Banking Account at the end of 2024-25.
- Receivables (Note 12) – The Authority has \$3.338 million in accounts receivable for distributions receivable with the Territory Banking Account at the end of 2024-25.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 20. BUDGETARY REPORTING**

**Significant Accounting Judgements and Estimates – Budgetary Reporting**

The following are brief explanations of major line items variances between budget estimates and actual outcomes where:

- (a) the line item is a significant line item: the line-item actual amount accounts for more than 10 percent of the relevant associated category (Income, Expenses and Equity totals) or sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- (b) the variances (original budget to actual) are greater than plus (+) or minus (-) 10 percent and \$15 million for the financial statement line item.

Operating Statement Line Items	Actual 2025 \$'000	Original Budget <sup>1</sup> 2025 \$'000	Variance \$'000	Variance %	Variance Explanation
<b>Ordinary activities</b>					
Claims Expenses	(106,986)	(92,320)	(14,666)	16	Higher claims expenses during 2024-25 is mainly due to deteriorating claims experience in the medical negligence portfolio with more than expected claims incurred during the period and large property damage claims related to significant fire events at the Hume Material Recovery Facility and North Canberra Hospital (formerly Calvary Public Hospital Bruce).
Claims Related Recoveries	29,030	-	29,030	100	Higher claims related recoveries is mainly due to deteriorating claims experience and particularly large individual property damage claims, and medical negligence claims that exceeded the reinsurance retention threshold.
Gain on Investment	27,239	4,195	23,044	549	Higher gain on investment is mainly due to the Authority's investment portfolio delivering a gain of 10.56 per cent overall portfolio return for 2024-25 compared to a lower percentage in budgeted return. The increase in market valuation of the investment portfolio is mainly due to underlying gains on share investments.
Other Income	9,898	6,653	3,245	49	Higher Other Income is mainly relating to higher in Premiums received from Builders Warranty Insurance, as well as higher in contracts and external insurance received from other agencies including motor fleet.
Other Expenses	(16,234)	(3,365)	(12,869)	382	Higher Other Expenses is mainly relating to higher claims expenses received from Builders Warranty Insurance, as well as higher in contracts and external insurance paid including motor fleet.

<sup>1</sup> Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2024-25 Statement of Intent).

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 20. BUDGETARY REPORTING - Continued**

Balance Sheet/ Statement of Cashflow Line Items	Actual 2025 \$'000	Original Budget <sup>1</sup> 2025 \$'000	Variance \$'000	Variance %	Variance Explanation
<b>Liabilities</b>					
Outstanding Claims Liabilities (Current and Non-Current)	471,599	442,715	28,884	7	Higher total outstanding claims liabilities for 2024-25 is due to a deteriorating claims experience in both the medical negligence and property insurance classes compared to the actuarial estimate used for budget process based on December 2024 valuation.
<b>Cash Flows from Operating Activities</b>					
<b>Receipts</b>					
Reinsurance and Other Recoveries Received	6,394	19,856	(13,462)	(68)	Lower reinsurance and other recoveries received is mainly due to the timing of settlement of large property and medical negligence claims during the year.
<b>Payments</b>					
Insurance Claims	62,376	65,041	(2,665)	(4)	Lower insurance claims payments mainly relate to timing differences with lower than expected payments, with longer claims settlement. Refer to Note 6: 'Net Incurred claims' and Note: 15 'Outstanding claims liabilities' commentaries.

<sup>1</sup> Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2024-25 Statement of Intent).

**NOTE 21. BUILDERS WARRANTY INSURANCE**

The Territory entered into an indemnity agreement with QBE which commenced on 12 March 2020 for the provision of Builders Warranty Insurance scheme to ACT builders, with the Territory indemnifying QBE in respect of any claim losses. Under the agreement, the Authority receives premium revenue from QBE for any new policies written, QBE is paid a commission and receives a fee for the administration of claims management services.

