



Message from the CEO

Welcome to the winter edition of Under the Cover.

The last three months have been an interesting journey for ARPC as it worked through the triennial review of the scheme. One of the key recommendations of the 2012 triennial review is that the size of the scheme should be considered in the 2015 review.

Following submissions from the Insurance Council of Australia and other stakeholders there was a further recommendation from the 2012 review that there should be a re-examination of the effects of

extending the scheme to include high rise and mixed use buildings which are not ordinarily covered by residential property treaties. Finity Consulting undertook a study of the effects of extending the scheme in 2009 which remains equally relevant today. ARPC has made an early start, engaging Finity and the Insurance Council in the process.

As part of its forward work agenda, ARPC is focussed on achieving a more complete understanding of its risk exposure. Losses principally take the form of property damage and business interruption. To date most work has focussed on the modelling of building damage, however, ARPC is getting closer to understanding the full extent of potential business interruption losses.

While a bomb blast will be defined by radius, business interruption can occur across whole cities and indeed across vast areas of rural Australia when supply chains are interrupted. The huge pipeline of mineral and resource investments taking place will add scale to potential losses.

In addition ARPC is undertaking work to establish some parameters around the size of the scheme and a desirable growth rate which will in turn result in consideration of funding mechanisms and what might be a sustainable dividend to Government in return for continued backing of the scheme.

Today the scheme will fund losses through its pool of \$700 million in retained premiums, a retrocession program of \$2.75 billion and the \$10 billion Commonwealth guarantee. Our research into the exposures covered by the scheme will provide a timely picture of what could be at stake.

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Postcode correction

The autumn edition of ARPC's Under the Cover newsletter, published on 17 April 2012, included an article on postcode updates. The article incorrectly advised that postcode 2109 for Macquarie University is in tier C, when in fact it is in tier B.

We apologise for any inconvenience caused.

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Submissions due

The end of one financial year and the beginning of another, brings with it submissions. The table below highlights the submissions which are required in the next three months.

What's due	Due date
Quarterly returns for period ending 30 June	31 July
Annual aggregate returns	31 August
Annual gross written premium declarations	30 September

Calculating annual aggregate returns

The aggregate returns are a snapshot as at 30 June, and are due by 31 August each year.

When compiling these returns, please note:

- for 'all risks ex construction works (CW)', we now require clients to split sums insured between the building and contents components, rather than submitting a combined return;
- we do not require any data in relation to policies that do not include a building risk, ie do not include policies that cover only contents and/or business interruption.

When submitting your annual aggregate return, RISE will compare this year's submission with last year's. If there is a variance greater than 10%, a message will appear asking you to review your submission or provide a comment.

For more information, please refer to the RISE cedant manual <http://arpc.gov.au/?/reinsuring/rise> or contact Michael Pennell on +61 2 8223 6777 or michael.pennell@arpc.gov.au.

Postcode update

ARPC has undertaken the second postcode review for 2012. The table below highlights the postcode changes.

New postcodes

Postcode	Tier	State	Location	Reason
3213	C	VIC	Anakie Batesford Lovely Banks Moorabool	New postcode
3234	C	VIC	Grey River Kennett River Separation Creek Sugarloaf Wongarra Wye River	New postcode

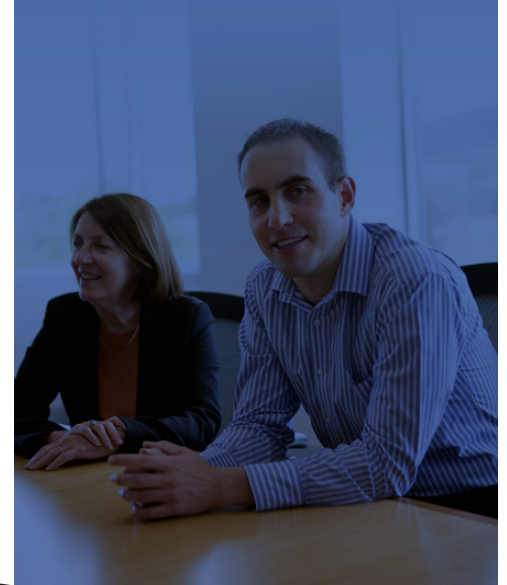
Premium receivable management

ARPC wishes to advise cedants that RISE will be unavailable from 5.00 pm EST Thursday 28 June until 9.00 am EST Wednesday 4 July 2012, due to a system upgrade. The upgrade will not affect how cedants use RISE and from 4 July onwards cedants will be able to log into RISE and submit their returns as usual.

The upcoming system upgrade marks an important step forward in the ongoing improvement of our services to cedants. As ARPC has grown, our strategic direction has shifted towards an in-house operating model and the upcoming upgrade sees a tangible realisation of this strategy.

From 1 July, ARPC will directly manage cedant premium receivables. This function has previously been administered by the ReCentre, and we would like to thank them for their continued support over the years and their help in transitioning this function.

For further information regarding premium receivables please contact ARPC on +61 2 6279 2100 or via email accounts@arpc.gov.au



Explosives demonstration

Several ARPC staff attended an explosives demonstration and information session hosted by the Australian Bomb Data Centre of the Australian Federal Police.



The day began with a presentation describing the various types of explosives available for use by terrorists, including those made with easily accessible products. The presentation included a range of videos from small explosions, scenes from the Bali bombings and major blast testing conducted at Australia's Woomera rocket range.

ARPC staff were shown the volatile effects of sugars and fertilizers, the power of single small detonators through to the destructive forces of a 200 gram commercial grade explosive and a 1 kilogram blast.

The staff who attended found the day very informative and worthwhile. We would like to thank the Australian Bomb Data Centre for extending the invitation to us.

A moment with Lyn



Lyn Cook joined ARPC in April 2012 in the role of Senior Financial Accountant. Lyn is responsible for managing financial information, compliance reporting, budgets and the end of year financial statements. She also provides assistance to the Chief Financial Officer.

Lyn has worked in similar accountancy roles over the years including working for the Attorney-General's Department, Department of Health and Ageing and the Australian Sports Commission. She enjoys the hands on aspects of her role, as well as increasing her knowledge about ARPC.

Lyn's expertise has translated into ARPC now utilising the full capability of Treasury's SAP system, whilst at the same time providing new training opportunities for the team.

In Lyn's spare time she enjoys spending time with her family, her dogs and working on her home renovations. She is a keen carpenter and is currently renovating the main bathroom of her house.

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