



The quarterly newsletter from ARPC

# UNDER THE COVER

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## Message from the CEO



### Welcome to the Autumn edition of our newsletter.

In early March, I addressed the CSC Client Conference, *The Art of Transformation*, on the topic 'The impact of Cyber Insurance on the Community'. This included the risk of cyber terrorism acts causing

physical destruction, the gap in regular cyber policies being able to cover this risk and research on what stand-alone cyber policies usually do cover. I also highlighted UK terrorism scheme Pool Re's recent announcement that it is talking to the UK Government about removing the cyber exclusion from its scheme regulations.

Under *the Public Governance, Performance and Accountability Act 2013* (PGPA Act), we are required to publish a rolling four-year Corporate Plan by 31 August each year. We have begun work on our 2017 Plan, using input from strategic workshops held in 2017 with Board Members and Executive Managers. The plan will report on ARPC's purpose, performance, capability, risk oversight and management.

In other news, ARPC will host a *Terrorism Risk Insurance Seminar* at Parliament House in Macquarie St, Sydney on 05 October. The speaker lineup will include academics and professionals who are experts in cyber-terrorism, terrorism risk insurance and countering violent extremism. 'Save the date' invitations will be emailed soon.

Finally, I'd like to farewell outgoing ARPC Chair, Ms Joan Fitzpatrick, who has confirmed that she will not be seeking reappointment when her current term expires on 30 June 2017. Joan is a highly motivated and visionary Chair who will be greatly missed. Long-serving ARPC Board member Tom Karp will also depart the Board when his term expires at the end of September 2017. ARPC's full media release regarding the Board departures and the search process for their replacements can be viewed here <http://arpc.gov.au/2017/02/10/arpc-chair-term-expiry-and-search>

**Dr Christopher Wallace**  
Chief Executive Officer

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## Public Service Medal awarded to ARPC Chief Underwriting Officer

Michael Pennell, ARPC Chief Underwriting Officer, has been awarded the prestigious Public Service Medal (PSM) for his outstanding service in relation to the development of Australia's national terrorism reinsurance scheme, including ARPC's unique blast and plume modelling capability.

In his role as ARPC CUO, Mr Pennell identified retrocession as an invaluable tool to strengthen the ARPC scheme, protect Australia's economy and engage the insurance industry. Based on his recommendations, the 2006 Review of the *Terrorism Insurance Act 2003* recommended that ARPC continue to build premiums or purchase reinsurance. This has resulted in the current \$3 billion retrocession program which is reviewed annually.

Please find ARPC's full media release <http://arpc.gov.au/2017/01/30/public-service-medal-awarded-to-arpc-chief-underwriting-officer>

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## New ARPC executive appointment

ARPC has welcomed Michaela Flanagan, newly appointed General Manager, Business Performance and Strategy. Ms Flanagan is responsible for leading the strategic planning cycle and supporting the development, implementation and measurement of ARPC's strategic objectives.

"Ms Flanagan brings to ARPC deep experience in insurance coupled with extensive experience in developing and implementing corporate strategy, business plans and projects," says Dr Chris Wallace, ARPC CEO.

Ms Flanagan has 20 years' experience in the general insurance sector and joins ARPC from QBE where she was Head of Strategy and Proposition Development within the Specialty and Corporate Solutions global business.

Please find ARPC's full media release <http://arpc.gov.au/2016/11/04/arpc-announces-executive-appointment>

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## Terrorism Insurance Amendment Regulations 2017

Submissions on the exposure draft of the Terrorism Insurance Amendment Regulations 2017 are now closed. The exposure draft implements recommendation nine of the Terrorism Insurance Act Review 2015 to extend the terrorism insurance scheme. This is to apply to mixed-use buildings where at least 20 per cent of the floor space is used for commercial purposes and high value residential buildings that have a building sum insured of \$50 million or more.

The amendment regulations are expected to commence on 1 July 2017. The amendments are expected to only apply in relation to insurance contracts executed or renewed on or after 1 July 2017.

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## Premium submissions due

Premium submissions for the third quarter (1 January – 31 March) of the 2016-2017 financial year are due by 30 April 2017. All premium submissions, including nil submissions, must be lodged

To submit a premium, please log into <http://rise.arpc.gov.au> and click on download templates. For further instructions please refer to page 27 of the RISE Cedant User Manual [http://arpc.gov.au/files/2012/09/RISe\\_Cedant\\_User\\_Manual\\_V3.0-.pdf](http://arpc.gov.au/files/2012/09/RISe_Cedant_User_Manual_V3.0-.pdf)

If you have any questions please contact [accounts@arpc.gov.au](mailto:accounts@arpc.gov.au) or call +61 2 6279 2100.

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## Aggregate return submissions

Aggregate return submissions are due once a year by 31 August.

Your aggregate return is a snapshot of your risk exposure by postcode and state as at 30 June of that year.

We would like to remind cedants to be prepared to meet the deadline for these submissions.

To submit your aggregate return, please log into <http://rise.arpc.gov.au> and click on Aggregate Return. Here, you can submit your return using either the Bulk Upload option to upload the spreadsheet you have completed, or the Manual Upload section to enter a small amount of data.

If you have no aggregate exposure for the year, you should click on the 'Finalise Submission' link through RISE and check the "no submission" box on that page prior to finalising your submission.

Please see page 20 of the RISE Cedant User Manual [http://arpc.gov.au/files/2012/09/RISe\\_Cedant\\_User\\_Manual\\_V3.0-.pdf](http://arpc.gov.au/files/2012/09/RISe_Cedant_User_Manual_V3.0-.pdf) for further instructions.

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## New Quick Reference Guide for cedants

ARPC has published a Quick Reference Guide for Cedants which includes quarterly premium submission due dates together with annual aggregate return and annual GWP declaration due dates. The guide can be viewed on our website under Reinsuring with ARPC/Client Obligations <https://cdn.tspace.gov.au/uploads/sites/98/2017/02/ARPC-Cedant-Quick-Reference-Guide.pdf>

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## Postcodes

There are no changes to the postcode table for this quarter.

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## Q&A

**Q:** Q: What is the difference between an aggregate return and a GWP Declaration?  
(ARPC has been asked this question many times recently)

**A:** A: An aggregate return is due once a year, by 31 August, and is a snapshot of your risk exposure by postcode and state as at 30 June of that year and the main CBD postcodes Street Address detail report.

The gross written premium declaration is also due once a year, by 30 September, and is the sum of your annual gross written premium for the fire/ISR Class of business (of eligible and ineligible policies, less any Fire Service Levy) and is used to calculate your annual retention figure.

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