The following section outlines the Builders Warranty Insurance financial performance for the reporting period ending 30 June 2025 and is included for transparency of this function due to the indemnity covering non-ACT Government entities.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 21. BUILDERS WARRANTY INSURANCE - Continued**

<b>Operating Statement</b>	<b>Note No.</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
The figures below are included in the Authority's Operating Statement			
<b>Revenue:</b>			
Gross Earned Premiums <sup>a</sup>	8	3,058	2,394
Recoveries	8	469	147
Interest Revenue	7	447	886
<b>Total Revenue</b>		<b>3,974</b>	<b>3,426</b>
<b>Expenses:</b>			
Commission	8	658	505
Claims Processing Service Fees	8	119	46
Claims Expense <sup>b</sup>	8	10,153	2,946
Actuarial Cost	10	98	90
Support Services	10	62	51
<b>Total Expenses</b>		<b>11,090</b>	<b>3,638</b>
<b>Operating Result</b>		<b>(7,116)</b>	<b>(211)</b>

<sup>a</sup> Gross earned premium is based on gross written premium and any release of unearned premium liability based on actuarial estimates and liability adequacy test.

<sup>b</sup> Claims Expense has increased dramatically mainly due to a higher number of builder failures/collapses and a higher number of exposed contracts.

<b>Balance Sheet</b>	<b>Note No.</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
The figures below are included in the Authority's Balance Sheet			
<b>Assets:</b>			
Cash <sup>a</sup>	11	4,646	7,332
Current Claims Related Recoveries	13	434	71
Current Receivable	12	324	92
Non-Current Claims Related Recoveries	13	244	137
<b>Total Assets</b>		<b>5,648</b>	<b>7,632</b>
<b>Liabilities:</b>			
Other Liabilities (Accrued Expenses)	17	345	224
Current Unearned Premium Liabilities <sup>b</sup>	17	1,500	1,328
Current Outstanding Claims Liabilities <sup>c</sup>	15	5,706	1,540
Non-Current Unearned Premium Liabilities <sup>b</sup>	17	2,744	3,342
Non-Current Outstanding Claims Liabilities <sup>c</sup>	15	2,861	1,609
<b>Total Liabilities</b>		<b>13,156</b>	<b>8,044</b>
<b>Net Assets</b>		<b>(7,508)</b>	<b>(412)</b>

<sup>a</sup> Cash Balance in the bank for the BWI Scheme decreased in 2024-25 due to a negative cash flow from operating activities, receipts of gross written premium netted with commission and payments for other operating expenses.

<sup>b</sup> Current and Non-current unearned premium liabilities are based on the liability adequacy test carried out for 30 June 2025.

<sup>c</sup> Higher outstanding Current and Non-current claims liabilities are due to higher number of builder failures/collapses and a higher number of exposed contract based on the June 2025 actuarial valuation.

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 22. PHYSICAL AND SEXUAL ABUSE INDEMNITY SCHEME**

The independent actuarial valuation of claims liabilities and liability adequacy test for the PSA scheme was undertaken as at 30 June 2025. The Authority operates on a cost recovery basis by collecting indemnity fee from Community Services Directorate (CSD) to meet the costs of future asset losses and legal liabilities that occur as a result of the activities of government. In consideration of the indemnity fees paid, the Authority provides indemnity to CSD for insurable losses and claims incurred in relation to Out of Home Care Physical and Sexual Abuse that have been lodged against their third party providers that are actively part of the scheme.

Each year the Authority, with the assistance of its actuaries, Scyne Advisory, determines the total indemnity fee to be collected from CSD, to meet the anticipated cost of claims for the insurance year. The actuarial approach to setting the annual insurance premiums and indemnity fees relies on assumptions about the estimated future number of claims, the estimated average settlement size, expected inflation rates, and investment returns.

The following section outlines the PSA Indemnity Scheme financial performance for the reporting period ending 30 June 2025.

