



The quarterly newsletter from ARPC

# UNDER THE COVER

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## Message from the CEO



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

Last month, our Board Member Elaine Collins and I had the privilege of attending the OECD conference on Unleashing the Potential of the Cyber Insurance Market.

This global event was focused

on developing policy recommendations for government and the insurance sector on cyber risk. The conference evaluated the development of cyber as a risk in stand-alone cyber insurance products for loss of data; and cyber as a peril in commercial property insurance policies. Discussions also focused on addressing gaps in reporting of cyber incidents, advances in modelling capacity, the increasing role of cyber insurance in the risk management process, providing greater clarity on coverage and enhancing the contribution of reinsurance and capital markets. Speakers included policymakers and experts from the insurance, risk management and cyber security industries.

We will be using material from the OECD conference as input into the 2018 review of the Terrorism Insurance Act by the Treasury (the 2018 Triennial Review).

The program and speaker presentations are available at this link [www.oecd.org/daf/fin/insurance/2018-oecd-conference-cyber-insurance-market.htm](http://www.oecd.org/daf/fin/insurance/2018-oecd-conference-cyber-insurance-market.htm).

Jessie Khan, ARPC's Advisor Insurance Audit and Claims, recently returned from an exchange program with Pool Re in London, the UK's terrorism reinsurance pool. Jessie was able to participate in claims management processes with Pool Re and learn from their experience following last year's Westminster, London Bridge, and Manchester Stadium terrorism incidents. Pool Re currently underwrites more than £2 trillion of exposure in commercial property to terrorism risk across the UK mainland and has paid out claims of more than £600 million to date.

We have recently begun work on updating our Corporate Plan for the 2018 – 2021 and preparing for the 2018 Triennial Review.

In other news, ARPC has now confirmed its retrocession reinsurance program for the 2018 calendar year, completing more than two thirds of the program on a multi-year basis. Please read the full newsletter for more information.

**Dr Christopher Wallace**  
Chief Executive Officer

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## ARPC's 2018 retrocession program helps cover Australian economy against terror attacks

ARPC has confirmed its retrocession reinsurance program for the 2018 calendar year. The new \$3.065 billion retrocession reinsurance program plus ARPC's net assets and the \$10 billion Commonwealth guarantee, provides continuing scheme capacity to pay claims of more than \$13.4 billion.

"ARPC was able to increase private sector participation in the scheme by lowering the retrocession deductible from \$350 million to \$285 million and renewing the remainder of the program within our budget. ARPC remains well positioned to protect Australian businesses from economic losses, including property damage and business interruption, in the event of a Declared Terrorist Incident," said Dr Chris Wallace, ARPC Chief Executive.

"Our private sector retrocession reinsurance program provides increased scheme capacity to pay for large terrorism events, and protects the Government's Commonwealth guarantee and Australian taxpayers," Dr Wallace said.

ARPC also completed more than two thirds of the program on a multi-year basis, providing a degree of stability for all stakeholders in terms of the level of cover purchased and price paid.

Read the full media release <http://arpc.gov.au/2018/02/26/arpcs-2018-retrocession-program-helps-cover-australian-economy-against-terror-attacks>.

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## ARPC to support development of risk mitigation handbook for businesses to mitigate terrorism risks

ARPC has submitted a proposal to Standards Australia for a Physical Protective Security Treatment for Buildings Handbook which will unite existing guidelines and other relevant information in one easy-to-access document.

The Handbook would be a valuable tool for businesses when considering strategies to mitigate potential physical damage from terrorism incidents and other malicious acts. By supporting complex risk management of buildings and infrastructure, the Handbook will help protect the nation's assets and reduce risk, thereby providing increased certainty for the Australian economy.

### The team welcomes Leia Homer

ARPC has welcomed Leia Homer, newly appointed Senior Adviser, Risk Mitigation. Leia is responsible for project managing the development of the Physical Protective Security Treatment for Buildings Handbook.

Ms Homer has come to ARPC from Jardine Lloyd Thomson where she was employed as Risk Consultant, Civil Liability Public Sector. Here, she supported local government members (all 68 Councils in South Australia), with enterprise risk management systems for the management of civil liabilities.

