



The quarterly newsletter from ARPC

# UNDER THE COVER

## In this issue

- *Martin Place update*
- *Pool Re buys reinsurance*
- *Postcode update*
- *Question time*
- *Premium submissions and payments due*
- *Meet our team*

## Message from the CEO



Welcome to the autumn edition of our newsletter.

ARPC has been notified of terrorism claims for the first time stemming from the tragic incident at the Lindt Café in Martin Place Sydney, which has officially been declared a terrorist incident.

Although it is expected that the incident will be under the insurers' retention, insurers are still required to submit their eligible losses to ARPC. This is because the reinsurance offered by us is on an annual aggregate basis and we are also required to report losses to government. You can read more about claims relating to the incident in the 'Martin Place update' in this edition of the newsletter.

Claims are submitted through ARPC's claims notification system (RISe Claims System). It is important that insurers notify ARPC of any paid or outstanding claims, which can then be deducted against any future declared terrorist incident. Claims need to be submitted as soon as possible and within 12 months of the reinsured being notified of an eligible terrorism loss, in accordance with Clause 12 of the Reinsurance Agreement.

The RISe Claims System allows loss estimates and claims to be submitted directly into RISe. We upgraded this system last year and I am pleased to report that the system is working well. When all the claims are submitted, we will review the process to see if there are any improvements we need to make.

I recently attended the Insurance Council of Australia's 2015 regulatory update seminar with ARPC's Chair, Joan Fitzpatrick. Our Minister the Assistant Treasurer, the Hon Josh Frydenberg MP spoke about ARPC and how the scheme came into play for the first time. To read more about what he said please go to: [Josh Fydenberg MP speech on ARPC's scheme](#).

Over the last few months I have been busy visiting key state and territory government agencies to brief them on ARPC's role and purpose. These visits have been very helpful in promoting understanding of ARPC and our value to the nation's economy in the event of a terrorist incident.

### IMPORTANT NOTICE AND DISCLAIMER

*This newsletter is published for general information only and should not be taken as constituting advice. Whilst the Australia Reinsurance Pool Corporation (ARPC) aims to keep the content of this newsletter accurate and current, it provides no warranties or representations as to the quality, accuracy, completeness or reliability of the information in this newsletter. Please click [here](#) for more information on the disclaimer.*

#### Copyright Notice

© Australian Reinsurance Pool Corporation 2014. Material in this newsletter is copyright. For terms of use please click [here](#).

ARPC now operates under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In accordance with the PGPA act we are required to publish a rolling four-year Corporate Plan by 31 August each year. We are already working on our 2015–19 Corporate Plan, utilising input from strategic workshops held in December 2014 and February 2015 with Board Members and Executive Managers. The plan will report on ARPC’s purpose, operating environment, performance, capability, and our risk oversight and management system.

In other news, ARPC’s blast modelling capability is being extended beyond Sydney and Melbourne with work on modelling for Adelaide and Brisbane to be completed this year.

Dr Christopher Wallace  
Chief Executive Officer

---

## Martin Place update

The incident at the Lindt Café in Martin Place Sydney last year not only had tragic human consequences but also produced a small number of insurance claims.

If you have a reinsurance agreement with ARPC you are obliged to advise us of any circumstances that may give rise to a claim. As at Wednesday 1 April 2015, ARPC had received the following loss information:

# of insurers	8
# losses	56
Total incurred by insurers	Over \$1.2 million

The Martin Place incident highlighted an interesting fact about business interruption cover provided by some business package policies. These in particular provide cover for losses arising from prevention of access or intervention of a lawful authority resulting from a threat of damage to property within a radius of up to 50 kilometres from the affected business premises, depending on the insurance policy wording. However, it is the insurer’s responsibility to prove a business interruption loss had occurred due to an event or prevention of access up to 50 kilometres away.

---

## Pool Re buys reinsurance

Pool Re, the UK Government-backed terrorism pool has bought commercial reinsurance coverage for the first time.

At £1.8 billion (\$AUD3.4 billion) the UK reinsurance program provides the largest amount of cover ever secured by a national terrorism pool. The single layer three-year program is led by Munich Re and brokered by Guy Carpenter. It mirrors the cover provided to Pool Re members and includes coverage for chemical, biological, radioactive and nuclear risks.

Pool Re said the placement further distances the UK government and tax payer from any potential liability. The move also protects scheme assets thereby increasing the sustainability of the pool.

The purchase of retrocessional reinsurance coverage from the commercial market is one of series of modernisation measures agreed to by Pool Re.

Read more at [Pool Re UK terrorism pool press release](#).

---

## Postcode update

We have conducted the third of our quarterly reviews of Australian postcode listings for 2015 and there are no changes to report.

---

## Question time

**Q:** Are policyholders covered for prevention of access?

**A:** All eligible classes of business as outlined in the *Terrorism Insurance Agreement 2003* and the *Terrorism Insurance Regulations 2003* are covered by the ARPC Reinsurance Agreement. As long as the insurance company has a reinsurance agreement with ARPC, then this will protect eligible insurance policies and all the terms and conditions within.

Therefore, if the eligible insurance policy has a Prevention of Access clause then it is covered within the terms and conditions of that policy, which in turn is covered by the Reinsurance Agreement. It is a requirement of the Agreement that the insurance company ensures that all claims are valid and meet the terms and conditions of the eligible insurance policy.

---

## Premium submissions and payments due

Premium submissions and payments for the third quarter (1 January–31 March) of the 2014–2015 financial year are due by 30 April 2015. All premium submissions, including nil submissions, must be lodged.

To submit a premium please log into <https://rise.arpc.gov.au> and click on download templates. For further instructions please refer to page 27 of the RISE Cedant User Manual.

If you have any questions please contact [accounts@arpc.gov.au](mailto:accounts@arpc.gov.au) or call +61 2 6279 2100.

---

## Meet our team

**Name:** Michael Pennell

**Position:** Chief Underwriting Officer

Mike has been with ARPC since 2003, and is our Chief Underwriting Officer. He has over 25 years experience in the reinsurance industry, starting with the Swiss Reinsurance Company in 1990 then General Re in 1996. He also practiced as a civil engineer before entering reinsurance.

Having been with ARPC since its inception, Mike was involved in the development of the Australian terrorism insurance scheme. His responsibilities include: working on new terrorism exposure and loss estimation models, liaising with Australian and overseas insurers and brokers and implementing a \$3 billion retrocession facility.

Mike has published numerous articles for industry magazines such as Asia Insurance Review and presented extensively on terrorism reinsurance throughout Australasia and the Middle East.

Mike says that he really enjoys fulfilling ARPC's role and the opportunity to do something meaningful for the Australian economy. He is grateful to be associated with the team at ARPC in Canberra and Sydney.

Mike enjoys playing golf at NSW Golf Club and skiing at Thredbo and swimming at Freshwater Beach. Before his two kids came along he also enjoyed mountain climbing in Switzerland, but that is now deemed too risky!

---

## Contact ARPC

### Canberra Office

Level 3, 14 Childers Street  
Canberra ACT 2600  
GPO Box 3024  
Canberra ACT 2601  
Phone: +61 2 6279 2100  
Fax: +61 2 6279 2111

### Sydney Office

Level 23, 56 Pitt Street  
Sydney NSW 2000  
PO Box R1798  
Royal Exchange NSW 1225  
Phone: + 61 2 8223 6777  
Fax: +61 2 9241 1887

Email: [enquiries@arpc.gov.au](mailto:enquiries@arpc.gov.au)  
Website: [www.arpc.gov.au](http://www.arpc.gov.au)