<b>Operating Statement</b>	<b>Note No.</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
<i>The figures below are included in the Authority's Operating Statement</i>			
<b>Revenue:</b>			
Appropriation Funding	8	-	248
Gross Earned Premiums <sup>a</sup>	8	885	869
<b>Total Revenue</b>		<b>885</b>	<b>1,116</b>
<b>Expenses:</b>			
Claims Expense <sup>b</sup>	8	1,476	3,365
Actuarial Services <sup>c</sup>	10	59	77
Employee Expenses <sup>d</sup>	9	-	39
Consulting <sup>c</sup>	10	13	-
Legal Expenses	10	5	12
<b>Total Expenses</b>		<b>1,553</b>	<b>3,492</b>
<b>Operating Result</b>		<b>(668)</b>	<b>(2,375)</b>

**ACT INSURANCE AUTHORITY  
NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**NOTE 22. PHYSICAL AND SEXUAL ABUSE INDEMNITY SCHEME - Continued**

<b>Balance Sheet</b>	<b>Note No.</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
<i>The figures below are included in the Authority's Balance Sheet</i>			
<b>Assets:</b>			
Cash <sup>a</sup>	8	885	869
<b>Total Assets</b>		<b>885</b>	<b>869</b>
<b>Liabilities:</b>			
Other Liability (Accrued Expenses) <sup>c</sup>	17	72	77
Current Outstanding Claims Liabilities <sup>b</sup>	17	55	33
Non-Current Outstanding Claims Liabilities <sup>b</sup>	17	4,786	3,331
<b>Total Liabilities</b>		<b>4,913</b>	<b>3,441</b>
<b>Net Assets/(Liabilities)</b>		<b>(4,028)</b>	<b>(2,572)</b>

<sup>a</sup> PSA Indemnity Scheme operates on a cost recovery basis by collecting indemnity fees from CSD to meet the costs of future asset losses and legal liabilities. Cash balance is included and represented in ACTIA's bank balance and this line item is only for presentation purpose.

<sup>b</sup> The independent actuarial valuation of claims expenses and liabilities and liability adequacy test for the PSA scheme was undertaken as at 30 June 2025.

<sup>c</sup> The actuarial services and consulting expenses related to the valuation and accounting independent review.

<sup>d</sup> Employee resources to support Physical and Sexual Abuse Indemnity Scheme design and establishment has been discontinued from September 2023.

## C.3 Capital Works

The Authority did not have capital works expenditure during the reporting year.

## C.4 Asset Management

### C.4.1 Assets Managed

The Authority entered into a 3 year contract (+ two 1 year extensions) with SBC IT Pty Ltd for their Claims Management, Insurance Renewals and Risk Management System in August 2024. Relevant costs of this contract have been capitalised as assets by ACTIA totalling \$103,687 which are being depreciated over the life of the contract. The Authority also has capacity to invest funds over the medium and long term.

### C.4.2 Office Accommodation

The Authority employs 34 employees occupying at Level 1, 220 London Circuit, Canberra.

## C.5 Government Contracting

### C.5.1 Aboriginal and Torres Strait Islander Procurement Policy

The Authority is part of CMTEDD and as such, any performance measures relating to Aboriginal and Torres Strait Islander Enterprises and any addressable spend for this reporting period is reported within the CMTEDD's Annual Report. There were no Aboriginal and Torres Strait Islander Enterprises directly registered as suppliers with the Authority.

### C.5.2 ACT Government Contracts Register

The Authority engages consultants to perform a number of specialised functions. Consultants provide insurance broking services, risk management advice, actuarial services, and legal advice. The procurement selection and management processes for all contractors, including consultants, complied with the *Government Procurement Act 2001* and the *Government Procurement Regulation 2007*.

The online ACT Government Contracts Register records contracts with suppliers of goods, services and works, with a value of \$25,000 or more. A full search of ACT Insurance Authority contracts notified with an execution date from 1 July 2024 to 30 June 2025 can be made at <https://www.tenders.act.gov.au/contract/search>.