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## Premium submissions due

Premium submissions for the third quarter (1 January – 31 March) of the 2017-2018 financial year are due by 30 April 2018. 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 23 of the RISE Cedant User Manual:  
[https://cdn.tspace.gov.au/uploads/sites/98/2012/09/RISe\\_Cedant\\_User\\_Manual\\_v3.2.pdf](https://cdn.tspace.gov.au/uploads/sites/98/2012/09/RISe_Cedant_User_Manual_v3.2.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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## ARPC updates Postcode Tier Classifications effective 1 January 2018

Please remember that ARPC has recently updated postcode tier classifications. Changes came into effect 1 January 2018 for all new and renewal eligible business.

The adjustments that took effect are as follows:

- **Newly classified urban region** – Toowoomba and Cairns now meet the definition of an urban area. Therefore, one postcode in Toowoomba and five postcodes in Cairns that were classified as Tier C have been reclassified as Tier B postcodes.
- **New urban fringes** – 61 postcodes at the borders of urban areas that are now undergoing substantial development, have been reclassified as Tier B. The most notable changes are south of Perth where the Rockingham area has now been included.
- **New postcodes** – there are 13 new postcodes that have now been classified. Please note that the University of Adelaide has now been given its own postcode which is classified as Tier A.
- **Corrections** – we have revised the tier for five postcodes. This includes adjusting university postcodes from Tier C to Tier B, attributed to their location.

The complete, updated postcode table is available on the ARPC website <http://arpc.gov.au/our-customers/postcodes>. This table is to be used to determine the correct terrorism premium tier rate for all new and renewal eligible business.

A summary of changes is also available on the website <http://arpc.gov.au/our-customers/postcodes>.

If you have any questions, please email [enquiries@arpc.gov.au](mailto:enquiries@arpc.gov.au)

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## ARPC staff volunteer for Starlight Foundation ROC race



Photo: ARPC staff dress up to volunteer at the Starlight Foundation's ROC race.

ARPC has again showed its commitment to supporting the Starlight Children's Foundation, with ARPC staff volunteering at the Foundation's Ridiculous Obstacle Challenge (ROC) race in February.

Volunteering included packing kits for participants, selling merchandise, and assisting with registrations before the race.

It's great to be supporting Starlight, which strives to brighten the lives of seriously ill children and their families. For information on how you can help Starlight, or information about the organisation, please visit the website <https://starlight.org.au>



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## ARPC supports indigenous internship program



Photo: The photograph depicts the Acknowledgement of Country to the Gadigal people; the traditional owners and custodians of the local Sydney area, at the Dinner.

Last month, ARPC attended the CareerTrackers 8th Annual Gala Dinner at Sydney's International Convention Centre at Darling Harbour, to support the CareerTrackers indigenous internship program.

It was an inspiring night with a more than 2,000 strong audience hearing from many young, talented interns who thanked their host organisations and commended the CareerTrackers program for providing them with career opportunities.

ARPC would like to congratulate all the interns and acknowledge the fantastic work CareerTrackers do to provide internship opportunities for Indigenous Australian university students, an initiative we proudly support.

To find out more about the not-for-profit organisation and the program, please visit the CareerTrackers website [www.careertrackers.org.au](http://www.careertrackers.org.au)

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## Q&A

### Q: How are tier rates applied to railway tracks and pipelines?

A: Railways and pipelines can traverse many areas therefore it is difficult to accurately determine gross base premium applicable to various ARPC tiers. We recommend that insurers use the risk's structures such as railway stations, signal boxes or pipeline refinery and booster facilities, to determine the tier location and calculate the premium according to those tiers.

In some circumstances, it may be more suitable to calculate the terrorism premium based on how much of a pipeline or rail track, is within a particular postcode. This may be more appropriate for a pipeline running through the suburbs and central business districts. We do not expect insurers to trace every kilometre of track or pipeline.

Note that the reinsurance premium is applicable to the whole of the eligible premium, including that of pipelines, tracks and structures.

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