Transgrid

Waratah Super Battery Non-contestable Project

Insurance Report

13rd March 2023

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1. Executive Summary

Aon is pleased to assist Transgrid through overviewing and detailing high level insurability, risk allocation and insurance financing solutions for Waratah Super Battery Project (WSB) in support of Transgrid's revenue proposal to the regulator.

Focus of this Report

As agreed with Transgrid, the focus of this report has been to undertake a review of the information received and provide commentary based on industry practice and peer comparison with respect to:

- Insurance premium cost forecast for WSB non-contestable project, which includes
  - Construction insurance premium costs estimates
  - Incremental premium costs payable by Transgrid for Operational Insurance relating to WSB,
- An explanation of the approach (and techniques), and assumptions made in estimating the premium costs.
- an overview of Principal Controlled Insurance Program including details of positive/negative features when compared against contractor-supplied project insurances.
- details of a Project Insurable Risk Profiling methodology that has commonly been adopted across a broad variety of infrastructure and commercial projects, including details of typical scope and outputs.

Prudence and Good Practice

Our comments and recommendations in this report represent the standard of prudence and good practice that we would expect for clients in the electricity industry in relation to procurement of insurances to adequately address the identified risks and interests of Transgrid, its equity investors including the Contractors (to the extent that insurance is commercially available to do this).

Indicative Insurance Program Costs

We have designed the Indicative Insurance Program for this Project based on our insurance knowledge and expertise, industry benchmarking against projects of a similar standing and nature internationally, and review of the information provided by Transgrid to us. We believe that premium costs for the minimum recommended insurances could range between the estimations noted below:

[redacted]

Insurance limits and premium costs for Construction Phase represents an estimation in real dollars for the entire project as at the date of the report. A breakdown of these estimation is provided under Section 3 of this report for Transgrid's financial modelling purposes only.

Insurance limits and premium costs for Operational Phase represent an estimation in real dollars for insuring WSB once commissioned. A breakdown of these estimation is provided under Section 3 of this report for Transgrid's financial modelling purposes only.

Please note these premium costs does not include pricing for Professional Indemnity Insurance required during the Construction and Defects Phases of this Project. We expect that Professional activities such as design works in relation to this project is likely to be contracted out and the obligation to procure professional indemnity insurance transferred to the Contractor.

There have been constraints on the level of analysis we have been able to undertake due to gaps in information at this early stage of the Project. As a result, several assumptions have been made in the design and overview of the insurance requirement. These are outlined in the Insurance Program Analysis section of this report.

This includes an estimation of insurance broker costs / fees for the placement of these program.

We have provided commentary with respect to the design, costing and underlying assumptions relating to the Indicative Insurance Costs in the Program Analysis section of this report. These costings have been developed in consultation with Aon's Subject Matter Experts in the Construction National Placement team and industry benchmarking.

It is important to note that:

- indicative costings have been developed for Transgrid in support of Waratah Super Battery Non-contestable Revenue Proposal;
- the cost has been estimated from a scope of work determined by a limited review of the project consequently, significant assumptions have been utilised in developing the indicative costing range;
- [redacted]
- any additional insurance costs (other than that included in the report) that may arise during the operations of the Project have not been considered;
- cost estimates are based on insurance market conditions and insurer appetite at date. These conditions are particularly dynamic in recent times.
- statutory charges (where applicable) have been included based on rates applicable as at date.
- final costings will be subject to receipt of additional underwriting information and negotiation of terms in the global insurance market.

2. Designing a fit for purpose Insurance Program

Project Snapshot

The Waratah Super Battery Project includes the design, delivery and testing of two elements:

- Network Augmentations with the first portion of the works required by 1 November 2024 and the remaining works by 1 August 2025, and
- System Integrity Protection Scheme (SIPS) Control required by 1 November 2024.

Source of Information

Aon's findings and analysis are based on information provided by Transgrid. In particular, Capex Forecasting Methodology (Waratah Super Battery Non-contestable Revenue Proposal) and conversations with the project team.