## C.6 Statement of Performance

The Authority's Statement of Performance is reported on page 106 of the *2024-25 ACT Insurance Authority Annual Report*. Narrative on the performance measures is also included in B.2 Performance Analysis.

## INDEPENDENT LIMITED ASSURANCE

### To the Members of the ACT Legislative Assembly

#### Conclusion

I have undertaken a limited assurance engagement on the statement of performance of the ACT Insurance Authority (Authority) for the year ended 30 June 2025.

Based on the procedures performed and evidence obtained, nothing has come to my attention to indicate the results of the accountability indicators reported in the statement of performance for the year ended 30 June 2025 are not in agreement with the Authority's records or do not fairly reflect, in all material respects, the performance of the Authority, in accordance with the *Financial Management Act 1996*.

#### Basis for conclusion

I have conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. My responsibilities under the standard and legislation are described in the 'Auditor-General's responsibilities' section of this report.

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and the ACT Audit Office applies Australian Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*.

I believe that sufficient and appropriate evidence was obtained to provide a basis for my conclusion.

#### Authority's responsibilities for the statement of performance

The Under Treasurer is responsible for:

- preparing and fairly presenting the statement of performance in accordance with the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*; and
- determining the internal controls necessary for the preparation and fair presentation of the statement of performance so that the results of accountability indicators and accompanying information are free from material misstatements, whether due to error or fraud.

#### Auditor-General's responsibilities

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*, the Auditor-General is responsible for issuing a limited assurance report on the statement of performance of the Authority.

My objective is to provide limited assurance on whether anything has come to my attention that indicates the results of the accountability indicators reported in the statement of performance are not in agreement with the Authority's records or do not fairly reflect, in all material respects, the performance of the Authority, in accordance with the *Financial Management Act 1996*.

In a limited assurance engagement, I perform procedures such as making inquiries with representatives of the Authority, performing analytical review procedures and examining selected evidence supporting the results of accountability indicators. The procedures used depend on my judgement, including the assessment of the risks of material misstatement of the results reported for the accountability indicators.

#### **Limitations on the scope**

The procedures performed in a limited assurance engagement are less in extent than those required in a reasonable assurance engagement and consequently the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, I do not express a reasonable assurance opinion on the statement of performance.

This limited assurance engagement does not provide assurance on the:

- relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets;
- accuracy of explanations provided for variations between actual and targeted performance due to the often-subjective nature of such explanations; or
- adequacy of controls implemented by the Authority.



Ajay Sharma PSM  
Assistant Auditor-General, Financial Audit  
26 September 2025

# ACT INSURANCE AUTHORITY STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025 STATEMENT OF RESPONSIBILITY

In our opinion, the Statement of Performance is in agreement with the ACT Insurance Authority's records and fairly reflects the service performance of the ACT Insurance Authority for the year ended 30 June 2025, and also fairly reflects the judgements exercised in preparing it.



Russ Campbell  
Under Treasurer  
Chief Minister, Treasury and  
Economic Development Directorate  
Delegate for the Chief Executive Officer  
ACT Insurance Authority  
26 September 2025



Damian Black  
A/g General Manager  
ACT Insurance Authority  
26 September 2025

# ACT INSURANCE AUTHORITY

## STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

### DESCRIPTION OF OBJECTIVES

The ACT Insurance Authority (the Authority) is established under the *Insurance Authority Act 2005*. The functions of the Authority are to:

- carry on the business of insurer of Territory risks;
- take out insurance of Territory risks with other entities;
- satisfy or settle claims in relation to Territory risks;
- take action, with the Treasurer's approval, for realising, enforcing, assigning or extinguishing of rights against third parties arising out of or in relation to its business, including, for example:
  - taking possession of, dealing with or disposing of, property; or
  - carrying on a third party's business as a going concern;
- develop and promote good practices for the management of Territory risks; and
- give advice to the Minister about insurance and the management of Territory risks.

