



The quarterly newsletter from ARPC

UNDER THE COVER

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Message from the CEO



The Terrorism Insurance Act 2003 requires a review to be conducted at least once every three years that examines the need for the Act to continue in operation. The Treasury is undertaking this review and will also consider ownership options for ARPC, and evaluate the design of the scheme and gaps in its coverage.

The Treasury has engaged an external consultant, Pottinger, to assist with the review and ARPC is supporting both The Treasury and Pottinger with this process. For more information and the terms of reference please go to:

<http://arpc.gov.au/files/2014/09/Market-update-Sept-2014-v1.2.pdf>

ARPC Chair Joan Fitzpatrick and I recently attended an international meeting on 'Terrorism Risk Insurance: A Global Perspective' in Washington D.C. We co-presented an outline of ARPC's operations and capabilities, including our retrocession program.

Organised by the OECD and the US Department of the Treasury, the meeting provided a unique occasion to gather key stakeholders in the terrorism risk insurance market and relevant from research institutions. Together, we reviewed the current status of international terrorism insurance programs and markets and discussed current and emerging challenges. The meeting proceedings are available on <http://www.oecd.org/daf/fin/insurance/2014-terrorism-risk-insurance-meeting.htm>

ARPC has participated in previous international meetings on terrorism risk insurance at the OECD headquarters in Paris in 2010 and 2012. Our involvement with the OECD in the work on terrorism risk insurance dates back to 2003.

Dr Christopher Wallace

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Benefits of ARPC's scheme

ARPC reduces risk to the economy by encouraging eligible private sector commercial assets to have terrorism insurance. We deliver funding by reinsuring the insurers of eligible commercial property and businesses for material losses and business interruption following a declared terrorist incident (DTI). In addition, ARPC protects the balance sheet of insurance companies in the event of a DTI.

If an insurer is reinsured with ARPC then:

- ARPC is liable, and not the insurer
- eligible contracts of insurance are protected
- the Commonwealth guarantee is available
- the reduction percentage applies where losses exceed the \$10 billion Commonwealth guarantee.

Threat level upgrade

On 12 September 2014, the Australian Government raised the National Terrorism Public alert level from medium to high. This was based on advice from the Australian Security Intelligence Organisation.

For more information on the National Terrorism Public Alert System and the current level of alert please go to <http://www.nationalsecurity.gov.au/Securityandyourcommunity/Pages/NationalTerrorismPublicAlertSystem.aspx>

Question time

Q: Are there any exceptions to the exclusion of residential property for insurance against terrorism events?

A: Although residential property is an ineligible class of business for terrorism insurance, it is eligible while under construction if insured by a construction policy and terrorism insurance premiums are paid. Once construction is completed and the construction insurance policy ceases, it is no longer eligible.

Premium submissions due

Premium submissions for the first quarter (1 July–30 September) are due by 30 October 2014. All submissions, including nil submissions, must be lodged.

To submit your premiums please log into <https://rise.arpc.gov.au> and click on 'download templates', which will provide access to the new template for 2014-15. Further information on how to submit your premium can be found on page 23 of the RISE Cedant User Manual—please go to <http://arpc.gov.au/reinsuring/rise/> to access the manual.

If you have any questions please contact accounts@arpc.gov.au or call +61 2 6279 2100.

Aggregate reports overdue

ARPC is in the process of finalising the underwriting information for our retrocession program. An important part of this information is the aggregate exposure information that is provided by our clients.

Clause 10 (b) of the Agreement requires the reinsured to provide a report of total sums insured by postcode within 30 days of the end of each retention period (e.g. by 30 July each year). We extend this deadline each year until 31 August. All submissions, including nil submissions, must be lodged.

Instructions on uploading your aggregate report, or declaring a nil aggregate report, can be found on pages 18 and 29 of the RISE Cedant Manual. A copy of the manual can be downloaded from <https://arpc.gov.au/reinsuring/rise/>

Please contact accounts@arpc.gov.au or call +61 2 6279 2100 if you have any questions.

Annual GWP declarations overdue

All annual GWP declarations were due by 30 September 2014. All submissions, including nil submissions, must be lodged.

To submit your GWP declaration please log into <https://rise.arpc.gov.au>. Further information on how to submit declarations can be found on page 41 of the RISE Cedant User Manual.

If you have any questions please contact accounts@arpc.gov.au or call +61 2 6279 2100.

Postcode update

ARPC recently conducted a quarterly review of the Australian postcode listing for 2014 and is pleased to report that there are no new or obsolete postcodes.

Upgrade to claims system

ARPC is pleased to announce the RISE Claims System, which is a major upgrade to its claims recording system.

The upgrade allows loss estimates and claims to be submitted directly into the RISE system. This direct data entry method replaces the previous one of downloading a spreadsheet, populating it with data and uploading back into RISE. Visit the new Claims Procedure webpage to read about the new process and download the RISE Claims System Cedant Manual: <http://arpc.gov.au/claimprocedures/>

ARPC's RISE Claims System is accessed through the RISE application that is used for premium and aggregate submissions. To access the system select the Incidents and Claims menu option within RISE. This will open a new window and automatically sign you in.

The RISE Claims System will be accessible when there is a potential claims scenario. All insurer clients' nominated contacts will be notified by email when an incident is being investigated for links to terrorism. Insurer clients will be required to submit eligible loss estimations.

ARPC will also notify insurer clients if the incident is declared a terrorist incident and ARPC will then be empowered to pay eligible reinsurance claims.

ARPC recommends that all claims and reinsurance recovery departments are made aware of this improvement and update relevant processing and procedure manuals accordingly.

Christmas shut down

ARPC offices will be closed on Thursday 25 December and will reopen on Friday 2 January 2015.

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