[redacted]

Risk and Insurance Methodology

Whilst traditionally Principals may have passed the responsibility for effecting insurance of the works and third party (public) liability insurance to the contractor(s), based on our experience for complex infrastructure project like WSB, a tailored risk management and insurance program is paramount.

Transgrid have adopted a Principal Controlled Insurance Program (PCIP) methodology to address key elements of insurable risk transfer for major projects.

This methodology ensures that the key project insurances are aligned to the Project's risk profile and lifecycle, are of a nature that addresses and satisfies insurable risks through appropriate and tailored scope of coverage, ensures competitive terms and provides a common but comprehensive basis of key insurance coverage for all Project stakeholders including contractors of every description and tier engaged on the Project.

Given the size and complexity of the WSB project, it remains crucial that Transgrid take a strategic approach to considering insurable risk transfer options to ensure the financial risks faced by Transgrid is kept to a minimum by incorporating as many insurable exposures as possible within the required insurance program. Accordingly, we recommend that Transgrid consider an insurance solution for WSB using a seamless "Cradle to Grave" program methodology covering each phase of the project life cycle which is most effectively arranged by the principal using a Principal Controlled Insurance Program (PCIP) approach.

By adopting a PCIP approach, Transgrid can have confidence and transparency that appropriate cover is in place for the project life cycle. Furthermore, additional covers to protect Transgrid's financial loss, in particular, Project Delay Insurance or Delay in Start Up (DSU) cover or Principal Contingency PI cover can also be effected, if required.

A PCIP approach does not relieve the contractor(s) of responsibility for loss or damage to the works, but merely moves the requirement to insure those risks to the Principal and ensures control of the program.

"Cradle to Grave" Insurance Solution

In constructing the appropriate policy to cover the life span of the project, it is important that a seamless program structure over Marine (Transit), Construction and Operational phases is designed to ensure the policies dovetail into each to avoid any potential gaps in cover.

Although projects require separate insurance covers, for a project like WSB, there will inevitably be an overlap between each phase which can lead to gaps in cover if policies are not arranged in conjunction with each other.

With any major construction project, the Principal will be exposed to a number of risks to its assets and to liabilities which it should seek to mitigate through an appropriate risk management and insurance program.

The vast majority of construction projects throughout the world are now insured by a Principal Controlled Insurance program. It is the Principal who has most to lose if protection measures are not adequate or the contractor's fail. Major projects often result in complex legal battles between Principals and Contractors/ Engineers. There is little point in also having the insurances outside the Principal's control.

Total Risk Focus

Only the Principal (and perhaps the Project Manager) have a full understanding of the project and its implications for the Principal's business. Contractors generally do not focus upon the risk exposures of the Principal and are often only concerned with their contractual obligations to effect coverage for damage to the works, their plant & equipment and for liabilities to the public and employees, during the construction and any maintenance or defects liability period.

The Principal may have exposures in respect to loss or damage to any existing structures at the site, loss of revenue due to delay in completion, force majeure events, latent defects, defective design, workmanship or materials. These risks will usually not be covered by insurance policies taken out by contractors.

Assessment of Project Risk

Principals are exposed to a wide variety of risks that may prove difficult to insure at reasonable premiums if at all when the contractor arranges the project insurances. Such risks generally relate to loss of future earnings as a result of delay in project completion, force majeure and inherent risks.

Force Majeure

The construction contract will contain "force majeure" provisions which provide that the contractor is not liable for any delay or loss or have to pay liquidated damages as a result of such conditions. The definition of "force majeure" in contracts often differs.

In so far as there are any "force majeure" circumstances that arise from insurable risks, it is possible for the Principal to arrange insurance cover. Again, the availability of this form of insurance will be limited or non-existent if the contractor has effected the contract works insurance.

Reduced insurance premium cost

Contractors pass on their insurance premiums in tender prices. The premiums they pay reflect their previous insurance claims. It is not uncommon for major contractors to have had significant claims which increase their premium rates above those that may be negotiated on behalf of the Principal for a specific project. The premiums attract additional statutory charges (such as Fire Service Levy and Stamp Duty) that significantly magnify the increased cost. In addition, most contractors add a percentage margin for overheads and profit contribution. Again, this magnifies the increased cost.