The Authority also administers the:

- Office of the Nominal Defendant of the ACT, for claims against uninsured and/or unidentified vehicles for the Motor Accident Injuries Scheme; and
- Default Insurance Fund, for default claims under the ACT Private Workers' Compensation Scheme.

Annual reports and financial statements for these two entities are available in the Chief Minister, Treasury and Economic Development Directorate 2024-25 Annual Report.

# ACT INSURANCE AUTHORITY STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

Objective	Accountability Indicators	Original Target 2024-25	Actual Result 2024-25	Variance		Explanation of Material Variances (+/-10%)
				Amount	%	
Carry on the business of insurer of territory risks	a. Results from the annual customer satisfaction survey: - Overall customer satisfaction with the Authority	80%	97.44%	17.44	21.8	ACTIA had 15 more responses than 2023-24, an uplift of 65%. In 2024-25 ACTIA received a negative response of 2.5%, compared to a negative response in 2023-24 of 17.4%. This improvement is due to a concerted effort to continuously improve our agency engagement across all the functions of the Authority.
	b. Maintain the Authority's funding ratio as outlined in the Authority's Capital Management Plan.	110%	116%	6	5.46	The Authority's 30 June 2025 capital funding ratio is within the targeted range of 100-120 per cent in the Authority's Capital Management Plan for 2024-25. The variance from the budgeted target ratio is mainly due to the increase in outstanding claims liabilities related to deteriorating claims experience in both the medical negligence, public liability/professional indemnity and property insurance classes, partially offset by higher investments with the Territory Banking Account and the increase in claims related recoveries.
	c. General and administrative expense as a percentage of total annual premium revenue.	10%	7%	(3)	(30)	The Authority maintained a sound control on employee expenses and relevant supplies and services during the year, with both employee expenses and supplies and services spending below budget. Gross Premium has increased mainly due to deteriorating claims experience and the cost of the Territory's reinsurance program.

*The above accountability indicators were examined by the ACT Audit Office in accordance with the Financial Management Act 1996.  
The above Statement of Performance should be read in conjunction with the accompanying notes.*

# ACT INSURANCE AUTHORITY STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

Objective	Accountability Indicators	Original Target 2024-25	Actual Result 2024-25	Variance		Explanation of Material Variances (+/-10%)
				Amount	%	
Carry on the business of insurer of territory risks	d. The average number of days to process settlement of claims payments from the day all required documents are received from the agency.	14 days	38 days	(24)	(171)	The variance in the average number of days to process payments is due to a change in the Authority's information management system that was undertaken in late 2024. While the new system was being implemented, the Authority limited the number of manual payments that were being made and put a hold on non-urgent payments to providers, for approximately three months. During this time, the Authority ensured that all urgent payments were processed and paid in a timely manner, and in accordance with claim settlement terms and court orders. The Authority did not incur any fines or penalties for settlement payments during the year.
	e. Complete Property Loss Control Surveys undertaken at a number of selected Territory locations.	8	8	0	0	
	f. Hold quarterly reviews of all public liability and medical negligence claims to assess the claim management strategy for matters where the Territory's reserve exceeds \$250,000.	4	4	0	0	

*The above accountability indicators were examined by the ACT Audit Office in accordance with the Financial Management Act 1996.  
The above Statement of Performance should be read in conjunction with the accompanying notes.*

# ACT INSURANCE AUTHORITY STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

Objective	Accountability Indicators	Original Target 2024-25	Actual Result 2024-25	Variance		Explanation of Material Variances (+/-10%)
				Amount	%	
Develop and promote good practices for the management of territory risks	g. Deliver a program of general and targeted risk management training courses to Territory agencies.	48	51	3	6	
	h. Overall participant satisfaction with introduction to risk management training sessions delivered to agency staff members.	90%	86.5%	(3.5)	(3.88)	
	i. Provide quarterly reporting to directorates to assist the identification, assessment and treatment of risks.	4	4	0	0	

