



Australian Government
Australian Reinsurance Pool Corporation

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No. 2008/04 Spring 2008

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Message from the CEO



Welcome to the Spring edition of ARPC's newsletter.

In this edition we report on the reappointment of Mr Geoff Vogt and welcome Mr Tom Karp to ARPC's Board. We remind clients of the increase in maximum retentions which is effective from 1 July 2008, as well as reminding clients of their obligation to provide annual income statements and annual aggregate reports. We report on the availability of market share reports from RISE, foreshadow the review of the Act which is due by 30 June 2009 and give an update on the cedant review program.

The subject of this month's *A moment with ...* segment is Lenora Dyer. As you will note, Lenora and I share an interest in showing dogs which ensures that there is always a topic of conversation at our formal and informal gatherings.

I hope you find the newsletter of interest. If there is an issue which you would like to see discussed in a future edition, please contact Michael Pennell at michael.pennell@arpc.gov.au.

Neil E Weeks
CEO



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Board appointments

On 1 September 2008 the Assistant Treasurer and Minister for Competition Policy and Consumer Affairs, the Hon Chris Bowen MP, announced the appointment of Mr Tom Karp and the reappointment of Mr Geoff Vogt to ARPC's Board, each for a three-year term from 29 August 2008.

Mr Karp is a widely respected and experienced actuary. Until his retirement in June 2008, he held senior roles at the Australian Prudential Regulation Authority and its predecessor. Mr Karp's appointment will further strengthen ARPC's technical and analytical capacity.

Mr Vogt is the former longstanding Chief Executive Officer of the South Australian Motor Accidents Commission. He has accounting and finance qualifications and has worked in several senior accounting and finance positions. Mr Vogt has been an ARPC Board member since 2005.

The appointment of Mr Karp and the reappointment of Mr Vogt will allow ARPC to maintain the high level of diligence, skill and experience that it requires to administer the terrorism insurance scheme.

Maximum retentions increased on 1 July 2008

As clients are aware, the retention under ARPC's reinsurance agreement is the lesser of 4% of the fire and ISR premium for the previous 12 months or the default figure. On 1 July 2008 the default figure increased from \$1 million to \$5 million. The minimum retention of \$100,000 remains unchanged.

The reinsurance agreement also provides for a maximum industry retention. On 1 July 2008 that figure increased from \$25 million to \$50 million.

Annual income statements

Clients should be aware that clause 5b(ii) of the reinsurance agreement requires the submission to ARPC of annual income statements as follows:

- APRA regulated insurers – a copy of their APRA return for gross fire and ISR premium less the amount of the fire service levy component of that premium by 30 September each year; and
- non-APRA regulated insurers – a copy of their audited financial information showing the reinsured's Australian gross fire and ISR premium by 30 August each year.

Please forward your annual income statement to michael.pennell@arpc.gov.au.

Annual aggregate reports now due

Thank you to all those clients which have submitted their annual aggregate reports for 2007-08.

We wish to remind all clients that the submission of annual aggregate reports is required by clause 10(b) of the reinsurance agreement. Any client which has not submitted its 2007- 08 report in our RISe system, or has trouble submitting the report, should contact Michael Pennell on michael.pennell@arpc.gov.au

Review of the Terrorism Insurance Act 2003

A review of the need for the Act to continue in operation is required to be conducted at least every three years. This is consistent with the Government's intention that the scheme should operate only while terrorism insurance cover is unavailable commercially on reasonable terms. The first review was completed in June 2006 and the next review is scheduled to be completed by 30 June 2009.

Through this newsletter and other appropriate forums, we will advise clients when the review begins and keep clients informed of its progress.



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Market share reports

As reported in the Winter newsletter, market share reports allow clients to view, by percentage, how they compare to the total market for:

- premiums by state and tier, business class or cedant category and type for a selected underwriting year;
- aggregate returns by post code or ICA zones for a selected submission year.

For more information please refer to the cedant user manual available for download from ARPC's website at <http://www.arpc.gov.au/content/rise.asp?NavID=10>.

Cedant reviews

We continue with our program of cedant reviews in Australia, New Zealand and Singapore. Thank you to all who have been so co-operative with our reviews; it makes the task so much easier.

The purpose of the review program is to assist clients to meet their obligations under the reinsurance agreement. This includes reviewing the processes for identifying eligible insurance contracts, premium calculation and remittance, aggregate exposure reports, postcode tables, claims procedures relevant to a possible terrorist incident and business continuity and disaster recovery plans also relevant to a possible terrorist incident. We also check whether the latest gross written premium returns, required under clause 5(b) (ii) of the reinsurance agreement, are submitted to ARPC. In addition, we look to reconcile this figure with the equivalent submission to APRA.

During recent reviews we have introduced a number of clients first hand to ARPC's new RISE online reporting system. It is apparent, from these visits, that clients are very pleased with the simplicity of operation of RISE. As well as the ease of use RISE offers, we have been told that the ability to generate individual market share reports will also benefit clients.

Comings and goings

We say farewell to Sue Coates, the Administrative Assistant in ARPC's Sydney office. Whilst working full time, Sue has also undertaken four years of part time study at the University of Western Sydney, completing a degree in adult education and the Certificate IV in training and assessment. Sue is leaving ARPC to pursue a new career in business education and training.

Sue's contribution to the running of the Sydney office and the production of the newsletter will be missed, as will her friendly and sunny disposition. All at ARPC congratulate Sue on her achievements and wish her well in her new career.

A moment with ... Lenora Dyer



In this edition we introduce Lenora Dyer, the Administrative Assistant in the Canberra office, who joined ARPC in October 2005.

Lenora was born and bred in Canberra and is well known on the dog show circuit, both at regional and national levels. Lenora is passionate about her dogs and shows her five Dalmatians as well as a Lowchen, a Lhasa Apso and a Doberman. Lenora is a keen horse rider and owns her own horse which is agisted locally.

Lenora has enrolled in Treasury's Introduction to Economics course and has almost completed Treasury's Certificate in Business Services.

Lenora loves travelling and theatre and any spare time is spent indulging these passions.



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Contact update

If there are additional people in your organisation who wish to receive a copy of our newsletter (for example, CFO or accounting personnel), or your nominated ARPC contact person changes, please forward their details to Karen Mcleod at karen.mcleod@arpc.gov.au to enable us to update our newsletter database.

Thought for the day

Reality leaves a lot to the imagination

John Lennon