Contractors also add provisions for losses below the policy deductibles in their tenders. Usually these assume a number of claims exceeding the deductibles. Where a major contractor arranges the insurances, their policy may be subject to very substantial deductibles (excesses). These will be costed into the tender price as a multiple of those very large deductibles. Under fixed price contracts, the contractor will benefit from this provision if there are no claims. Under PCIP, the Principal may opt for lower deductibles and should obtain a commensurate reduction in the allowance for deductibles in the contractor's tendered price.

Insurance premiums payable by the Contractor are often expensed to the project and included in full in the first progress claim made on the Principal. By adopting the PCIP approach, any deferred premium instalments offered by the insurers benefit the Principal.

The contractor may have an arrangement with their insurers entitling them to a retrospective premium refund in the event of no claims, or low claims. Any such refund relates to all projects insured and benefits the Contractor. The refunds, which may be a substantial percentage, are not passed back to any particular Principal.

Past experience has shown that where contractors arrange the project insurances the total cost in tender prices may be as much as 30-40% higher that a PCIP program.

Duty of Disclosure

Insurers have the legal right to deny or reduce claims in the event of a failure to disclose material facts to insurers. If the insurances are arranged by the contractor, you have no part in the insurance placement process and cannot know that all material facts have been disclosed to the insurer.

Delay in settlement of a claim, or denial of a claim, may result in delay in project completion or even the inability of the contractor to complete the works. Either way, there will be uninsured cost implications for the Principal, most likely well in excess of any liquidated damages provisions.

The non-disclosure risk is one of the most serious reasons why the Principal should adopt the PCIP approach

Insurers

Where insurances are arranged by contractors or sub-contractors, each will use different insurers and the insurance policies may not provide consistent coverage. This scenario can result in some losses being insured or uninsured as the case may be. It can cause considerable conflict between the contractors and their insurers over who is responsible for the loss or damage, and which policy should pay how much based upon the differing policy terms and conditions, especially deductibles. Whilst this may contractually be the contractors' problem, it becomes the Principals problem if the lack of insurance or settlement delays manifest in a delay in project completion and increased financing costs for the Principal.

Where the Principal arranges the project insurances, it will choose which insurers provide those insurance policies. The Principal can ensure a broad and consistent scope of coverage from insurers chosen not only to meet certain financial criteria, but also ensuring the insurers have knowledge and experience appropriate to the project and a reputation for providing a quality claims service. The insurers may have existing relationships with the Principal which can be leveraged if necessary.

The choice of insurer is particularly important with respect to policies covering public liability and professional indemnity. The Principal should be confident that the insurers will still exist many years later when claims may be made on the policies well after the works have been completed.

Contractor Default

Where insurance policies are effected by the Contractor, there is a risk that those insurances may be prejudiced in the event of contractual default by the contractor.

Policies arranged by the Principal cover the interests of the Principal and should not be affected by contractor default and may provide continuous coverage pending the appointment of a new contractor, subject to proper disclosure to the insurer(s).

Financiers Interest / Other Interested Parties

Other stakeholders may have a number of specific insurance requirements to ensure that their interests are protected. These requirements include being a named insured, some specific clauses to be included and others which are required to be modified or removed. There will be specific provisions in respect to notifications about any changes to the policy and the payment of claim funds.

Where insurance is effected by the contractor, it can be difficult or impossible to achieve compliance with the contractual obligations which may be imposed for this Project, especially if the contractor is relying upon their annual ‘floater’ policy to insure the works.

When insurance is arranged by the Principal, all interested parties and/or lenders requirements can be specifically included in the policies.

Claims Control and use of claim funds

A major loss will usually result in no work on site for a considerable time, during which period the contractor will redeploy resources top other projects. This often results in a delay in undertaking the rectification works and completion of the project.