*The above accountability indicators were examined by the ACT Audit Office in accordance with the Financial Management Act 1996.  
The above Statement of Performance should be read in conjunction with the accompanying notes.*

# ACT INSURANCE AUTHORITY STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

## NOTES

- a. Surveys are sent to a range of agency contacts including Director-Generals, Chief Executive Officers and other key stakeholders of ACT Government directorates and statutory authorities insured by the Authority. Respondents are asked to rate their overall satisfaction with the Authority's services based on their experiences over the past 12 months. Satisfaction levels are determined by the respondents selecting either very good, good, average, poor or very poor. Very good, good and average responses are taken as a positive result.
- b. The funding ratio is calculated by dividing total assets by total liabilities. The Authority aims to maintain its capital position between 100-120 per cent as outlined in the Authority's capital management plan. A capital position outside this range requires the Authority to consider corrective action. The parameters outlined in the Authority's capital management plan guide decision making to address a capital position outside the targeted ratio range. This would include action to seek capital injections (in a deficit situation) or returning excess capital (in a surplus situation) to the ACT Government.
- c. The Authority's general and administrative expenses, including employee expenses, supplies and services, is calculated as a percentage of gross earned premiums expressed as Sale of Goods and Services from contracts with customer in the operating statement and is measured against the budgeted results for the Authority.
- d. The Authority generally processes payments for the settlement of claims on a fortnightly basis. The average number of days to process a payment is measured from the date all required documentation relating to settlements is received by the Authority, to the date payment is made.
- e. The Authority's property reinsurers conduct an annual property loss control survey program on selected Territory locations. Property loss control reports identify the potential for property loss and assist agencies to reduce the risks of loss through loss prevention efforts. Recommendations are communicated to surveyed Territory agencies for consideration.

*The above accountability indicators were examined by the ACT Audit Office in accordance with the Financial Management Act 1996.  
The above Statement of Performance should be read in conjunction with the accompanying notes.*

# ACT INSURANCE AUTHORITY STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

## NOTES – continued

- f. The Authority conducts quarterly claims review meetings to review all public liability and medical negligence claims where the Territory’s reserve exceeds \$250,000. Meetings are also attended by representatives of the ACT Government Solicitor’s Office, the Authority’s insurance brokers, external insurers and their solicitors.
- g. The Authority delivers a program of face-to face risk management training that covers general introductory and intermediate-to-advanced level risk management, along with entity specific training tailored to meet agency requirements.
- h. Attendees of risk management training sessions are requested to complete feedback forms at the completion of the courses delivered by the Authority. Attendees are asked to assess the course based on areas such as, course suitability, facilitators’ knowledge and whether they would recommend the training. The satisfaction levels are determined by the respondents selecting either strongly agree, agree, disagree or strongly disagree. Strongly agree and agree are taken as a satisfied result.
- i. The Authority provides quarterly reports to directorates to assist in the identification, assessment, and treatment of risk for Territory activities. The reports provide a range of information and data, including claim numbers, cost of claims and analytics to support ongoing risk management considerations.

*The above accountability indicators were examined by the ACT Audit Office in accordance with the Financial Management Act 1996.  
The above Statement of Performance should be read in conjunction with the accompanying notes.*

# Glossary Of Technical Terms

## **ACTIA**

ACT Insurance Authority

## **Actuary**

An actuary uses complex mathematical methods to analyse past loss data and other statistics, to develop systems for determining outstanding claims liability and future premiums.

## **APRA**

Australian Prudential Regulatory Authority

## **ARIns**

Attraction and Retention Incentives

## **Builders Warranty Insurance**

Provides compensation to ACT homeowners for losses if their builder goes bankrupt, dies, or disappears, or for faulty workmanship.

## **Catastrophe**

A major event giving rise to multiple losses across multiple agencies (e.g. a hailstorm, cyclone or earthquake).

