



The quarterly newsletter from ARPC

# UNDER THE COVER

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## Message from the CEO



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

I would like to welcome our new ARPC Chair Mr Ian Carson AM, and ARPC's newest Board member Ms Karen Payne.

Mr Carson is renowned both for his business leadership and his work within the community. I look forward to working with him and Ms Payne who brings considerable government sector, legal and accounting experience to the ARPC board. Ms Payne begins her term on 5 October.

ARPC is now recruiting a Senior Adviser, Governance and Compliance. Reporting to the General Manager, Governance Risk and Compliance, the person will be responsible for preparing the annual legislative and regulatory compliance reporting for ARPC, its Board members and its officials. The Adviser will also provide governance and compliance subject matter expertise to ARPC.

On 31 August, ARPC's 2017-21 Corporate Plan was published on the ARPC website, summarising our goals and objectives for the next four years.

On October 31, our 2016-17 Annual Report will also be published on our website.

We are currently updating the ARPC website to modernise its appearance, make it responsive, and provide our customers with a seamless user experience. All of the information on our existing site, including the RISe Claims system, will be transferred across so you can continue your business as usual online. We will also be adding a full list of our cedants and improving our postcode search function. This project is nearing completion and we will let you know shortly when it will go live.

Preparations for the 5 October ARPC Terrorism Risk Insurance Seminar at Sydney's NSW Parliament House are continuing. We have gathered an impressive line-up of speakers including terrorism experts, insurers/reinsurers, policymakers and academics. For more information, including a link to the Event Program and registration details, visit our ARPC *Events Page* at [www.arpc.gov.au/events](http://www.arpc.gov.au/events).

We hope to see you there!

**Dr Christopher Wallace**  
Chief Executive Officer

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## New Board appointments

ARPC has recently welcomed a new Chair and new Board member.

Ian Carson AM, business advisory expert and social entrepreneur, began his term as ARPC Chair on 1 July 2017, while legal and tax expert Ms Karen Payne will begin her term as ARPC Board member on 5 October 2017.

Mr Carson is founding Partner and Chair of PPB Advisory where he works with boards and governments to solve complex business problems and advise on sensitive issues.

Mr Carson is also the co-founder and Chair of SecondBite, a charity which provides access to fresh, nutritious food for people in need. In 2017, Mr Carson was awarded the prestigious Member of the Order of Australia (AM) for significant service to the community and to business.

Ms Payne is currently CEO and executive member of the Board of Taxation. Ms Payne has over 20 years' experience as a specialist taxation advisor at top tier legal and accounting firms.

The full ARPC media release can be viewed here: <http://arpc.gov.au/2017/06/19/arpc-welcomes-new-chair-and-board-member-appointments/>.

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## ARPC CEO addresses international conference of terrorism pools



ARPC CEO Dr Christopher Wallace recently travelled to Paris where he addressed the International Forum of Terrorism Risk (Re) Insurance Pools (IFTRIP) Conference, hosted by French terrorism pool GAREAT.

Dr Wallace presented to delegates from 14 member terrorism pools about the potential for cyber terrorism to cause physical property damage, the changing nature of terrorism and the need to review the extent of coverage for victims of terrorism.

The International Forum of Terrorism (Re) insurance Pools (IFTRIP) was formally ratified at the Global Terrorism Risk Insurance Conference hosted by ARPC in collaboration with the OECD in Canberra in October 2016. The organisation was founded with the goal of promoting initiatives for closer international collaboration and sharing expertise and experience to combat the threat of potential major economic loss resulting from terrorism.

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## Updated Reinsurance Agreement

ARPC has updated the Terrorism Reinsurance Agreement in line with current market practice.

While the broad intention of the wording is unchanged, ARPC has modernised the agreement and clarified ambiguities in the existing wording.

The updated Endorsement now satisfies both the market's requirements and the obligations of the *Terrorism Insurance Act 2003*.

ARPC released an Information Guide and a copy of the Endorsement outlining changes to all of our reinsureds before 31 March 2017.

The Endorsement will take effect on 1 October 2017.

For more information contact [enquiries@arpc.gov.au](mailto:enquiries@arpc.gov.au) or call +61 2 8223 6777.

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## Reinsurance Agreement terms

ARPC would like to remind cedants that they may terminate their Reinsurance Agreement for Terrorism Risks by giving ARPC no less than six months written notice. The Agreement shall expire at the date and time specified in the written notice given pursuant to this stipulation.

Reinsureds who have submitted a six month notice of cancellation are still required to submit quarterly premium returns. This applies also to run off business which may go beyond the cancellation date.

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## Retention information deadline

ARPC would like to remind all cedants that under clause 5 of the Agreement, they are required to submit their GWP information for the 2016-17 Financial Year.

This GWP submission is due:

- **31 August 2017** for non-APRA registered insurers; and
- **30 September 2017** for APRA-registered insurers

This submission will set each insurer's retention for the current Retention Period (which aligns with the Australian Financial Year). Failure to meet these deadlines means that the default retention of \$12.5 million will apply.

The Fire and Industrial Special Risks (ISR) GWP reporting applies to all eligible and ineligible Fire and ISR policies, not just those already reported through quarterly premium returns. For APRA registered insurers, this figure will agree with that reported to APRA (GRF 310.1) which is also due by 30 September each year.

