



UNDER the COVER

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Message from the CEO

Welcome to the Winter edition of our newsletter.

In May, ARPC hosted the OECD in Sydney for a joint ARPC-OECD Cyber Workshop at the Hyatt Regency, Darling Harbour. OECD analysts Dr Mamiko Yokoi-Arai and Leigh Wolfrom presented to industry on the availability of coverage for cyber terrorism events in Australia and discussed potential insurance coverage gaps with reinsurer and insurer attendees.

Members of the ARPC team attended the [CREATE](#) Foundation's 20th Birthday Bash, helping to raise money for children and young people in care. The event is strongly supported by our insurer stakeholders.

Next month, several changes to ARPC's postcode-tier classification will come into effect. ARPC regularly reviews the list of postcodes to determine if there has been adequate development throughout Australia to warrant adjustments to the tier classification for each postcode.

In August, ARPC will host our fourth annual *Terrorism Risk Insurance Seminar* at NSW Parliament House, Sydney. This year's theme is 'The Terrorism Landscape' and delegates will hear presentations on local and global terrorism threats.

Work has commenced on our Corporate Plan which is required under the Public Governance, Performance and Accountability Act 2013 (PGPA Act) and must be published by 31 August each year. Work has also begun on our 2018-19 Annual Report to be published on 31 October.

We thank and farewell Michaela Flanagan who has recently left ARPC to join Swiss Re.

Dr Christopher Wallace | Chief Executive Officer

ARPC Executive Team update



Janice Nand, ARPC's Acting Chief Operating Officer

ARPC has announced changes to the senior executive team.

Michaela Flanagan, previously ARPC Chief Operating Officer (COO) has joined Swiss Re as Head of Branch Operations ANZ, with responsibility for property/casualty, life and health reinsurance operations in Australia.

ARPC would like to congratulate Michaela on her new role in the reinsurance industry and thank her for her significant contribution to ARPC.

Janice Nand has been appointed Acting COO while ARPC completes the recruitment process for a Chief Strategy and Operating Officer.

Ms Nand joined ARPC in February 2019 from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services industry where she worked as a Director, Report. Before her role with the Royal Commission, Ms Nand worked as a Partner with HWL Ebsworth Lawyers in Canberra and with Sparke Helmore Lawyers in Sydney.

ARPC opens registrations for its fourth *Terrorism Risk Insurance Seminar*

ARPC will host its fourth *Terrorism Risk Insurance Seminar* on Thursday, 29 August 2019 at NSW Parliament House, Macquarie Street, Sydney.

The theme is “The Terrorism Landscape” and you will hear presentations on local and global threats.

Speakers:

- **ASIO's Business and Government Liaison Unit (BGLU)** will present on the Australian terrorism situation
- **John MacPherson, Senior Partner leading Control Risks Asia Pacific**, will explore the cyber terrorism threat and its implications
- **Alex Hill, Defence Scientist and lead at the CBRN Effects Modelling division of Defence Science and Technology Group** will model the effects of a chemical or biological attack; and
- **ARPC Chief Executive Officer Dr Christopher Wallace** will provide an update on ARPC, while **ARPC Chief Underwriting Officer Michael Pennell PSM** will present on exclusion zones and how their size and duration can impact insured losses.

To register, click [here](#).



Dr Anthony Bergin, policy analyst from the Australian Strategic Policy Institute and ANU, presenting at the 2018 ARPC Seminar

ARPC hosts ARPC-OECD Cyber Research Workshop



Dr Christopher Wallace, ARPC CEO, with OECD's Dr Mamiko Yokoi-Arai and Leigh Wolfrom at the ARPC-OECD Cyber Research Workshop

In May, ARPC hosted an ARPC-OECD Cyber Research Workshop at the Hyatt Regency, Darling Harbour.

OECD analysts Dr Mamiko Yokoi-Arai and Leigh Wolfrom presented on the availability of coverage for cyber terrorism events in commercial property, public liability, cyber and stand-alone terrorism insurance policies in Australia, and discussed coverage gaps with commercial property insurer and reinsurer attendees.

ARPC held a similar event with the Cambridge Centre for Risk Studies in March.

ARPC has commissioned both the OECD and the Cambridge Centre for Risk Studies to undertake a 12-month research study with ARPC, titled *'Insurance risk assessment of cyber terrorism in Australia'*.

