

UNDER THE COVER



Australian Government

Australian Reinsurance Pool Corporation



Message from the CEO

Welcome to the spring edition of Under the Cover. The tragic events that occurred in Oslo, Norway on 22 July 2011 are a stark reminder that even the most peaceful nations are not immune from terrorism. It is a sobering thought that a lone individual was able to construct a 1000kg bomb and detonate it in the heart of Oslo causing significant damage to buildings, eight deaths and injuries to a further 26 people. ARPC remains focused on providing you with an effective and efficient mechanism to transfer your terrorism risk.

Mandatory reporting

Thank you to everyone who has submitted their gross written premiums and aggregate sums insured reports on time. This is a very important part of the reinsurance agreement and any organisations that have not yet uploaded these reports into RISE, are requested do so as soon as possible. Please note that nil submissions must also be lodged.

If you are encountering any issues please contact enquiries@arpc.gov.au or call +61 2 6279 2100.

Retrocession program trip

ARPC takes to the road late in October to present details of the retrocession renewal to existing and prospective reinsurers. The trip takes us to Singapore, Stockholm, London, Bermuda and the USA and paves the way for intensive renewal negotiations leading up to 1 January 2012 renewal date.

The 2011 retrocession program provides a band of cover of \$2.75 billion above ARPC's deductible of \$350m; and ARPC is hoping to increase the cover within the current spend. This objective may become challenging as reinsurers look for rate increases to balance poorly performing investment portfolios, not to mention losses closer to home.

ARPC was given approval to make a discretionary purchase after the 2006 review of the terrorism scheme and see the opportunity as a way of encouraging the private sector back into terrorism risk.

In this issue

- *Message from the CEO*
- *Mandatory reporting*
- *Retrocession program trip*
- *Premium submissions due*
- *Analysis of exposures in rural Australia*
- *Insurance auditor position*
- *Annual report*
- *2012 review*
- *A moment with Wendy*

Premium submissions due

Premium submissions for the first quarter (1 July – 30 September) are due by 31 October 2011. 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. Cedants will need to download the new template for the 2011-12 financial year. For 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 enquiries@arpc.gov.au or call +61 2 6279 2100.

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Analysis of exposures in rural Australia

ARPC has contracted the Attorney-General's Department to produce an analysis of exposure in rural Australia. This work will provide a narrative on the areas outside CBDs with significant asset concentrations and will detail the top ten potential terrorism losses.

As ARPC's knowledge base increases, so does the level of security required to protect such sensitive information. In future the Attorney-General's Department will house ARPC's blast and plume models at one of its secure locations. ARPC modelling focuses on predicting the immediate damage and economic consequences of a blast or a bio-chemical attack but not the probability of such an attack. This information has helped in the purchasing of the retrocession program and in the event of a terrorist event puts ARPC in a better position to make early estimations of loss.

Insurance auditor position

ARPC is in the process of recruiting for an insurance auditor. This new position will assist in the design and delivery of ARPC's cedant review program and the delivery of ARPC's internal audit program. This successful application should possess extensive internal audit experience. Applications closed on 30 September.

Annual report

ARPC's annual report was presented to the Minister by 15 October 2011 and will be tabled in Parliament by 31 October. It will then be published on our website.

2012 review

The terrorism scheme administered by ARPC comes up for review every three years and the next review is in 2012. At this stage the terms of reference are still to be settled; however the inquiry will focus on:

- the need for the *Terrorism Insurance Act 2003* to continue in operation; and
- the integrity, efficiency and impact on competition of the existing terrorism insurance scheme.

A moment with Wendy

Wendy Cull joined ARPC in June as the Senior Business Systems Accountant. In her role Wendy ensures that the core IT business systems are operational and meet the requirements of the business. Wendy also ensures that procedures are documented and staff have the appropriate training.

Wendy enjoys the diversity of her work and implementing improvements to assist the organisation to meet its business objectives. Wendy brings with her a great deal of experience from working in similar roles in Australia and New Zealand.

Wendy grew up in New Zealand, and is a keen follower of the All Blacks. She likes to dabble on the piano and is known to be found in front of a sewing machine, or up a ladder fixing something.



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