The Annual Renewal Process

January 2015

Comcover Fund

Comcover is a self-managed insurance fund established to ensure all Commonwealth General Government Sector entities (Fund Members) have protection against the impact of insurable losses.

The Annual Renewal Process

The annual renewal process collects data from Fund Members for consideration by Comcover to determine the risk exposure of the fund and to assist in the allocation of premiums across Fund Members.

The renewal questionnaire, which is available on the Comcover Gateway, is open from September to June for Fund Members to update their insurance and risk profile.

Comcover takes snapshots of the renewal questionnaire to inform the premium pool calculations, indicative premiums and final premiums. Fund Members are responsible for keeping their renewal questionnaire and Asset Schedule up-to-date on the Comcover Gateway.

The Premium Pool

The premium pool comprises the estimated net cost of claims expected to be incurred in the policy year (the Risk Premium) plus administration costs.

The Risk Premium is calculated by Comcover’s actuary based on the following information:

- the claims history of the fund over the prior 10 years;
- a snapshot of the renewal questionnaires submitted by all Fund Members; and
- a snapshot of the Asset Schedules declared by Fund Members.

From year to year the required Risk Premium may increase or decrease due to exposure and claims history.

Comcover’s administration costs include claims handling, relationship management services, risk management services, education services, staff costs and general overhead expenses.
Allocating Premiums

The premium pool is collected through annual Fund Member premiums. Annual Premiums are calculated to provide a consistent and equitable pricing signal for Fund Members. Each Fund Member’s contribution to the premium pool is allocated according to the proportion of risk it presents to the premium pool. Annual premiums are finalised in June and invoices are issued in July each year.

Comcover does not underwrite according to the overall risk exposure of each Fund Member. It is important to note that premiums calculated within the context of the premium pool, i.e. the total amount invoiced to Fund Members equals the required premium pool.

Annual premiums are allocated using the following information:

- Renewal questionnaire data;
- Asset data; and
- Claims data.

Each of these data sources contribute to the calculation of premiums for each class of cover.

Renewal data

As submitted in the renewal questionnaire, revenue, employee numbers and visitor numbers contribute to the Liability Premium. Similarly, the number of declared travellers and travel days contribute to the calculation of the Travel Outside Country premium. Expatriate cover is calculated and invoiced separately, i.e. it does not form part of the premium calculation.

Asset data

The Asset Schedule is available on the Comcover Gateway. Fund Members are responsible for ensuring the information on the Asset Schedule is up-to-date. Declared property values, based on replacement value, in a Fund Member’s Asset Schedule contributes to the Property Premium and Business Interruption limits.

Claims data

Claims experience is factored into all premiums (where applicable). A Fund Member’s claims experience is assessed over the previous 10 years.

Timeline of the Annual Renewal Process

August/September

The Renewal Questionnaire is available for Fund Members to complete via the Comcover Gateway. The questionnaire prompts Fund Members to ensure all of their assets and coverage limits are accurately documented for the next financial year. The questionnaire is open until the end of November.
October
A snapshot of the renewal questionnaire, asset schedule and claims data for the past 10 years is provided to the actuary to determine the Risk Premium for the following financial year to cover potential claims.

November/December
The actuary recommends the Risk Premium for the following financial year.

December
Comcover calculates the required total premium pool which includes the Risk Premium and administration costs.

January
Indicative premiums are calculated using a specially designed Premium Allocation Model (PAM).

The PAM is an allocation model that determines each Fund Member’s proportion of risk within the context of the premium pool.

The PAM takes into consideration much of the data provided to calculate the premium pool, and applies a claims-to-premium calculation to determine a claims loading. The model splits the premium into classes of cover as recommended by the actuary in November/December.

January/February
An indicative premium is provided to each Fund Member.

February to May
Fund Members may update their questionnaire and asset schedule throughout this period. Comcover also engages with Fund Members to discuss the indicative premium, their overall insurance and risk profile, and review the questionnaire and asset schedules.

May/June
The renewal questionnaire is closed and Comcover quality checks the information submitted by Fund Members to ensure accuracy as much as possible.

June
The PAM is finalised and the premium pool is approved by the Secretary of the Department of Finance.

July
Each Fund Member is provided with their premium invoice, the Statement of Cover and their individual Schedule of Cover.

July/August
The payment of invoices by Fund Members is required.