



Australian Government

Australian Reinsurance Pool Corporation

To protect Australia from
economic losses caused by
terrorism catastrophe



Purpose

To protect Australia from economic losses caused by terrorism catastrophe.

Role

We use our expertise to provide cost effective reinsurance to support the economic resilience of the nation.

Solid Foundation

- Located in Sydney
- Established in 2003
- Backed by
 - almost \$600 million in net assets as at February 2016, plus
 - a \$2.9 billion retrocession program, plus
 - a \$10 billion Commonwealth guarantee
- A retrocession program made up of over 50 participants from Australia, Lloyd's, Europe, Bermuda, USA and Asia
- Retrocession participants must have a minimum S&P rating of A-.

Reinsuring with ARPC

Insurance companies can choose to reinsure the risk of claims for eligible terrorism losses by entering into a reinsurance Agreement and paying premiums to ARPC. Consequently, holders of eligible insurance contracts will be covered in the event of a declared terrorist incident (DTI), with insurers required to meet these claims in accordance with the other terms and conditions of individual policies.

Eligible terrorism losses

Includes property, contents, business interruption, and public liability as the owner or occupier of eligible property.

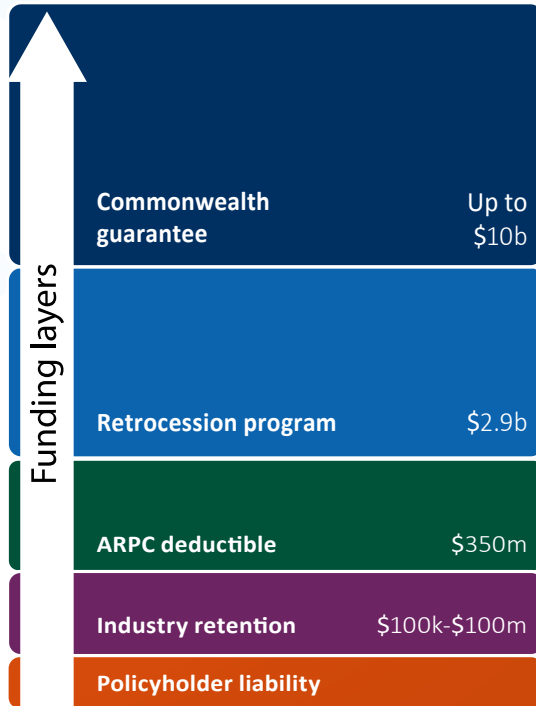
Exclusions

Inter alia, aviation, marine, life, workers compensation, nuclear and home insurance.
For a full list of exclusions, please refer to Schedule 1 of the *Terrorism Insurance Regulations 2003*.

Benefits of reinsuring with ARPC

- Protects the balance sheet of insurance companies, by transferring the liability for a declared terrorist incident to ARPC
- Greatly reduces the capital requirements of insurers that issue eligible policies
- Eligible claims, including for business interruption, paid to insured commercial property owners and commercial businesses
- Our insurer clients and insured businesses take advantage of the Commonwealth guarantee and legislated protections available under the *Terrorism Insurance Act 2003*.

Scheme structure 2016



The scheme

Claims against the scheme are met once an individual insurance company's retention is exhausted. ARPC's pool of retained earnings will meet claims until the agreed retrocession deductible is reached. At this point, claims are funded by the retrocession program. Once retrocession is exhausted, claims will continue to be met by the Commonwealth guarantee. As at March 2016, the total value of the scheme is \$13.45 billion. If the responsible Minister considers that the amount paid or payable under the Commonwealth guarantee will exceed \$10 billion, the Minister must also announce a reduction percentage. This will have the effect of limiting the level of cover, by reducing the amount payable by the insurer to the policy holder.

CONTACT US

If you issue eligible insurance policies in Australia and would like to purchase terrorism reinsurance from ARPC please contact us.

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