



Message from the CEO

Welcome to the summer edition of Under the Cover and my first as CEO of ARPC.

I look forward to working with stakeholders in the insurance industry, the property sector, and Government in ensuring that ARPC continues to provide a strong financial response in the event of a declared terrorist incident against commercial assets on Australian soil. ARPC enables the sharing and mitigation of risk in an area where there is a continuing gap in coverage in the commercial market for terrorism insurance.

My background includes over 30 years' experience in insurance markets and statutory insurance schemes. I have worked extensively in insurance underwriting and claims management roles within insurers, and as a consultant to the insurance industry. My qualifications include being a Fellow of the Australian and New Zealand Institute of Insurance and Finance and I have Doctor of Philosophy in Economics specialising in general insurance pricing and insurance strategy.

Please feel free to contact enquiries@arpc.gov.au if you would like to send us feedback on our quarterly newsletter.

Dr Christopher Wallace
Chief Executive Officer

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Reporting business interruption exposures

When calculating your annual aggregate report for policies that have several locations, please ensure that the business interruption exposures are correctly apportioned to the individual locations and are not all apportioned to one prime location such as the head office. This is to avoid the situation where policies covering numerous risks have the entire business interruption exposure apportioned to their city office instead of each risk throughout Australia.

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Renewal of ARPC's retrocession program

ARPC has successfully renewed its terrorism retrocession program using capacity from 55 reinsurers located in Australia, UK (Lloyds), Bermuda, Asia, Europe and the USA. The minimum financial S&P or AM Best rating of our retrocessionaires is A-. The retrocession program totals almost \$3.25 billion excess \$360 million in six layers and includes co-reinsurance utilising ARPC funds and the Commonwealth guarantee. The retrocession program enables ARPC to achieve two main goals being to:

- encourage the commercial market to offer terrorism cover to the Australian market
- reduce the risk that the Commonwealth would be asked to pay in terrorism losses through the \$10 billion Commonwealth guarantee.

Market feedback indicates that ARPC has a strong understanding of its insurance risk and its loss estimation modelling capability is the highest of any of the terrorism pools. This is transformed into favourable terms in our retrocession pricing.

Postcode updates

There are no changes to postcodes for this quarter.

Annual report highlights

ARPC's 2012-13 annual report was tabled in Parliament on 31 October 2013. Below are some highlights from the report.

Financial highlights

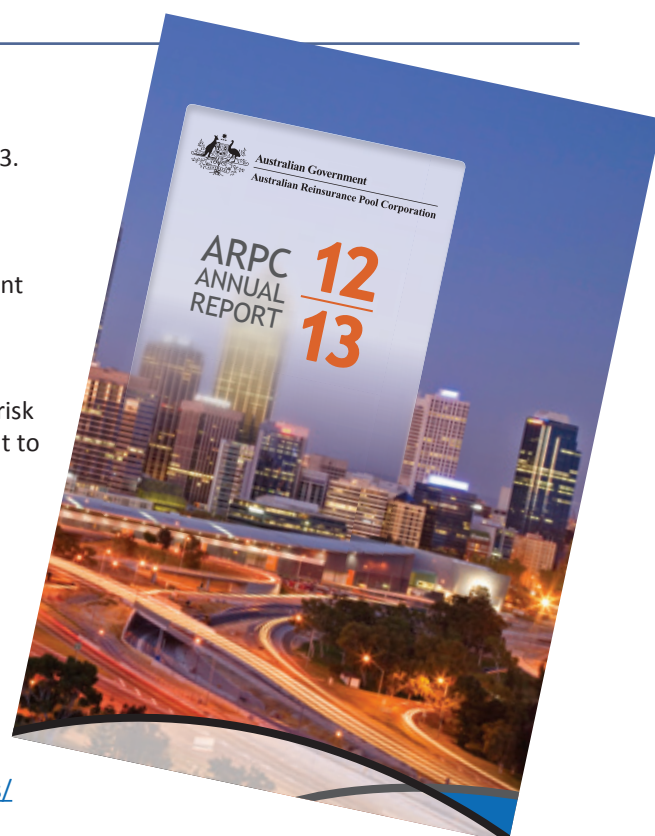
- operating result of \$72.5 million, represents a decrease of 13.22 per cent from the previous year
- gross written premium increased by 5.92% to \$132.1 million
- investment income decreased due to a falling interest rate, a very low risk investment profile and requirements to fund the first dividend payment to government.

General highlights

- successful placement of retrocession program for 2013
- working towards an electronic records management system to meet legislative requirements
- ARPC's Manager of Client Services and Reinsurance, Michael Pennell, awarded an ANZIIF Service Award.

To view the annual report, please visit: arpc.gov.au/news-and-publications/annual-reports/2012-13-annual-report/.

If you would like to receive a copy of the annual report please contact us on +61 2 6279 2100 or via email enquiries@arpc.gov.au.



Valé to ARPC's inaugural CEO

Mr Neil Weeks, the inaugural Chief Executive Officer of ARPC, passed away on 23 December 2013 following a prolonged battle with cancer.

Mr Weeks commenced his role on 1 July 2003, the date the *Terrorism Insurance Act 2003* was implemented. In collaboration with the Insurance Council of Australia, Mr Weeks was instrumental in developing the standard insurance agreement for insurers, which has remained largely unchanged since 2003.

Mr Weeks retired from ARPC in July 2010. The Board, management and staff of ARPC extend their sincere condolences to his wife and children.



Appointment of new Chief Financial Officer

ARPC is pleased to announce the appointment of Ms Fran Raymond to the role of Chief Financial Officer. She will commence in the Canberra office on 28 January 2014.

Fran brings to ARPC significant experience in the Australian Public Service and a strong network in government finance.



A moment with Samuel

Name: Samuel Roberts

Role: Senior Business System Analyst

Samuel manages the Reinsurance Information System (RISe), including managing system upgrades, functionality, enhancements as well as reporting and integration with internal systems. Samuel is currently working on a project to improve the claims submission functionality available within RISe.

Samuel has worked in finance based systems for most of his career including developing revenue collection systems for the Australian Government and a derivatives option trading platform for a European investment bank.

Samuel is interested in travel, cooking, sports and IT gadgets.

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