When insurances are arranged by the contractor, any claims under those insurances will be payable to the contractor. The Contractor knows it will be paid for the works and has no incentive to prioritise the rectification works.

Under a PCIP policy, the Principal can direct claim payments be made to themselves or the contractor. This provides the Principal with the claims funds and control of the loss rectification works, opening the possibility of engaging other contractors to complete the works. The Principal will, through control of the claim proceeds, also have control over any disputes relating to responsibility for the loss or damage.

Contractor Insolvency

Any claims under a PCIP will be paid to the Principal who can ensure proper disbursement of the funds in rectification of the works. In the event of contractor insolvency, the contractor will be in default under the contract and any administrators, receivers or liquidators of the insolvent contractor will not be able to access the claim proceeds for distribution to creditors. Most insurance policies contain an exclusion whereby the insurance becomes void if the policy holder goes insolvent.

Transition to Operational Insurance Program

Contractors' policies commonly cease once handover or occupation has occurred but Practical Completion has not yet been issued. This can cause a 'gap' in cover particularly in circumstances where minor works are still to be completed and the property (Industrial Special Risk) insurer has not accepted risk of the new asset.

Where the Principal has arranged the insurance program for the construction phase, it is easier to plan the proper transfer of coverage to the operational phase to fit with the handover of the project, or any separable portions of the works. Such transitional arrangements can minimise any differences in coverage to avoid gaps in coverage.

Leveraging against Transgrid's existing Operational Insurance Program

[redacted]

Ultimately, and subject to the nature of separable portions contained within WSB, it is logical that key construction insurers are also heavily associated with your operational program aligned to respective PC dates. This is especially critical should any inherent defect evolve post completion of the Project works.

Insurance Program Analysis

This Insurance Program analysis does not purport to be an exhaustive list of insurance, rather, it endeavours to focus on the more significant and traditionally available insurances, which can be procured from commercial insurers.

Class of Insurance	Principal (Transgrid)	Contractor	Engineers, Suppliers and Consultants	Subcontractors
Contract Works - Material Damage	Insures	✓	✓ but only for site activities and ex. PI	✓
Third Party Liability	Insures	✓	✓	✓
Project Delay / Delay in Start Up	Insures (if required)	×	×	×
Marine Transit	Insures	✓	✓ ex shipowners / freight forwarders etc.	✓
Marine Delay in Start Up	Insures (if required)	×	×	×
Professional Indemnity	Insures (if required)	Insures own	Insures own	Insures own, where appropriate
Workers Compensation	Insures own	Insures own	Insures own	Insures own
Motor Vehicle	Insures own	Insures own	Insures own	Insures own
Plant and Equipment	Insures own	Insures own	Insures own	Insures own

Key

Insures — Transgrid to arrange the insurance.

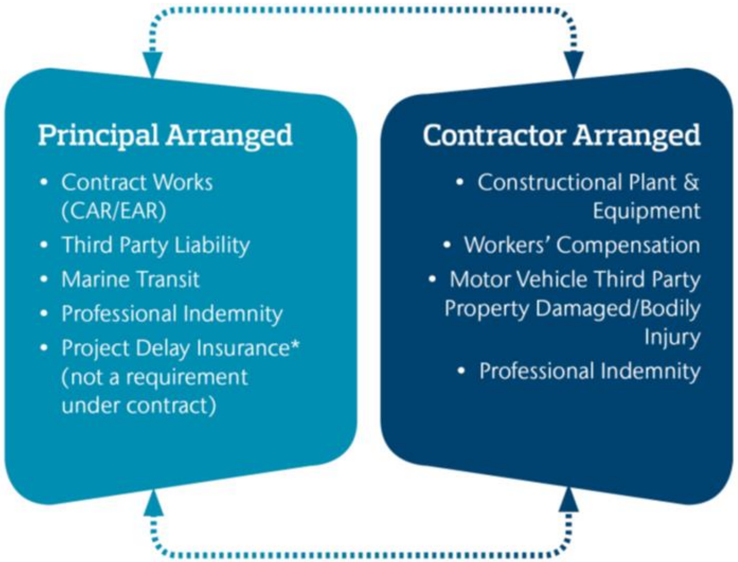
✓ — A party to be included as an Insured in the policy arranged

× — No insurance required.

