MEMORANDUM

TO:       Head of Schools / Centres / Institute Directors
SUBJECT:  New Spoilage Retention from 1 November 2011
DATE:     31 August 2011

Background
The University’s current Property (Industrial Special Risks) protection is provided by Unimutual. Due to the University claiming almost $1,000,000 in primarily preventable spoilage claims in the last five (5) years, Unimutual have imposed an increased excess.

Many of these spoilage claims were the consequence of:

- Alarms not being connected;
- Non-monitored alarms;
- Alarms being switched off by Accident; or
- No installed Alarms.

Details
Unimutual have given the University four (4) months to introduce the new retention (excess) and an opportunity to decrease levels of risk. The retention will now be based on a percentage of the loss determined by the level of risk management. The following new retentions will apply from 1 November 2011.

<table>
<thead>
<tr>
<th>Level of Risk Management</th>
<th>Risk Management</th>
<th>Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Favourable Risk Management Features in Place</td>
<td>• Functional Audible Alarm; <strong>AND</strong> Maintenance Agreement/Program; <strong>AND</strong> Automatic Power Back-up; <strong>AND</strong> Back to Base Alarm.</td>
<td>Minimum Retention $25,000</td>
</tr>
<tr>
<td>Minimal Risk Management Features in Place</td>
<td>• Functional Audible Alarm; <strong>BUT</strong> NO Back to Base Alarm</td>
<td>10% of Loss Amount</td>
</tr>
<tr>
<td></td>
<td>• Functional Audible Alarm; <strong>BUT</strong> NO Maintenance Agreement/Program</td>
<td>10% of Loss Amount</td>
</tr>
<tr>
<td></td>
<td>• Functional Audible Alarm; <strong>BUT</strong> NO Automatic Power Back-up</td>
<td>10% of Loss Amount</td>
</tr>
<tr>
<td>No Risk Management Features in Place</td>
<td>• NO Functional Audible Alarm; NO Maintenance Agreement/Program; NO Automatic Power Back-up; and NO Back to Base Alarm.</td>
<td>40% of Loss Amount</td>
</tr>
</tbody>
</table>
### Examples

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Level of Risk Management</th>
<th>Retention Applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power to the University is affected and a School’s fridge’s temperature lowers below optimal level. The alarm goes off and the automatic power back up activates. There is $200,000 worth of research lost.</td>
<td>All favourable risk management features are in place. The Fridge was installed with a: • Back to base alarm; • Functional audible alarm; • Maintenance agreement/program and automatic power back up.</td>
<td>$25,000</td>
</tr>
<tr>
<td>Power to the University is affected and a School’s fridge’s temperature lowers below optimal level. There is $200,000 worth of research lost.</td>
<td>Some favourable risk management features present. The Fridge was installed with a: • Functional audible alarm; <strong>BUT</strong> • NO back to base alarm; • NO maintenance agreement/program; and • NO automatic power back up.</td>
<td>10% retention for no back to base alarm but a functional audible alarm PLUS 10% retention for no maintenance agreement/program PLUS 10% retention for no automatic power back-up 30% retention applies = $60,000</td>
</tr>
<tr>
<td>Power to the University is affected and a School’s fridge’s temperature lowers below optimal level. There is $200,000 worth of research lost.</td>
<td>No favourable risk management features present. The Fridge was installed with: • NO audible alarm; • NO back to base alarm; • NO maintenance agreement/program; and • NO automatic power back up.</td>
<td>20% retention for no back to base alarm and no functional audible alarm PLUS 10% retention for no maintenance agreement/program PLUS 10% retention for no automatic power back-up 40% retention applies = $80,000</td>
</tr>
</tbody>
</table>

### Action

It is recommended that all School’s implement the following risk management strategies for all temperature controlled environments including fridges, freezers and -80 degree freezers as well as dewars:

- Back to base alarms;
- Audible alarms;
- Back-up power supplies; and a
- Maintenance program.

If all of the above risk management strategies are in place and a claim occurs, only the minimum retention of $25,000 will apply.

Our assessor has recommended the following contact for assistance in checking, inspecting, maintaining and providing general advice:

**Name:**

**Email:**

**Ph Number:**

If you provide a contact person (including contact details) for your area (to insurance@uq.edu.au), we will arrange for the above company to contact you directly for an appointment.

If you have any questions or require any further assistance, please don’t hesitate to contact our Insurance Office at insurance@uq.edu.au

Yours sincerely

**Sonja Nortje**

Financial Services Manager

Finance and Business Services