



Message from the CEO

Welcome to the spring edition of UTC and my last as CEO.

I leave in October having fulfilled my three year contract and ready to pass on the baton. ARPC, I am pleased to say, is well prepared and as relevant as it was when first established ten years ago. We recently quietly celebrated our ten year anniversary and also acknowledged Michael Pennell and Maria Batzogiannis who have been loyal employees for the duration.

In late May, ARPC devoted a week to dealing with simulated terrorism incidents in both Sydney and Melbourne to ensure its preparedness for a real event is strong. I am pleased to report that ARPC demonstrated it was capable of successfully responding to an incident.

ARPC's main role is to provide a reinsurance facility to take terrorism risk from the insurance industry and to achieve this we are backed by a Commonwealth guarantee. As the intention of the scheme is to limit the Commonwealth's exposure at any time to \$10 billion, we are also expected to provide government with advice about the estimated size of a loss so that, if necessary, a reduction percentage can be announced at the same time that a DTI is announced. I am pleased to advise that ARPC has now successfully tested a three dimension modelling capability for bomb blasts in Sydney and Melbourne CBDs, which provide very accurate building by building loss estimates. The system follows a traditional modelling approach, considering hazard, exposure, vulnerability and impact. ARPC will be providing more detailed explanations to our retrocession panel members in the forthcoming retrocession placement exercise and we will be pleased to give similar information to any cedant company interested in this capability.

As I have intimated, ARPC is renewing its retrocession program for the next calendar year, reducing the likelihood of a reduction percentage being necessary. More information about the retrocession program is available in this newsletter.

ARPC posted a profit result of \$72.5 million for the year ending 30 June 2013 with an unqualified audit report. Readers can access our annual reports from ARPC's web site www.arpc.gov.au and the 2013 report will be available shortly.

Please enjoy the rest of our newsletter.

David Matcham
CEO

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Michael Pennell and Maria Batzogiannis celebrating our ten year anniversary.

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Premium submissions due

Premium submissions for the first quarter (1 July–30 September) are due by 31 October 2013. All submissions, including nil submissions, must be lodged.

Please note that you will need to download a new template for the 2012–13 year.

To submit your premiums please log into <https://rise.arpc.gov.au> and click on download templates. For further instructions on how to submit your premium 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 6279 2100.

Aggregate reports and GWP overdue

Aggregate reports and gross written premium statements are now overdue. Under the terms of the reinsurance agreement with ARPC, cedants are required to:

- submit a statement of premium and remit that premium to the Corporation within 30 days of the end of each quarter (clause 10(a) of the Agreement), and
- submit an annual aggregate exposures report by postcode within 30 days of the end of each retention period (clause 10(b) of the Agreement).

If you are experiencing difficulty using ARPC's Reinsurance Information System (RISe) please refer to the ARPC website for the online manual www.arpc.gov.au/reinsuring/rise/.

If you have any questions please contact accounts@arpc.gov.au or call +61 2 6279 2100.

Postcode update

ARPC has undertaken a review of the postcode listing for 2013. The postcodes are used in the annual aggregate reports which cedants are obliged to provide. The following table shows the new postcodes which will be added to the website shortly.

Table 1: Postcode updates

Postcode	Tier	State	Reason
0874	C	NT	new postcode
0875	C	NT	new postcode
5713	C	SA	new postcode
5715	C	SA	new postcode
5717	C	SA	new postcode
5719	C	SA	new postcode

ARPC's retrocession program

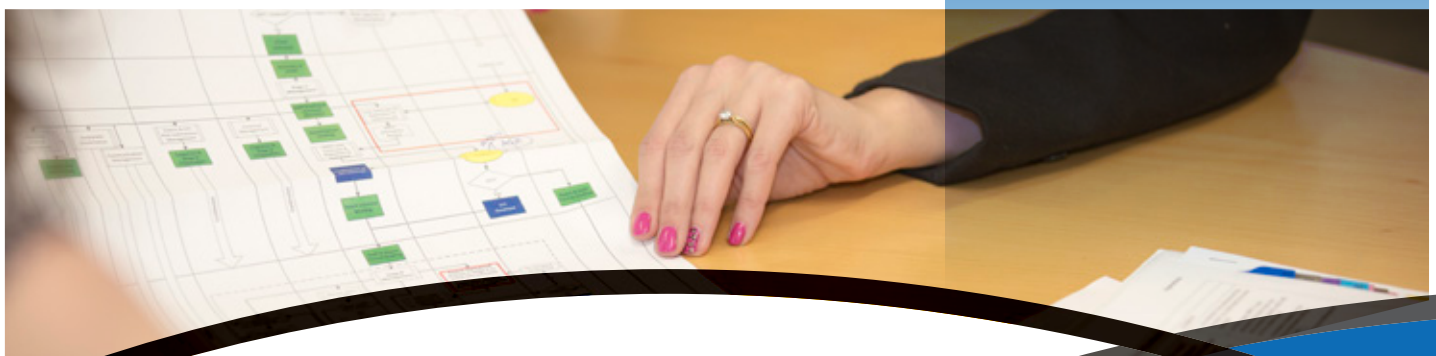
ARPC has placed a retrocession program for the last four years with its capacity growing from \$2.3 billion in 2009 to \$3 billion in 2013.