The research study will identify and explore current prospective threats, plausible scenarios as well as the practicalities of extending insurance coverage to include cyber terrorism in Australia.

Business insurance policies and the ARPC scheme currently exclude coverage for acts of cyber terrorism which affect commercial and high-value residential property in Australia.

Reports due

June 30 heralds the end of the financial year, which means various reports are due to be submitted to ARPC. The table below highlights the reports due in the next three months.

What's Due	Due Date
Premium reports and payments for the period ending 30 June	30 July 2019
Annual aggregate reports as at 30 June	30 August 2019
Annual gross written premium declarations	30 September 2019

Annual aggregate exposure reports

The annual aggregate reports are a snapshot as at 30 June and are due by 30 August each year. When compiling these reports, please note:

- For 'all risks ex construction works', we require clients to split sums insured between the building and contents components. Clients should not be entering amounts in the combined building and contents column amounts without contacting ARPC
- Policies without a building risk, i.e. contents and/or business interruption only policies, should not be included in the 'all risks ex construction works' worksheet but should be included in the 'Street Address' worksheet. Street address data is required for the following major postcodes within tier A locations:
 - 2000 in Sydney
 - 3000 in Melbourne
 - 4000 in Brisbane
 - 5000 in Adelaide
 - 6000 in Perth

Business interruption and contents risks (even if not linked to a building) are to be included in the 'Street Address' worksheet.

When submitting your annual aggregate return, RISE will compare this year's submission with last year's. If there is a variance greater than 10 per cent, you will be asked to review your submission or explain the reason for the change in exposure.

To submit your annual aggregate exposure report, please log into <http://rise.arpc.gov.au> and click on 'download templates'. For further instructions please refer to page 29 of the [RISe User Manual](#). If you have any questions please contact enquiries@arpc.gov.au or call +61 2 8223 6777.

Postcode update

ARPC has recently updated postcode tier classifications. These changes will come into effect on 1 July 2019 for all eligible new and renewal business.

A spreadsheet outlining the changes to the postcode classifications can be accessed by selecting the 'Download Summary of Changes Effective 1 July 2019' link on the ARPC website in the Postcodes section [here](#).

Select 'Download Postcodes' to download a spreadsheet outlining all current Australian postcodes and their associated tiers.

The Ministerial Direction that enforces the changes can be found in The Act section of our website [here](#).

If you have any questions or concerns, please email ARPC's Senior Manager Insurance Audit at paolo.zazzara@arpc.gov.au.



Q&A

Q When submitting premiums for the fourth quarter of the 2018-19 Financial Year on 1 July, should cedants base their premium payments for each insured risk on the updated postcode tier classifications that come into effect 1 July 2019?

A No. Adjustments to ARPC's postcode tier classifications will take effect from 1 July 2019 for all eligible new and renewal business. The final quarterly premium submissions for FY2018-19 should be based on the existing tier classifications.

ARPC attends CREATE's 20th Birthday bash!



Michael Pennell PSM, ARPC's Chief Underwriting Officer, winning the 'Biggest Breath' challenge at CREATE's 20th Birthday Gala. Photo credit: CREATE's volunteer photographer Luis Garrido

ARPC staff recently attended the CREATE Foundation's 20th birthday gala to raise money to create better lives for children and young people in care.

The evening was held at the Ivy Ballroom Sydney and included several party challenges, a dance-off to Nutbush City Limits and a live auction! Over 255 guests attended from 30+ organisations.

CREATE aims to improve the care system in consultation with children and young people.

For more information about the CREATE Foundation, please visit www.create.org.au.

Save the Date for the 2019 IFTRIP Congress

The International Forum of Terrorism (Re)insurance Pools will host its 2019 Congress in Brussels, Belgium from 8-10 October.

Key topics include Brexit's impact on the insurance and reinsurance industry, and renewal of the USA terrorism risk insurance program.

Please 'Save the Date' and email ARPC at events@arpc.gov.au or visit www.IFTRIP.org for details as they emerge.

The conference will provide an opportunity for greater international collaboration. Attendees will gain exclusive insight into the latest terrorist threats as well as valuable information to help mitigate the risks of terrorism.

IFTRIP was established after an endorsement at the inaugural *ARPC-OECD Terrorism Risk Insurance Conference* in Canberra in 2016.



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