

**Standing Committee on Finance and Public Administration**

**ANSWER TO QUESTION ON NOTICE**

**Finance and Administration Portfolio**

**Department of Finance and Administration**

**Budget Estimates Hearing – May 2007**

**Question: F20**

**Outcome 1, Output 1.2.3**

**Topic: Future Fund — Indemnity**

**Hansard Page: F&PA 63**

**Senator Brown asked:**

So why the indemnity?

**Ms Campbell:** There are some risks that are not insured. Most corporations take out insurance and then there is an indemnity as well.

**Senator BOB BROWN:** What are those risks?

**Ms Campbell:** I do not think we have that detail with us at the moment.

**Senator BOB BROWN:** Can you provide it to the committee?

**Senator Minchin:** We will take that on notice.

**Ms Campbell:** We can take it on notice.

**Answer:**

The Future Fund Board of Guardians (the Board) has assessed the risks of personal liability for its members, and has identified a number of areas of risk that it considers are not covered by the terms of its Directors and Officers' insurance policy.

The indemnity is intended to cover liabilities arising from these risks in excess of the Board's insurance policies. To the extent, therefore, that a liability is covered by the Board's insurance policies, the Board would rely upon that protection prior to seeking to call upon the indemnity. Accordingly, the likelihood of claims arising under the indemnity is considered to be low.

Some of the risks that the indemnity seeks to cover include:

- liabilities in excess of the policy limit of \$100 million;
- costs in excess of \$500,000, in the aggregate for all directors, incurred in attending an inquiry where the Board member is legally compelled to attend the inquiry. Costs incurred in attending an inquiry where the Board member is not legally compelled to attend; and

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- liabilities falling within other exclusions to the Directors and Officers' Insurance policy.