The decision to place retrocession was first made as a result of the recommendations reported in the 2006 triennial review. The 2012 review highlighted the benefits of continuing ARPC's retrocession arrangements with an assessment of the size of the scheme, including the retrocession program, to be conducted at the next review of the Act, which is scheduled for 2015.

The development of a retrocession program:

- encourages the return of the commercial terrorism insurance and reinsurance market for Australian risks;
- increases the overall capacity of the scheme;
- places the Commonwealth further from the risk of terrorism losses under the scheme; and
- reduces the likelihood that a reduction percentage will be required.

ARPC will seek to renew the existing retrocession program for 2014 and will commence negotiations on 14 October 2013.



A moment with Derek



Name: Dr Derek Ambrose
Position: Chief Financial Officer (acting)
Interests: golf, walking, Aussie rules football

Dr Derek Ambrose is the acting Chief Financial Officer for the Australian Reinsurance Pool Corporation. His primary role is to ensure ARPC complies with all accounting and reporting requirements of government, while maintaining the assets of the corporation.

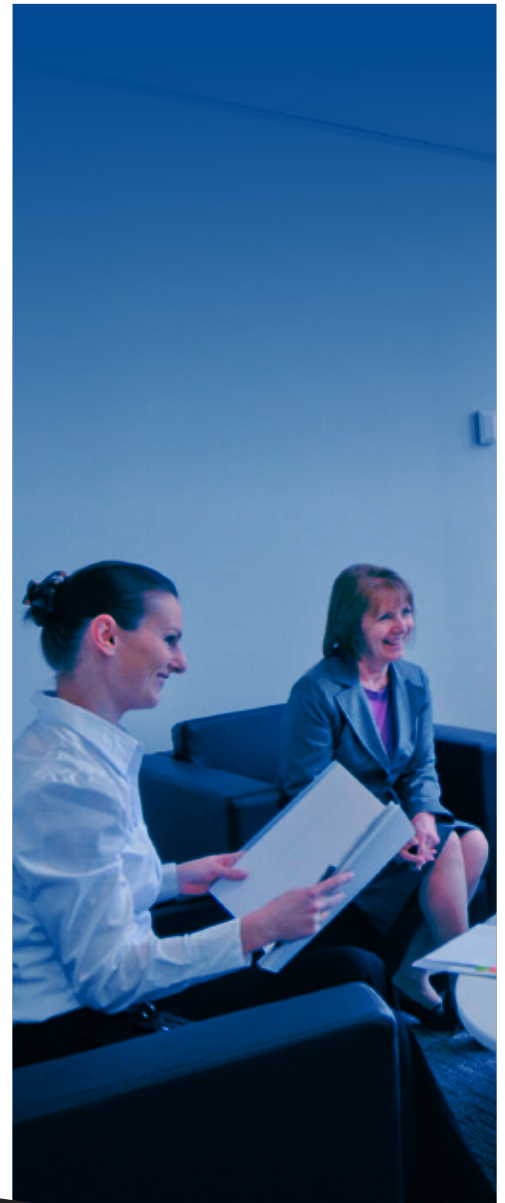
Derek is a senior leader, Professional Accountant/ Chartered Secretary, who has a passion for leadership and is well versed in strategic leadership, management, planning, and has delivered a range of high level outcomes for several organisations.

Derek has recently completed a thesis titled *Identifying Transformational Leadership and the Status of Leadership Practices in the Australian Public Sector*. Derek is quoted

saying 'all leaders can do it, that is, adapt to the transformational leadership style, all it takes is awareness, and practice and results are quickly evident.'

Christmas shut down

ARPC will be closed from lunchtime Tuesday 24 December 2013 and will re-open on Thursday 2 January 2014. We hope you all have a well-deserved break and enjoy the festive season.



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