## **Claims Incurred**

The expenses relating to claims arising from risks covered during an accounting period, including claims paid, claims outstanding, and claims settlement expenses associated with such risks.

## **Claims Incurred But Not Enough Reported/Recorded (“IBNER”)**

The understatement of the cost of claims reported prior to the close of an accounting period for which the insurer had insufficient information to be able to make an assessment of the amount of the claims.

## **Claims Incurred But Not Reported (“IBNR”)**

Claims arising from incidents occurring prior to the close of an accounting period, which are expected to be reported in subsequent accounting periods.

## **Claims Reported**

Claims resulting from accidents or occurrences which have taken place, and of which the insurer has received notice or report of loss.

## **Directors’ and Officers’ Insurance**

Provides management liability cover for negligent acts, errors, or omissions arising because of a person’s status as a “Manager”.

## **Discount Rate**

Outstanding claims include a discount to allow for interest that is expected to be earned on investments until claims are paid. A lower discount rate reduces the amount of expected interest and therefore increases the claim liability.

# Glossary Of Technical Terms-continued

## **Earned Premiums**

The amount of the total premium payable (i.e. the gross written premium) that relates to the proportion of the risk covered which has expired up to the date of calculation.

## **ISR**

Industrial Special Risk is a class of insurance that provides cover for high value physical assets and businesses from various risks and losses.

## **Insurance Claim**

An insurance incident which has developed to the stage where there has been a demand for compensation which may or may not involve legal proceedings.

## **Insurance Incident**

An incident or event that may give rise to an insurance claim at a future date.

## **Insurance Year**

1 July to 30 June

## **LAT**

Liability Adequacy Test

## **Long-tail Claims**

Long tail claims are claims that are made or settled a significant time after the incident occurred. Typically, long tail claims would occur under the public liability and medical negligence policies.

## **Medical Negligence Insurance**

Insurance for healthcare services and providers against claims alleging negligent acts or omissions that have harmed third parties.

## **Outstanding Claims**

The estimated amount of unpaid claims and claims settlement expenses for which an insurer is liable. The estimate will usually include:

- case estimates for reported claims;
- provision for IBNER claims costs; and
- provision for IBNR claims costs.

## **Professional Indemnity Insurance**

Insurance against claims alleging that professional advice or service provided by the Territory has caused a financial loss to third parties.

# Glossary Of Technical Terms- continued

## **Property Insurance**

Insurance against loss or damage to property that is owned by the Territory, or for property that is required to be insured through a contract or agreement.

## **PSA**

Physical and Sexual Abuse

## **Public Liability Insurance**

Insurance against claims of personal injury or property damage that a third party suffers (or claims to have suffered) as a result of the Territory's negligence.

## **Reinsurance**

Is a practice where an insurance company transfers a portion of its risks to another insurance company (the reinsurer) in order to mitigate the impact of catastrophic losses.

## **Reinsurance Recoveries**

The amount recovered or recoverable under a contract of reinsurance as a result of claims paid on the occurrence of an event, or series of events, specified as being reinsured.

## **Risk Management**

Risk management is the combination of culture, systems, and processes undertaken by an entity in the identification and management of risk.

## **Settlement Costs**

The costs incurred by an insurer in connection with settling claims. These may include not only the amount paid to the insured, but also indirect costs related to handling claims (e.g. the salaries of staff in the claims handling area, and solicitors' fees).

## **Superimposed Inflation**

Superimposed inflation is the tendency for payments to increase over time at a faster rate than a suitable standard measure of inflation. This can be driven by factors such as increases in court settlement sizes, and an assumption is set considering any superimposed inflation present in the portfolio and industry superimposed inflation trends.

## **Underwriting Result**

This is the surplus or deficit that emerges after reinsurance cost, unearned premiums, claims expenses, and underwriting expenses applicable to a period are deducted from premium revenue.

It is a deficient measure in that it does not have regard to investment earnings arising on insurance funds held (i.e. unearned premium and claims provisions).