HES CONFERENCE 2016: THE RISK OF INERTIA.

INSURE RIGHT THROUGH PROCUREMENT AUSTRALIA.
PROCUREMENT RISKS

• Demand management
• Supplier performance
• Silent price creep

= INERTIA
INERTIA – YOU NEED TO CREATE COMPETITIVE TENSION
INERTIA

• Inertia can manifest as a result of heavy demands on time poor procurement staff; and
• difficulty of the category being sourced.
INERTIA

• Inertia stifles innovation
• Inertia stifles cost savings
CASE STUDIES

Councils using a “discretionary trust” for Industrial Special Risk / Property

- Several major Victorian Councils for the first time in more than 20 years overcame the insurance Inertia Risk and tendered their ISR/Property Discretionary Trust for their 2016/17 renewal, with astounding results;

- Premiums were reduced by an average of 40%;

- Cover was substantially enhanced including substantial increases for Flood cover and greatly needed improvements for Cyber Liability cover;

- Members of the Discretionary Trust who tendered their insurance programs could report to its Stakeholders that they have secured the best available covers at the most economical cost.
Australia’s major Discretionary Trust Manager believes that Members of Mutuals, Self Insurance Schemes and Discretionary Trusts should regularly revisit the global ‘Open Market’ and not succumb to the risk of inertia.

One of Australia’s largest Discretionary Trust / Mutual Managers believes that their objective and strategy should be:

‘...to provide Organisations with ‘Choice’...of the open market against mutuals allowing them to review the positives and negatives of both options...’
Why the consideration placement options to eliminate the risk of blindly using mutuals and discretionary trusts are a corporate governance must:

"the open market quotes are a cost effective price point for Organisations which presents an attractive option... The mutuals are at a higher price point than the open market..."

Your preferred broker will be pleased “...to present open market comparisons to provide Organisations with the comfort that it is receiving the most competitive and appropriate protection for your risks...”
The removal of the Insurance Inertia Risk will result in the following:

- Each component of your insurance transfer and risk management program will represent current global best practice in risk management & corporate governance;

- You will have addressed all your specific risk transfer needs at the most reasonable and fair cost available with full disclosures and proper transparency.
MITIGATE YOUR ORGANISATIONS RISK

INSURE RIGHT – A new approach to insurance and risk transfer offering new models and tools for greater efficiency in managing risk and procuring insurance
Our aim is to see members save and gain substantially by helping them access insurance and risk management strategies that best manage their risks and minimise their exposure and costs at the same time.
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