

UNDER THE COVER



Australian Government

Australian Reinsurance Pool Corporation



Message from the CEO

Welcome to the autumn edition of Under the Cover.

There has been some public commentary of late asking what role ARPC might play in a solution to flood insurance issues. I think the Government's announcement of a natural disaster insurance review is a good response. The issues around flood are extremely complex and it is hard to draw a simple parallel between flood and terrorism. As to whether ARPC may play an expanded role in future, it is not appropriate for me to comment, and we should wait until the review panel has made its recommendations.

It is, however, a good opportunity to recap on our role. ARPC was brought into existence to administer the terrorism insurance scheme established by the *Terrorism Insurance Act 2003*. The scheme provides an optional risk transfer mechanism for insurers created after the reinsurance industry withdrew capacity for terrorism insurance.

The scheme has proved to be a very effective mechanism in providing risk transfer. The Government placed itself close to the risk by providing a significant guarantee. Then, with a high level of cooperation from the industry and Government, ARPC developed a retrocession program, now in its third year. The retrocession program moves Government further from the risk and encourages reinsurers to increase their terrorism risk appetite.

ARPC's ongoing existence is subject to review which primarily involves asking the question as to whether there is still a need for the scheme. At some stage I am sure government will be very happy to see the risk pass back entirely into the private sector.

We are, of course, ready to respond if ARPC is asked to play an expanded role.

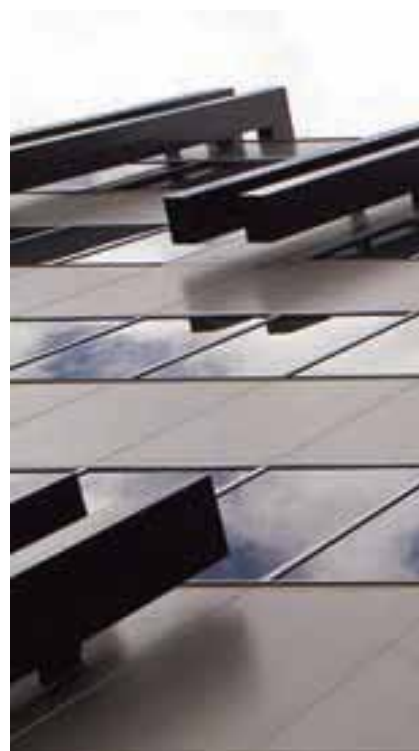
Reappointments to ARPC

The Assistant Treasurer and Minister for Financial Services and Superannuation, Bill Shorten, announced the reappointments of Ms Patricia Azarias and Mr James (Jim) Murphy each as a part-time member of the Australian Reinsurance Pool Corporation (ARPC) for a three-year period from 25 April 2011 to 24 April 2014.

For the full media release please go to the [Assistant Treasurer's media release page](#).

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Mongolian delegation visit

ARPC recently hosted a Mongolian delegation of parliamentarians, senior public servants and members of the Index Based Livestock Insurance Project to study our operations and the Australian regulatory environment.

The program schedule included APRA, ASIC, Export Finance and Insurance Corporation, Department of Agriculture, Fisheries and Forestry and various insurers and service providers to ARPC who willingly supported the program. The delegation left having learned a great deal and having established a good rapport with ARPC's staff members.



We enjoyed the delegates' humour and drawing parallels between our two countries. Ulaanbaatar is the coldest capital in the world with daytime winter temperatures often 20 degrees below zero. In recent years Mongolia's vast livestock herd has been decimated by extreme weather conditions. While Australia is considering flood insurance issues, the Mongolian delegation are working on their own solution for livestock insurance.

A moment with Laurie Daly

Laurie Daly is ARPC's Chief Financial Officer and joined the organisation in January this year. His primary role is to ensure ARPC complies with all accounting and reporting requirements of government, while maintaining the assets of the corporation. Laurie has a wealth of experience from holding similar positions with large government agencies, and from spending many years in the private sector working in investment banking and consulting.

In his spare time, Laurie enjoys spending time with his wife and two children, gardening and watching sports. Laurie is a motor bike enthusiast, and enjoys taking part in club events including motocross, enduro and road racing. He was also very fortunate to be able to attend the Moto GP in Indianapolis last year.



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Premium submissions due

Premium submission for the period ending 31 March 2011 were due by 30 April 2011. Any outstanding premium submissions should be lodged as soon as possible.

To submit your premiums please log into <https://rise.arpc.gov.au> and click on download templates. For full instructions on how to submit your premium please refer to page 27 of the [RISe cedant user manual](#).

If you have any questions please contact Michael Stallworthy on 02 8223 6777 or via email michael.stallworthy@arpc.gov.au.

Please note: all submissions, including nil submissions need to be lodged through RISe.

Natural disasters insurance review

On 4 March the Assistant Treasurer, Bill Shorten, announced a review into natural disaster insurance in Australia. The review will examine the insurance arrangements for individuals and businesses for damage and loss associated with flood and other natural disasters. A report is due to Government by the end of 2011.

ARPC's Client Services Manager, Michael Pennell, has been seconded to the review secretariat.

For the full media release please go to the [Assistant Treasurer's media release page](#).

Sydney office move

In mid May, ARPC's Sydney office will relocate to Level 23, Royal Exchange Building, 56 Pitt Street. This marks the end of a sharing arrangement with the Inspector General of Taxation (IGT), who has kindly housed us since 2003. We will miss the friendly IGT staff and the proximity to the AMP food court. However the new office will provide more space and is more central.