



## Message from the CEO

Welcome to the Winter edition of Under The Cover.

ARPC's role has not changed since the scheme commenced but after ten years of operation we can make something of an announcement.

ARPC is set to expand its sphere of operations with the introduction of the National Insurance Affordability Council. ARPC's role will be to provide secretariat support and to have some involvement on the Council. The Council will make recommendations to the Minister for Financial Services, principally in the area of funding flood mitigation infrastructure,

although it may also consider other issues of insurance affordability. A key aim of the Council will be to influence the affordability of insurance prices at the margins and to be able to demonstrate that mitigation infrastructure projects supported by the Council have resulted in price reductions.

The Commonwealth 2013 May Budget Statement included an announcement of a further \$300M dividend from ARPC, in addition to the \$400M dividend announced in May 2012. While this level of dividend will result in a significant reduction in ARPC's claims reserves, it will only have a significant impact on the size of the scheme if our retrocession program is discontinued. The retrocession program is in place until December 2013 and options for its renewal will be considered in the near future. The payments of both dividends are spread over a four year period.

As ARPC's premiums are calculated as a percentage of its cedants' premiums, our capacity to generate income is directly linked to the market. ARPC may be in a monopoly position, but it has no capacity to influence premium levels. It is a particular challenge to predict the market when we do not see the progression of individual renewals flowing through our cedant companies' books.

Please enjoy the rest of our newsletter.

David Matcham  
CEO

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## Postcode update

The latest postcode review has found one new postcode

Postcode	Tier	State	Location	Reason
4892	C	QLD	most of inland Far North QLD	new postcode

## Submissions due

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

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

## Annual aggregate report – please note changes

The aggregate returns are a snapshot as at 30 June, and are due by 31 August each year.

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

We appreciate these changes will require new reporting capabilities from our cedants, so we have provided notice as early as possible to allow an appropriate lead time. Cedants should start collecting this information from 1 July 2013 in order to be able to report by street address on an annual basis from 1 July 2014. ARPC's report templates will be changed to capture this additional information.

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		\$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 the 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.

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 percent, a message will appear asking you to review your submission or explain the reason for the change in exposure.

Please contact Mike Pennell in our Sydney office by phoning (+61) 2 8223 6777, or email [michael.pennell@arpc.gov.au](mailto:michael.pennell@arpc.gov.au) if you have any questions regarding this change or check the ARPC website, [www.arpc.gov.au](http://www.arpc.gov.au), for the latest updates on this initiative.

## ANZIIF honours Mike Pennell

Mike Pennell was recently honoured at the Australian and New Zealand Institute of Insurance and Finance (ANZIIF) annual general meeting held on 24th May. Mike was awarded an ANZIIF Service Award for his services to the insurance industry including 10 years of involvement with The Institute's Reinsurance Study Course (RiSC) and for his work on the 'Reinsurance Rendezvous' Organising Committee and Reinsurance Faculty Advisory Board.

Mike's involvement with the RiSC Study Course began way back in 1993 as a participant of the course. In 2003 he was invited by The Institute to become a 'Syndicate Leader' providing guidance and teaching reinsurance and business management to future leaders of the insurance and reinsurance industry.

ARPC congratulates Mike on this industry award.



*Mike is presented his award by Tony Morgan, President of ANZIIF at the time.*



## A moment with David...

**Name:** David Matcham

**Position:** Chief Executive Officer

**Interests:** Cycling, fishing, renovating and landscaping

David joined ARPC in 2010 as the CEO after being headhunted out of retirement. He divides his working week between ARPC's Sydney and Canberra offices. As CEO of ARPC, he says he has enjoyed the opportunity to gain insight into the workings of government at the bureaucratic and political levels.

'ARPC operates as a successful partnering of the insurance and property sectors with government, which provides us with a unique position,' David said. 'We work outside of APRA regulation, don't pay company tax and, so far — no claims!'

As ARPC deals with some 250 insurers and over 60 reinsurers spread across the world, 'I can't think of another business with such an extensive network in our industry,' he said.