Recommended Allocation of Insurance Responsibilities under the EPC Contract

It is important from the outset that the responsibility to insure is clearly defined in the EPC contract and agreed by both parties.

We recommend that Transgrid consider the following allocation of responsibilities to insurance under the EPC contract based on the PCIP approach discussed in this report:



* Project delay cover can only be arranged by the Principal if arranged in conjunction with the Contract Works and Marine Transit policies

This approach ensures that the key project insurances are aligned to the Project's risk profile and lifecycle, are of a nature that addresses and satisfies insurable risks through appropriate and tailored scope of coverage, ensures competitive terms and provides a common but comprehensive basis of key insurance coverage for all Project stakeholders including Contractors of every description and tier engaged on the Project.

Contractor arranged insurance identified above are commonly held by Contractors and are typically available under a Contractor's annual insurance program arrangements. They also include those classes of insurance that are statutory and compulsory in nature for any business.

The summary of insurances which follow represent the coverage requirements for the insurance to adequately and effectively address and protect the interests of Transgrid, its equity investors including the Contractors (to the extent that insurance is commercially available to do this).

Contract Works (Material Damage) Insurance

The Contract Works (Material Damage) policy will provide cover up to the Estimated Contract Value (ECV) of the Project and for Additional

Cost Limits, Escalation and Contingencies plus the maintenance period in relation to the project.

The policy will provide coverage for physical loss or physical damage to project works arising within the project period declared within the ECV including but not limited to: -

- Preliminary (Early) Works
- Construction Works
- Existing Structures
- Construction Plant (if required)

This policy will cover the interests of all parties, i.e. Transgrid, Contractors, sub-contractors, financiers etc under a single Policy. Transgrid can determine the extent and level of cover to be arranged and can draft the necessary insurance policies prior to awarding contracts or commencing work to meet the exact requirements of the project.

Third Party Liability Insurance

This policy will provide cover to Transgrid, Contractors, Subcontractors etc for third party liability for bodily injury and physical damage arising from the project works, whilst they are being carried out.

The policy will also cover liability arising from the works from the date of on-site commencement to the date of practical completion, followed by the defects liability period (cover during the defects liability period will be on a limited basis as the ongoing operational insurances covered by Transgrid will take up the majority of risks).

This Principal arranged policy has distinct advantage, in that the project will have a uniform liability limit and coverage benefit. In this respect, the level of liability that your Contractors carry will vary depending on their size and the value of their contract.

Marine Transit Insurance

Marine Transit policy will provide cover for loss of or damage to goods whilst in transit. Transits for the project within Australia will be covered by the Contract Works policy. Transits relating to equipment's procured from overseas suppliers can be covered under a Project Specific Marine Transit Policy.

A Project Specific Marine policy procured by Transgrid can ensure that claims are controlled by Transgrid and paid directly to them, thus avoiding delays, which can easily occur where individual suppliers are allowed to arrange their own insurance program.

Project Delay Insurance / Delay in Start Up

Delay in Start-up (DSU) insurance will provide protection in respect of financial losses suffered by Transgrid resulting from the delayed completion of the project (and therefore the delayed commencement of operations), provided the delay is caused by an occurrence for which there is indemnity under the Contract Works policy.

This policy can also be set up to only cover any additional extra cost incurred during the delay period, if there are no financing requirements.

Based on our experience, completion of projects like WSB are reliant on numerous moving parts/parties. Each part or party represents a differing risk and impact to completion. Should a risk eventuate, given the forecast costs of the project, the potential period of interruption associated with some of those risk, the financial loss could be significant.

