



The quarterly newsletter from ARPC

UNDER THE COVER

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Message from the CEO



Welcome to the Autumn edition of our newsletter.

In February, ARPC hosted seminars in Sydney and Melbourne to inform insurers about the changes from the 2015 Triennial Review. Most major insurers attended. Questions asked at the seminars focused on the timetable for scheme changes. See our regular Q&A article for more information below and/or click [here](#) to read the full Review recommendations.

In March, at the ANZIIF and Finity Cyber Seminar, I presented our ARPC-authored White Paper titled: *Physically destructive cyber terrorism is a gap in current insurance coverage*. The paper's premise is that cyber terrorism is not covered by Australia's terrorism insurance scheme because it is defined as a computer crime, which is excluded by the *Terrorism Insurance Act 2003*. Read our press release and White Paper [here](#).

Under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), we are required to publish a rolling four-year Corporate Plan by 31 August each year. We have begun work on our 2016 Plan, using input from strategic workshops held in February 2016 with Board Members and Executive Managers. The plan will report on ARPC's purpose, performance, capability, risk oversight and management. A Business Planning Workshop for ARPC staff in April fleshed out details of how we plan to achieve our strategic priorities.

In other news, ARPC has finalised recruitment for several senior positions in our new Sydney office. These include: a Chief Financial Officer; a General Manager, Governance Risk and Compliance and also Manager Finance. Further information will be provided shortly on these appointments.

Dr Christopher Wallace
Chief Executive Officer

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Question time

Q: What is the timeframe for approval and implementation of Triennial Review recommendations 9 and 10?

A: On recommendation 9, the inclusion of mixed use buildings and high value buildings in the ARPC scheme will occur via regulations.

We expect the regulations to be drafted by the end of April. On recommendation 10, the inclusion of biological and chemical exposures will require legislative changes. Those changes are now being drafted and will be included in a legislation omnibus due to go before Parliament in April. However, this timeline may change depending upon the federal election.

ARPC will provide at least three months' notice to all reinsureds if/when they are approved.

Q: Can ARPC clarify the intention of Triennial Review recommendation 10 and explain what changes it will bring?

A: This recommendation will provide certainty that terrorist events using chemical or biological means will be covered by the *Terrorism Insurance Act (2003)*.

Any comments or feedback can be directed to ARPC at enquiries@arpc.gov.au. Please note that at this stage we are only seeking market feedback on recommendations 9 and 10.

2015 Pool Re Conference Snapshot

In the Summer 2016 issue of this newsletter, I told you about ARPC Chair Joan Fitzpatrick and my attendance at the 2015 Pool Re Conference in London. Below is a group photograph of attendees at this important event. Joan and I are in the front row with Pool Re CEO, Julian Enozi (in the middle).



ARPC-OECD Global Terrorism Risk Insurance Conference

ARPC has drafted an impressive speaker line-up for our 1.5 day conference on 06-07 October, which will be opened by our Minister, the Hon Kelly O'Dwyer MP, Minister for Small Business and Assistant Treasurer. The conference fee is \$990 (including GST) per delegate which will help ARPC cover costs. Limited corporate sponsorships will be available. Click [here](#) to see more information and/or email: events@arpc.gov.au

Northern Australia Insurance Premiums Taskforce report released

You may be aware that the *Northern Australia Insurance Premiums Taskforce* Report has been released by the Minister for Small Business and Assistant Treasurer, the Hon Kelly O'Dwyer MP. The Taskforce concluded that mitigation is the best way to reduce insurance premiums whilst maintaining insurance industry participation. The ARPC's own submission to the Taskforce did not advocate for or against a Government-backed reinsurance pool for natural catastrophes but we noted that a viable pool already exists with ARPC.

So, if the Government resolved to establish a pool, ARPC would work with insurers and reinsurers to structure a pool to be as efficient as possible. We await the Minister's formal response to the Taskforce report in June. Read our press release and Taskforce submission [here](#).

Document claims procedures

We encourage all insurers to ensure that their Claims Procedures Manual and/or Reinsurance Recoveries Procedures Manual include a section for administering claims from a Declared Terrorist Incident. Please refer to our Claims Procedures on our website at www.arpc.gov.au/claimprocedures. Information about the RISE Claims system is available from the [RISe Claims System Cedant Manual](#)

Premium submissions due

Premium submissions for the third quarter (1 January–31 March) of the 2015–16 financial year are due by 29 April 2015. All premium submissions, including nil submissions, must be lodged.

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 [here](#).

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

Spot checks on new premium rates

From 1 April, our Insurance Audit team will be contacting and/or visiting Australian-based insurers to review the implementation of new premium rates. Using a collaborative approach, we will be looking for evidence that the new rates have been introduced successfully into IT systems and underwriting, and that terrorism reinsurance premium returns are correctly calculated. If you have any questions about this issue, please contact Michael Stallworthy on (02) 8223 6777 or enquiries@arpc.gov.au

Make sure terrorism exclusion clauses are clear

Insurers are reminded that it is mandatory for all eligible insurance policies to contain a terrorism exclusion clause. This should be a straightforward wording which simply excludes terrorism. A definition of terrorism may be included although this is not necessary.

In an ARPC letter dated 21 October 2010, to all insurers (expanded version available on our website [here](#)), we also reminded insurers that any form of write back or unnecessary ambiguity should be avoided. Please ensure that all terrorism exclusion clauses are valid as per the 2010 advice.

Postcode correction

On our website, postcode 3647 was incorrectly entered as Tier B. It should be Tier C. This error has now been corrected.

New Sydney Office

Our new Sydney office is now fully operational. We have now closed both our Canberra office and our previous Pitt St, Sydney offices. Please note our new mailing address below.

Contact ARPC

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