

Principal Arranged Insurance (PAI)

The Principal Arranged Insurance (PAI) program covers infrastructure construction insurance risks of the department and its contractors. PAI insurances represents a series of different insurance policies:

- Contract Works
- Public and Product Liability
- Professional Indemnity, and
- Environmental Liability.

At the date of this annexure, the PAI premium levy to eligible projects with a contract value less than \$150M and awarded from 1 January 2025 onwards remains at 2% of the GST exclusive construction value. Budgetary allowance should be made to accommodate the current levy, noting however that the levy is adjustable based on market conditions and other factors.

Major projects (those with a construction value greater than \$150M) are insured on an individual basis. Underwriting risk varies for all major projects and is assessed by insurers. Using recent major projects as a guide, the department should make an allowance of 2% of construction value to cover PAI premium costs.

The PAI insurance program consists of three distinct components:

- Category 1 (bulk): QTRIP projects with a construction value greater than \$1M but less than \$150M.
- Category 2 (major): QTRIP projects with a construction value greater than \$150M.
- Category 3 (referral): QTRIP projects, by virtue of special insurance requirements, requiring insurer endorsement.

For the purpose of Project Cost Estimating of Transport Infrastructure Projects:

- The PAI levy for projects included in Category 1 is 2%, calculated as a percentage of construction costs.
- The PAI levy for projects included in Category 2 is currently estimated at 2% as a percentage of construction costs. Based on the specific circumstances, underwriting risk varies, therefore the levy is subject to change.
- The PAI levy for projects included in Category 3 is currently estimated at 2% as a percentage of construction costs. Based on the specific circumstances, underwriting risk varies, therefore the levy is subject to change.

Up to date information about PAI levies and/or referral criteria for Category 3 projects can be obtained by contacting Transport and Main Roads' Insurance team at

TMR_Insurance@tmr.qld.gov.au