Typically, a Principal will seek relief from contractors in the form of liquidated damages (LADs) due to any delay. However, this form of relief is conditional. For example, if damage to the works arises as result of a “force majeure" peril (i.e. a cause outside the control of the contractor(s)), the contractor(s) will generally be granted an extension of time for completion of the works. Damages (liquidated or otherwise) will not apply.

This insurance can only be underwritten in conjunction with the Contract Works (Material Damage) policy.

Marine Delay in Start Up Insurance

There may also be the need to consider insuring for consequential losses incurred in circumstances where lost, damaged or delayed delivery of hi-tech, long lead specialised equipment or materials could give rise to a deferred completion. This is another form of the Delay in Start Up insurance referred to earlier.

Marine Delay in Start-up will provide protection for loss of or damage to goods whilst in transit and any financial loss suffered by Transgrid resulting in the delayed completion of the project.

This insurance can only be underwritten in conjunction with a Marine Transit policy.

Professional Indemnity (PI) Insurance

This policy provides cover for Contractor's liability for acts of errors and/or omission of the Contractor and/or their Consultants / Subcontractors arising out of a breach of their Professional duties.

We expect that Professional activities such as design works in relation to this project is likely to be contracted out and the obligation to procure professional indemnity insurance transferred to the Contractor. Accordingly, it may be preferable for the Contractors /Subcontractors / Consultants to provide this cover. The key issue when relying on contractor's PI policies is having a strong obligation on these parties to carry this type of insurance and for Transgrid to have a strong system for checking compliance with this not just at the outset of the project but throughout its term.

Workers Compensation Insurance

Transgrid must insure their liability at law against injury to their employees in accordance with the laws of state or country that the employment contract is entered into. Similarly, there should be a requirement that Contractors and Subcontractors maintain their own workers compensation insurance.

Motor Vehicle (Including Third Party Property Damage) Insurance

Providing liability insurance for property damage arising from the use of any registered vehicles. Such insurance is typically the responsibility of each party involved in the project.

3. Insurance cost estimations for Transgrid's financial modelling purposes

Indicative Insurance Program Costs

Based on our insurance knowledge, expertise and industry benchmarking information we have designed the Indicative Insurance Program for the Project using a "Cradle to Grave" program structure.

[redacted]

A breakdown of the costs including statutory charges, for the minimum recommended insurance to be placed by Transgrid is provided under Section 5.

This also includes an estimation of insurance broker costs / fees for the placement of these program, all premiums are indicative of "net of brokerage" placement structure.

Insurance Program Limits / Retentions

Limits described in this report and used for the purposes of our costing are based on information supplied by Transgrid and Aon's view of the minimum requirements of this project, benchmarked against other like projects.

Deductibles and/or Excesses applying to the respective PCIP policies used in this report has been benchmarked against projects of a similar standing and nature internationally. The levels of such respective selfinsured retentions will need to be addressed with Contractors, as per the Contract terms and conditions, to ensure Contractors remain cognizant of their ongoing risk management responsibilities associated with the safe delivery of services to the Project.

We recommend an insurable risk workshop in order to ensure that the proposed program, its limit, coverage and excesses are appropriate.

Assumptions made in estimating the incremental premium costs

It is important to note that:

- indicative costings have been developed for Transgrid in support of Waratah Super Battery Non-contestable Revenue Proposal;
- the cost has been estimated from a scope of work determined by a limited review of the project consequently, significant assumptions have been utilised in developing the indicative costing range;
- [redacted]
- any additional insurance costs (other than that included in the report) that may arise during the operations of the Project have not been considered;
- cost estimates are based on insurance market conditions and insurer appetite at date. These conditions are particularly dynamic in recent times.
- statutory charges (where applicable) have been included based on rates applicable as at date.
- final costings will be subject to receipt of additional underwriting information and negotiation of terms in the global insurance market.

Factors that affect the cost of Insurance

When pricing insurance, underwriters typically consider the risk that is being insured together with mitigations adopted through comprehensive risk management programs and a customer's past loss experience.

It is important to recognise that insurance premium rates (and therefore insurance premiums) are subject to external factors that Transgrid's other operating costs are not. This means that insurance premiums are not anticipated to follow the typical inflationary drivers (e.g. consumer price index or average weekly earnings) that apply for many operating costs.