If you are experiencing difficulties using ARPC's RISE system, please refer to ARPC's website for the online manual here: [www.arpc.gov.au/reinsuring/rise](http://www.arpc.gov.au/reinsuring/rise), contact [enquiries@arpc.gov.au](mailto:enquiries@arpc.gov.au) or call +61 2 8223 6777

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## Premium submissions due (period ending 30 September)

Premium submissions for the first quarter (1 July–30 September) of the new 2017-18 financial year are due by 30 October 2017. All premium submissions, including nil submissions, must be lodged.

The premium return template is available in RISE and must be used to submit all premium returns. For further instructions, please refer to page 27 of the RISE Cedant User Manual, available on our website here: [www.arpc.gov.au/reinsuring/rise](http://www.arpc.gov.au/reinsuring/rise).

If you have any questions please contact [enquiries@arpc.gov.au](mailto:enquiries@arpc.gov.au) or call +61 2 8223 6777.

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## RISe System Update

ARPC has recently updated the RISE system in order to more effectively manage contact details and ensure they are kept up to date.

From September 20, a new screen will appear when cedants log in to RISE, requesting confirmation or update of primary and secondary contact details.

This means cedants will be required to have a primary and a secondary contact in the system. When a cedant logs in to submit a quarterly premiums, the cedant will be able to update or validate these details.

This change will allow ARPC to contact cedants when there is an Agreement update, changes to relevant legislation, or other relevant matters.

For further information on the change please see our website here: <http://arpc-staging.tspace.gov.au/reinsuring/rise/rise-system-update>.

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## Q&A

In response to recent questions, ARPC has published advice on whether the Terrorism Insurance Act 2003 (TIA) provides cover in respect of trains, trams and other railway vehicles in the course of manufacture, testing and commissioning.

**Q: Does the TIA provide cover in respect of terrorism, for rolling stock during the course of testing and commissioning on a railway?**

A: No. Because the exclusion in the Regulations starts to apply as soon as the train, tram or other railway vehicle is operated or used on a railway.

**Q: Will the TIA cover provide cover for a train, tram or other railway vehicle in the course of manufacture before it has been operated on a railway.**

A: Yes. Provided it still meets the definition of 'eligible property' within the meaning of the TIA.

For more information on ARPC's position on rolling stock, please refer to our guidance note here: <http://arpc-staging.tspace.gov.au/qanda/guidance-note-rolling-stock-and-arpc>.

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## Clarification of ARPC Scheme Coverage with regard to State Government owned assets and PPPs

### Government owned assets

ARPC would like to clarify its reinsurance coverage in relation to Federal Government and State Government owned assets.

As per Sections 6 and 8 in Schedule 1 of the *Terrorism Insurance Regulations 2003*, the application of the *Terrorism Insurance Act 2003* does not allow for ARPC to reinsure a contract of insurance that provides cover to the Commonwealth, or a contract of insurance to the extent that it provides cover to:

- a) the Crown in right of a State, the Australian Capital Territory or the Northern Territory; or
- b) a Minister of the government of a State, the Australian Capital Territory or the Northern Territory (in the capacity of a Minister); or
- c) a Department of the government of a State, the Australian Capital Territory or the Northern Territory.

### Public Private Partnerships

Public Private Partnerships are contracts between the public and private sectors whereby a government pays the private sector to deliver infrastructure and related services

In the instance of public private partnerships, the TI Act allows an insurance contract to be apportioned.

This means that if an insurance contract includes cover that is eligible to be reinsured for terrorism risk as per Section 7 of the TI Act (in this instance this relates to property or construction works owned by the private sector), but also includes cover that is excluded by the Regulations (Government-owned assets), then the portion of the policy that relates to the eligible insureds, and subject to the requirements of the Act being met, will be reinsured by ARPC.

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## Sydney Terrorism Risk Insurance Seminar

You are invited to the ARPC Terrorism Risk Insurance Seminar on Thursday, 5 October, at NSW Parliament, Macquarie St, Sydney, where you will hear valuable insights into existing and emerging terrorism threats as well as the implications for the re/insurance industry. The event will begin with a light lunch and finish with networking drinks and canapes. Speakers will include:

- **Ian Carson AM**, ARPC Chair;
- **Pablo Carpay**, Coordinator, Countering Violent Extremism Centre, Attorney General's Department;
- **Dr. Anthony Bergin**, Senior Research Fellow, National Security College, ANU and Senior Analyst, Australian Strategic Policy Institute;
- **Anthony Bubalo**, Deputy Director and Research Director, Lowy Institute for International Policy;
- **Levi West**, Director of Terrorism Studies, Charles Sturt University;
- **Murray Ackman**, Lead Researcher, Institute of Economics and Peace;
- **Michael Pennell PSM**, ARPC Chief Underwriting Officer;
- **Paul Allison**, Vice Chairman, Guy Carpenter.

### Details

Date: 5 October 2017

Venue: Parliament House, 6 Macquarie Street, Sydney 2000 NSW

Time: 12.30pm

Cost: \$340

To register for the event, please visit our Eventbrite registration page here:

<https://www.eventbrite.com.au/e/arpc-terrorism-risk-insurance-seminar-tickets-31432036066?aff=es2>.

For an up-to-date Event Program and speaker biographies, please visit [www.arpc.gov.au/events](http://www.arpc.gov.au/events).

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