



Latest News

ARPC's retrocession program builds terrorism scheme's capital strength and helps cover the economy against terrorist attacks

Australia's terrorism insurance scheme, administered by the Australian Reinsurance Pool Corporation, has renewed its retrocession reinsurance program for the 2021 calendar year. The \$3.475 billion retrocession reinsurance program, plus ARPC's net assets and the \$10 billion Commonwealth guarantee, provides scheme capacity in the event of a declared terrorism incident, against commercial and eligible property assets of just under \$14 billion.

"ARPC's retrocession program encourages a mix of global and Australian reinsurers to provide terrorism cover for Australian-based property assets, which transfers the risk and protects the Australian Government Guarantee and Australian taxpayers," said Dr Christopher Wallace, ARPC Chief Executive.

The \$3.475 billion retrocession program and ARPC net assets are the first layers of funding for claims in the event of a terrorism incident.

Dr Wallace and Chief Underwriting Officer, Michael Pennell, met online with almost 70 reinsurers in key global markets to negotiate the 2021 program.

"For the 2021 program, ARPC purchased an additional \$25 million layer of reinsurance at the bottom of the program. This reduced ARPC's deductible from \$250 million to \$225 million and improved ARPC's capital strength," said Dr Christopher Wallace, ARPC CEO.

"ARPC remains well positioned to be an effective provider of terrorism risk insurance that facilitates market participation, supports national resilience and reduces potential losses



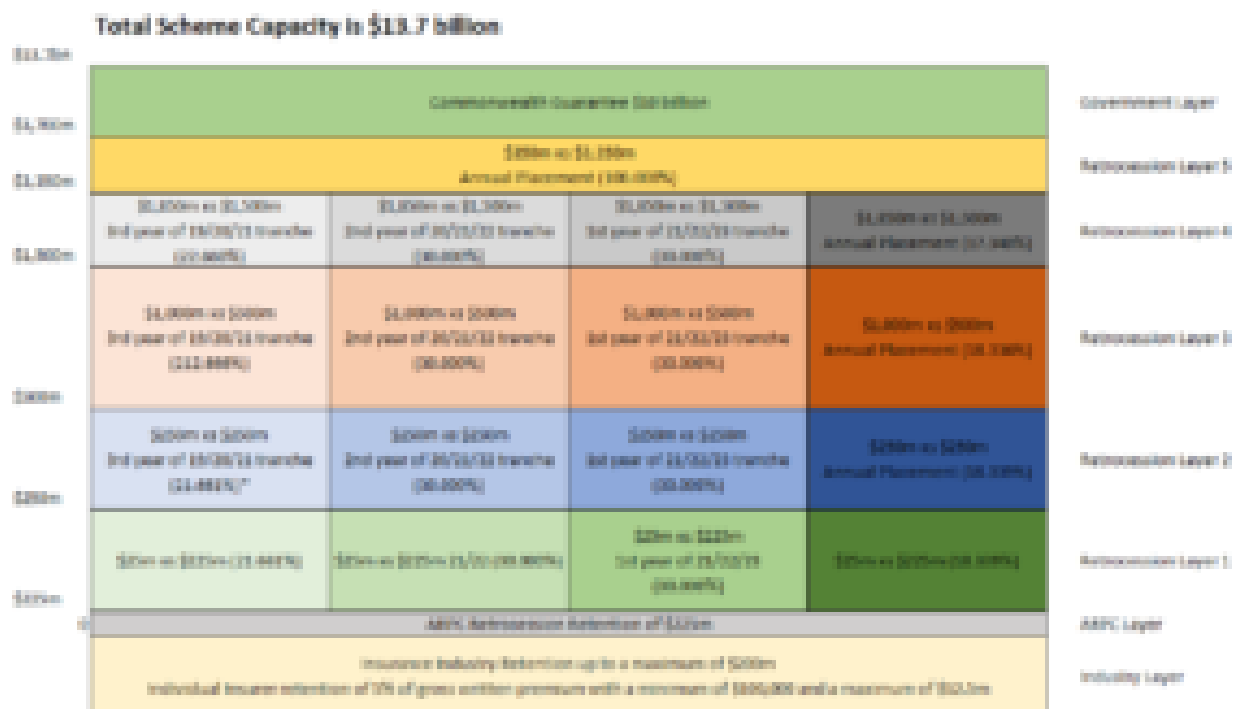
arising from terrorism catastrophe,” said Dr Wallace.

For detailed information on the breakdown of the 2021 ARPC Retrocession Program, please view the diagrams on the next page.

For media inquiries, please contact ARPC CEO Dr Christopher Wallace on (02) 8223-6777.

ARPC's Retrocession Program Detail

The retrocession* program renews on 1 January each year. The 2021 placement of \$3.475 billion of retrocession capacity includes approximately \$3 billion of capacity written on a multi-year agreement, to reduce pricing volatility for ARPC and its retrocessionaires. The multi-year agreement allows adjustment if ARPC's portfolio changes by more than 10 per cent year-on-year or cancellation if ARPC's audited forecast premium income reduces by 10 per cent or more.



Source: ARPC

*Retrocession is when a reinsurer purchases reinsurance.



Simplified ARPC scheme diagram*



* As at 1 January 2021