



The quarterly newsletter from ARPC

UNDER THE COVER

In this issue

- *Message from the CEO*
- *Submissions due*
- *Premium returns and payment due*
- *Reminder: new reporting requirements for annual aggregate report*
- *Reminder: new reporting requirement for GWP returns*

Message from the CEO



ARPC's Board has approved a new strategic plan for the 2014-15 financial year. The strategic plan is aimed at incrementally increasing ARPC's capability to be a trusted advisor to government and scheme stakeholders on terrorism reinsurance.

We have defined our purpose and role as: we are here to protect Australia from economic losses caused by terrorism catastrophe; and we do this by using our expertise in reinsurance and providing cost effective cover to support the economic resilience of the nation.

In the short term, our strategic projects are focused on enhancing the core services of ARPC; in the medium term we are evaluating gaps in cover in the scheme, and in the longer term through providing better information we aim to become a trusted advisor for terrorism reinsurance.

ARPC has developed a number of initiatives to progress the strategic plan, these fall into six broad priority areas:

1. Become a trusted advisor through building our data and insights
2. Expand our coverage within the terms of the Terrorism Insurance Act 2003
3. Reduce our risk through efficient and effective government reporting
4. Maximise our financial performance to strengthen our financial position
5. Increase stakeholder communication to identify and satisfy stakeholder needs
6. Have a resilient and high performance people culture.

In other news, the Australian Government in its Federal Budget released on 13 May 2014 announced that ARPC will pay the Government a fee totalling \$450 million over the next four years for the \$10 billion guarantee provided by the Australian Government to the ARPC. The fee will replace the current ARPC dividends to Government, and is more aligned to the substance of the guarantee provided by the Government to the ARPC.

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ARPC has now reversed the dividends that had previously been accrued in our accounts, returning \$143.9 million to our net assets, increasing our net assets to more than \$573 million. The Ministerial Direction for the reversal of the dividends is available on the ARPC website: http://arpc.gov.au/about-arpc/theact/#Ministerial_Directions

Submissions due

The end of another financial year has arrived, which means submissions are also due. The table below highlights the submissions required in the next three months.

What's due	Due date
Premium returns and payments for period ending 30 June	31 July 2014
Annual aggregate reports (non-APRA registered)	30 August 2014
Annual aggregate reports (APRA registered)	30 September 2014
Annual gross written premium declarations	30 September 2014

Premium returns and payment due

Premium returns and payments for the fourth quarter 2014 (1 April – 30 June) are due by 31 July 2014. All returns including nil returns must be submitted via RISE.

To submit your premiums please log into <https://rise.arpc.gov.au> and click on download templates. For instructions on how to submit your premium please refer to page 23 of the RISE Cedant User Manual.

If you have any questions please contact enquiries@arpc.gov.au or call + (61) 2 8223 6777.

Calculating annual aggregate returns

The aggregate returns are a snapshot as at 30 June, and are due by 31 August each year. When compiling these returns, please note:

- for 'all risks ex construction works (CW)', we now require clients to split sums insured between the building and contents components, rather than submitting a combined return;
- we do not require any data in relation to policies that do not include a building risk, ie do not include policies that cover only contents and/or business interruption.

When submitting your annual aggregate return, RISE will compare this year's submission with last year's. If there is a variance greater than 10%, a message will appear asking you to review your submission or provide a comment.

For more information, please refer to the RISE cedant manual <http://arpc.gov.au/?/reinsuring/rise> or enquiries@arpc.gov.au or call + (61) 2 8223 6777

Reminder: new reporting requirements for annual aggregate report

As previously reported — from 1 July 2014, in addition to current reporting, ARPC will also require street address information for insured properties located in major postcodes within tier A locations. These are:

- 2000 in Sydney
- 3000 in Melbourne
- 4000 in Brisbane
- 5000 in Adelaide
- 6000 in Perth

The new street address template will require the following information:

	NAME OF INSURED	STREET NUMBER	STREET NAME	TYPE (ST, AVE, ETC..)	SUBURB	POSTCODE	STATE	BUILDING SI	CONTENTS SI	BUSINESS INTERRUPTION SI
EG:1	ACME	225	GEORGE	STREET	SYDNEY	2000	NSW	\$0	1,257,000	\$500,000
EG:2	EZ CORP. LTD	75	COLLINS	STREET	MELBOURNE	3000	VIC	\$189,000,000	\$2,450,000	\$730,000

Sums insured for business interruption and contents will also be required, whether or not there is a sum insured on a building for that street address. Currently, cedants only report contents and business interruption sums insured if there is also a sum insured for a building in that postcode. Following initial feedback, ARPC has contacted major insurance brokers to ensure they are aware of this requirement and to seek their assistance.

The street address and postcode data will be used in the continued development of our terrorism loss estimation models and the renewal of our retrocession program.

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Reminder: new reporting requirement for GWP returns

Currently under ARPC's Reinsurance Agreement for Terrorism Risks, insurers are required to report to ARPC their gross Fire and ISR premium for the previous financial year ending 30 June. This reported premium amount includes all Fire and ISR premium, not just ARPC eligible premium. In addition, for Australian registered insurers, the figure must reconcile to the Fire and ISR premium reported to APRA for the same period. This figure is used by ARPC to set the reinsured's retention which is 4% of the amount. If insurers do not report a figure to ARPC then their retention is set at a default figure of \$10M.

For more information, please refer to the article which appeared in the autumn edition of ARPC's newsletter: <http://arpc.gov.au/files/2012/09/ARPC-newsletter-autumn-2014.pdf>.

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