



The quarterly newsletter from ARPC

UNDER THE COVER

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Message from the CEO



Welcome to the final issue of our newsletter for 2016.

On 23 November, the Government announced an update to public advice accompanying the National Terrorist Threat level for Australia. The threat level remained

unchanged at Probable. The updated advice stated that the pre-eminent threat in Australia is from Islamist extremist individuals or small groups using 'simple attack' methods to cause maximum harm. The updated advice also notes that "while the most likely form of terrorism in Australia remains an attack by an individual or a small group, the possibility of co-ordinated attacks against multiple attacks — as seen in recent attacks overseas — cannot be ruled out". Please read the separate article in this issue for more information.

In early October, some of you attended our ARPC-OECD Global Terrorism Risk Insurance Conference at Parliament House in Canberra.

This very successful event was attended by more than 160 delegates from the local and global insurance/reinsurance industry, global terrorism pools and the Australian Government. ARPC would like to thank cedants who attended and for the support and feedback we received.

ARPC has successfully completed its retrocession reinsurance program for 2017. This is a significant project for ARPC and we appreciate the support of our global panel of more than 60 retrocessionaires.

We have also published our Annual Report for the financial year 2015–16. This is available on our website arpc.gov.au/news-and-publications/annual-reports

We wish you a safe and happy Summer holiday break and we look forward to working with you in 2017.

Dr Christopher Wallace
Chief Executive Officer

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National terrorism threat updated

On 23 November, Federal Attorney General George Brandis and Minister Assisting the Prime Minister for Counter Terrorism, the Hon Michael Keenan MP, announced that public advice accompanying the National Terrorism Threat Level for Australia had been updated to reflect recent events here and overseas.

The threat level remains unchanged at **PROBABLE**.

This updated public advice states that:

- Australia has experienced one terror-related attack and disrupted five plots so far in 2016;
- the pre-eminent threat is from individuals or small groups who use simple attack methodologies; and
- one actor threats are not exclusive to Islamist extremism with a right wing extremist charged with terrorism offences in Melbourne this year.

[National Terrorism Threat – Updated public advice](#) press release.

[National Terrorism Threat Advisory System/Australian Security Environment](#) page.

Premium submissions due

Premium submissions for the second quarter (1 October-31 December) of the 2016-2017 financial year are due by 29 January 2017. **All premium submissions, including nil submissions, must be lodged by 29 January.**

To submit a premium please log into <https://rise.arpc.gov.au> and click on download templates. For further instructions please refer to page 27 of the RISE Cedant User Manual.

If you have any questions please contact accounts@arpc.gov.au or call +61 2 8223-6777.

Retrocession renewal

In November, ARPC's Chief Underwriting Officer Mike Pennell met reinsurers in key markets to negotiate the renewal terms of our retrocession program for the 2017 calendar year. This year, ARPC maintained its retention at \$350 million and increased the cover purchased to \$3 billion. This program included future coverage for mixed use and high value buildings and clarification of cover for terrorist attacks involving biological or chemical agents. The program continues to be supported by more than 60 retrocessionaires and utilises private sector reinsurance to protect the Australian economy in the event of a Declared Terrorist Incident (DTI).

The retrocession program is a key component of ARPC's scheme. It reduces the Government's loss exposure by \$3 billion in the event of a terrorist attack. The total capacity of the scheme is boosted to almost \$13.5 billion using ARPC capital, retrocession and the Commonwealth guarantee.

Updating the ARPC Reinsurance Agreement

ARPC received many comments on the draft of the updated Reinsurance Agreement.

We expect to publish the Endorsement in Q1 2017 for final comment before its application in mid-2017.

ARPC would like to thank insurers who have provided comments so far.

Q&A

Q: What needs to be included in the Street Address Detail Aggregate Report, which is due by August 31 each year?

A: This report has slightly different requirements to other aggregate exposure reports. Building exposures are an obvious requirement if they are in an eligible policy but, importantly, a building does not have to be included at risk level. If the eligible policy is only issuing cover for 'contents' or 'business interruption' in the CBD postcode then these amounts can be submitted on their own.

Please ensure your systems are set up to differentiate the different requirements between the 'All Risks ex CW' aggregate exposure by postcode report and the 'Street Address Detail Report' for the required CBD postcodes (2000, 3000, 4000, 5000 & 6000). Instructions in the Street Address Detail Aggregate Report template and the RISE Cedant User Manual have been updated to reflect these requirements.

Postcode update

There is no postcode update this issue.

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