Whilst insurance premiums largely reflect the risk that are being insured (i.e. Project exposure), other factors have considerable bearing on insurance pricing, particularly for low frequency, high severity risks.

These external factors include:

- recent claims activity of other insureds (nationally and globally);
- global natural catastrophes;
- market capacity (amount of available insurer capital and willingness or appetite to deploy capital); and
- Capital requirements
- Policy limits and deductibles also influence the cost of insurance. Unless otherwise stated, insurance policy limits and deductibles are assumed to remain constant for the policy years considered in this analysis.
- Additionally, taxes and statutory charges need to be paid by the insured. These are determined by the government and can change quite regularly.

Other factor that may influence the cost of insurance are:

- Contractor performance in delivery of recent project and claims activity
- Construction scheduling and contingency built in, for example, is it a compressed schedule?
- Construction methodology
- NAT CAT exposures

4. Identifying and linking project risk to insurable risk

A key to identifying risks associated with the project is undertake an insurable risk profiling process which will assist in developing a more detailed understanding of insurable project risks and creating tailored insurance solutions that are 'fit for purpose'.

Based on our understanding of the project, major risk exposures faced by Transgrid with respect to the financing, design and construction of the Project, arise from four broad areas. These are:

- risks of loss, damage and destruction of property (including during Early Works, and reliance on offshore manufacturing and transits)
- risks of financial loss associated with the delay in completion by the date of operational readiness (including reliance upon the timely completion of affiliated Projects);
- risks assumed under contract; and
- potential liabilities to third parties incurred as a result of breach of statute or common law.

Aon's proposed Insurable Risk Profiling exercise will look to capitalise on this work and provide a deep dive into the insurable risks attached to the project. Outcomes can be linked back into the project risk work and can be dovetailed into risk action planning.

The proposed insurable risk profiling exercise will also provide Transgrid with a linkage between project risk and insurance by providing a comprehensive understanding of:

- ✓ The significant risks of the project;
- ✓ Setting Maximum Foreseeable Loss (MFL) Limits (Both for Material Damage and Liability)
- ✓ Which risks are insurable;
- ✓ The options and availability of insurance cover;
- ✓ Insurance limits and sub-limits (workshop to determine adequacy);
- ✓ The risk tolerance and appetite of project participants; and
- ✓ The commercial availability of the specified insurance regime

This process is commonly adopted by our clients across a broad variety of infrastructure and commercial projects and we believe will also assist Transgrid in optimising the total costs of insurable risks for this Project as Transgrid will be able to better 'sell the risk profile and its mitigation' to insurance markets.

Insurable Risk Profiling Scope and Deliverables

The following describes Aon's 4 stage insurable risk profiling process

Source Data

Obtaining and reviewing existing project risk registers and other risk data reviewing major contractual obligations understanding Transgrid's risk appetite

Develop Insurable Risk Profile

This stage will assist in:

- capturing of events and their consequences on a qualitative level to help with setting and validating the scope of insurance cover
- developing quantitative models to establish Maximum Foreseeable Loss (MFL) values and;
- combining the outputs of risk analysis reports with Aon's risk library

Insurance Gap Analysis

At this stage, Aon will undertake:

- quantitative risk assessment – what happens in a 'worst case' scenario?
- Rank the significant risks in terms of severity? What is the financial impact of the risk materialising?
- determine the maximum foreseeable loss (MFL) for those scenarios

Develop Optimum Program

The outputs of the insurable risk profile exercise will then be utilised in developing a tailored insurance solution that are 'fit for purpose'.

It should be understood that insurance is not the "panacea to all ills". Transgrid may be exposed to a number of residual risks associated with the project – exchange rate variation, for instance, being one area where insurance has traditionally not responded. Furthermore, the existence of policy exclusions and conditions means that insurance will not respond to all losses within the broad categories.

5. Summary of Premium Outcomes

[redacted]

[redacted]

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