The Quarterly Newsletter from the ARPC

# UNDER THE COVER





### Message from the CEO

Welcome to the winter edition of 'Under the Cover'. At this time of year on my weekly commute to Canberra, where the temperatures are often below zero, the title of this newsletter is starting to make sense. Fortunately, I spent last week conferring with recent visitors from Mongolia on their soil in the beautiful northern summer. Our Mongolian counterparts are adopting a version of ARPC's scheme to provide a buffer to the occasional severe livestock losses that occur from extreme cold weather events in that country. ARPC has been pleased to assist by

sharing our knowledge, experience and our contacts with service providers in the industry. The Mongolian project was funded by an AusAID Australian Leadership Award Fellowship.

Some of the items on our agenda of late include maximising available investment returns and reviewing the ARPC model with regard to the efficiency our operations. ARPC has now reached a point of maturity with systems and staffing and has most or all of the available eligible risk.

The scheme continues to strengthen with a surplus this year, after operational and retrocession expenses, of \$61 million, giving it reserves of \$665 million. If the scheme is triggered by an event then, in addition to our reserves, we can call upon a retrocession program of \$2.75 billion and a government guarantee of \$10 billion if necessary.

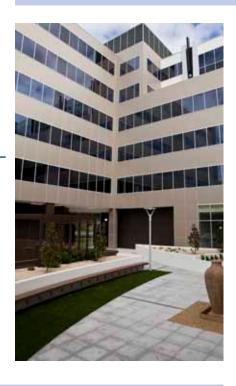
#### **New Ministerial direction**

As foreshadowed in our communication on 20 January 2011, a new Ministerial direction was issued to ARPC on 28 June 2011. The *Assistant Treasurer to Australian Reinsurance Pool Corporation (Premiums) Direction 2011* reallocates some postcodes from tier C to tier B. We would like to thank all our clients who have taken the time to reallocate the postcodes in their systems to enable the correct calculation of premium as at 1 July 2011.

Please click here to view the direction http://www.comlaw.gov.au/Details/F2011L01371

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### Postcode update information

ARPC has undertaken the usual annual review of the postcodes to facilitate the submission of annual aggregate reports. The changes to the postcode list for 2011 are:

#### **New Postcodes**

Postcode	Tier	State	Reason	
0822	С	NT	New postcode	
0834	C	NT	New postcode	
0839	С	NT	New postcode	
2818	С	NSW	New postcode	
2826	С	NSW	New postcode	
2838	С	NSW	New postcode	

#### **Deleted Postcodes**

Postcode	Tier	State	Reason
909	В	NT	No longer separate location postcode
2052	В	NSW	No longer valid Aust Post postcode
2091	В	NSW	No longer valid Aust Post postcode
2109	В	NSW	No longer separate location postcode
2139	В	NSW	No longer valid Aust Post postcode
2314	С	NSW	No longer separate location postcode
2331	С	NSW	No longer separate location postcode
2351	C	NSW	No longer separate location postcode
2522	В	NSW	No longer separate location postcode
2755	C	NSW	No longer separate location postcode
2890	C	NSW	No longer separate location postcode
3647	C	NSW	No longer separate location postcode
3662	C	NSW	No longer valid Aust Post postcode
5005	В	SA	No longer separate location postcode
5246	В	SA	No longer valid Aust Post postcode
6907	В	WA	No longer separate location postcode

### Submissions due

The end of one financial year and the beginning of another, brings with it submissions. Below is a table which highlights which submissions are required in the next three months:

What's due	Due date
Quarterly returns for period ending 30 June	31 July
Annual aggregate returns *	31 August
Annual gross written premium declarations	30 September

For more information, please refer to the RISe cedant manual on the ARPC website or contact Michael Stallworthy on +61 2 8223 6777.

\* Please note: when submitting your annual aggregate return, RISe will compare this year's submission with last year's. If any changes are greater than 10%, a message will appear asking you to review your submission or provide a comment.

## Contact detail changes

If any cedants are moving to a new address, or contact details change, please advise ARPC as soon as possible so that our records are current. Recently we had difficulty tracking down some cedants who have moved offices or have changed our nominated contacts and overlooked advising us.

### Singapore visit

The cedant review team visited Singapore in June and reviewed 24 captive insurance companies. These 24 companies return approximately 5% of all premiums to ARPC. They are administered by the major insurance brokers. The team was well received and looked after in all offices. A big thank you to our hosts.





### NDIR review update

As we reported in the last issue of our newsletter, ARPC's Client Services Manager, Michael Pennell has been seconded to the secretariat of the natural disaster insurance review (NDIR). Michael reports that the NDIR panel, after broad consultation with a range of stakeholders, released an issues paper on 10 June. The paper outlines the availability of insurance for flood and other natural disasters in Australia. It suggests three possible options for flood insurance that would each deal with availability to different degrees.

The options outlined in the paper are:

- 1. automatic flood cover all insurers are obliged to offer flood cover in their home insurance policies and all homeowners who purchase home insurance must purchase flood cover.
- 2. automatic flood cover with opt out all insurers are obliged to offer flood cover in their home insurance policies but homeowners can choose to purchase home insurance that does not include flood cover; that is, they can opt out of flood cover.
- 3. status quo insurers are free to offer full, partial or nil flood cover in home insurance policies and homeowners are free to insure with or without flood cover.

Please follow this link to access the issues paper: <a href="http://www.ndir.gov.au/content/Content.aspx?doc=issuespaper.htm">http://www.ndir.gov.au/content/Content.aspx?doc=issuespaper.htm</a>

Submissions to the review closed on 14 July 2011 and over 40 submissions were received. Please follow this link to access the submissions: http://www.ndir.gov.au/content/Content.aspx?doc=submissions.htm

### A moment with Sujit

Sujit Mukherjee has recently joined ARPC in the role of Investments Manager. He is responsible for handling internally managed cash and investments and providing reports to the Chief Financial Officer. Sujit is also required to negotiate investment positions, manage the maturity and liquidity of these funds and the associated risk; and is responsible for monitoring the performance of the external fund managers.

Sujit has worked in similar roles in both the public and private sector and says he is 'thoroughly enjoying his new role at ARPC and is liking working with a small team.' Sujit enjoys the interaction with the financial services and banking environment, and the analysis of the financial market trends and movements.

In his spare time Sujit loves to spend time with his wife and two young children, travelling and reading. Sujit has an interest in aircraft, and will soon be taking a trip in an A320 flight simulator.



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