



ARPC MARKET UPDATE

1 SEPTEMBER 2015

Background

On Friday 28th August 2015, the Australian Reinsurance Pool Corporation (ARPC) released the organisation's 2015-2019 Corporate Plan (available here: <http://arpc.gov.au/news-and-publications/corporate-plan/>)

The Corporate Plan is an important document outlining the strategic objectives of ARPC, current operating environment and future challenges and opportunities in a dynamic and uncertain global environment.

As part of our mission to use our expertise to provide cost effective reinsurance to support the economic resilience of Australia, we encourage stakeholders to review our Corporate Plan for a deeper understanding of our function and our role as part of Australia's terrorism response.

ARPC 2015-19 Corporate Plan Highlights

For the first financial year of our new Corporate Plan, in 2015-16, ARPC will:

- Protect the Australian economy with access to \$13.3 billion total funding for claims
- Protect the Commonwealth Government and encourage private sector participation through a \$2.8 billion private sector reinsurance program
- Provide terrorism reinsurance cover to over \$3.1 trillion in assets and collect \$122 million in premiums
- Compensate the Commonwealth Government through the payment of \$112.5 million in fees and dividends
- Sustain the pool with \$496 million in net assets

The ARPC 2015-19 Corporate Plan has initiatives over short, medium, and long-term horizons. In the short term our focus is on enhancing our core operations; the medium term is on providing expanded coverage within the TI Act; the long term focus is on becoming a trusted advisor on terrorism insurance (and reinsurance).

2015 Triennial Review

As part of the legislative requirements to undertake a review of ARPC every three years, the Treasury undertook a review into ARPC in late 2014 and early 2015. At the time of publication, the findings of the 2015 Review and their impact on the ARPC operation into the future have not been published.

The ARPC Corporate Plan will be updated to reflect any recommendations arising out of the published Review.

Strategic Priorities

Our plan has six broad strategic priorities, which support our purpose and role. These priorities are to:

1. Drive stakeholder communication and engagement

2. Foster a flexible, efficient, and high performing culture
3. Be a trusted advisor on terrorism and catastrophe reinsurance
4. Manage our risks effectively
5. Maximise our financial performance to support our financial sustainability
6. Expand our coverage within the Terrorism Insurance Act 2003.

All actions and activities of ARPC will be undertaken against these strategic priorities and building on activity delivered through 2014 and 2015.

As ARPC continues its development as an engaged and market facing organisation through moves including the head office relocation to the major Sydney insurance market, the Corporate Plan will remain a clear statement of intent and guiding set of principles and accountability for our Board and Management.

For any queries about the ARPC 2015-19 Corporate Plan, please contact ARPC CEO Dr Christopher Wallace on P: + 61 2 8223 6700; E: enquiries@arpc.gov.au.