



The quarterly newsletter from ARPC

# UNDER THE COVER

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## Message from the CEO



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

Last month, on behalf of ARPC, I received the EE Vines Memorial Prize at the ANZIIF AGM for our ANZIIF Journal article *Cyber Terrorism and Australia's Terrorism Insurance Scheme* (2016, Issue 2). The article

described how physically destructive cyber terrorism is a gap in ARPC Scheme coverage and was based on our 2016 Cyber White Paper.

The ANZIIF article and White Paper were used to inform government and industry stakeholders that physically destructive cyber terrorism is a gap in the ARPC Scheme. We will continue to raise awareness about the risk of cyber terrorism and insurance responses to this emerging risk.

From 1 July, 2017, changes to Australia's terrorism insurance scheme, as recommended by Treasury's 2015 Triennial Review of ARPC, will come into force. These changes will extend the scheme's coverage to include certain mixed-use buildings and high value residential buildings and will also clarify coverage in the event of a Declared Terrorist Incident (DTI) which involves a biological or chemical substance.

There is also a change in insurer and industry retentions occurring from 01/07/2017. All insurers have been informed about these changes. Please contact our office if your organisation requires additional information.

We have also begun work 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 will also commence shortly on our Annual Report.

We will soon be saying farewell to our Chair, Joan Fitzpatrick, who finishes her term on 30 June 2017. Joan has been an outstanding Chair for ARPC and she led significant changes including our move to Sydney, the changes from the 2015 Triennial Review and contributions to the Northern Australia Insurance Premiums Taskforce. Our Minister, The Hon Kelly O'Dwyer MP, Minister for Revenue and Financial Services, will soon announce the appointment of our new Chair. We look forward to working with and supporting them to further develop ARPC.

**Dr Christopher Wallace**  
Chief Executive Officer

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## Our Chair

Joan Fitzpatrick



Joan Fitzpatrick, Chair of Australian Reinsurance Pool Corporation (ARPC) will leave ARPC when her current term expires on 30 June.

Ms Fitzpatrick was first appointed to the Board on 12 September 2012 and then appointed Chair on 1 January 2013.

“I would like to take the opportunity to say how privileged I feel to have chaired ARPC, given its vitally important role and purpose. I am proud to say the organisation has evolved and prospered during my term as Chair and is well positioned for the future,” Ms Fitzpatrick said. She said the scheme remains fit for purpose with regard to its coverage and readiness to respond to a Declared Terrorist Incident (DTI).

Ms Fitzpatrick commended ARPC saying: “I believe that the organisation is in a very good position with a strongly capable Board, an excellent CEO and leadership team, and highly capable staff; indeed the ARPC is much admired by its peers globally”.

Dr Christopher Wallace, ARPC Chief Executive, has paid tribute to Ms Fitzpatrick’s contribution as ARPC Chair, in particular, for leading the organisation through the 2015 Triennial Review by Treasury, the transfer of operations to a new Sydney office in 2016, and scheme improvements that will be implemented in 2017. Dr Wallace also commended Ms Fitzpatrick for leading a high performing Board.

“Joan Fitzpatrick is a highly motivated and visionary Chair and will be greatly missed,” said Dr Wallace. “We wish her every success in her future endeavours.”

The full ARPC media release can be viewed here: <http://arpc.gov.au/2017/02/10/arpc-chair-term-expiry-and-search>

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## Terrorism Insurance Scheme Amendments

Changes to Australia’s Terrorism Insurance Scheme, as recommended by the 2015 Triennial Review by Treasury, have now been approved and are effective as at 1 July, 2017. The changes extend the Scheme’s coverage and will ensure it remains fit for purpose.

The changes will:

- Broaden the definition of eligible property to include buildings with a floor space of at least 20% used for commercial purposes or which have a building sum insured of at least \$50 million, whether used for commercial or other purposes (effective on contracts of insurance issued or renewed from 1 July 2017); and
- Amend the Terrorism Insurance Act 2003 to extend the definition of a terrorism exclusion or exception in an eligible insurance contract to include acts described as “chemical”, “biological”, “polluting”, “contaminating”, “pathogenic”, “poisoning”, or words of similar effect.

The full ARPC media release regarding these scheme changes can be viewed here <http://arpc.gov.au/2017/04/04/terrorism-insurance-scheme-amendments-approved>

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## Q&A

**Q:** Are residential policies with a building sum insured of at least \$50 million or mixed use buildings with between 20% and 50% commercial floor space 'eligible' if they are issued or renewed before 1 July 2017?

A: No. Those buildings would only become eligible once they are issued or renewed from 1 July 2017. Please note that mixed use buildings with at least 50% commercial floor space are already deemed eligible under the scheme as they are considered to be commercial due to the overall character of the premises.

**Q:** Is the \$50 million sum insured eligibility condition based on the building sum insured, contents sum insured and/or business interruption sum insured?

A: The \$50 million figure refers to the 'building value' only. Contents and/or business interruption cover etc. are not taken into account when determining the building value.

**Q:** Does the clarification that the scheme covers losses attributed to terrorist attacks that use chemical or biological means, apply to all policies that are in force from 1 July.

A: Yes. Cover for terrorist attacks that use biological or chemical means is extended to 'all eligible policies' that are in force or renewed

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## Sydney Terrorism Risk Insurance Seminar

You are invited to the ARPC Terrorism Risk Insurance Seminar at NSW Parliament, Macquarie St, Sydney, where you will hear valuable insights into existing and emerging terrorism threats and how to manage them. The half-day event will build on the success of last year's ARPC/OECD Global Terrorism Risk Insurance Conference. This event will begin with a light lunch and finish with networking drinks and canapes. Speakers will include:

- Dr. Anthony Bergin, Senior Analyst, Australian Strategic Policy Institute;
- Anthony Bubalo, Deputy Director and Research Director at the Lowy Institute;
- Levi West, Director of Terrorism Studies at Charles Sturt University;
- Michael Pennell PSM, ARPC Chief Underwriting Officer.

### Details

Date: 05 October, 2017  
Place: Parliament House  
6 Macquarie Street  
Sydney 2000 NSW

Time: 12.30pm  
Cost: \$300 + GST

For more information, including how to register for the event, please visit [www.arpc.gov.au/events](http://www.arpc.gov.au/events), or email [events@arpc.gov.au](mailto:events@arpc.gov.au).

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## Postcode update

Please ensure that your company's master postcode tables are updated to include the addition in the table below. Only use ARPC authorised postcodes in all underwriting of eligible classes (e.g. premium rating and aggregate reports).

**3336 VIC C**

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## Reports due

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

What's due	Due Date
Premium returns and payments for the period ending 30 June	30 July 2017
Annual aggregate reports as at 30 June All Risks excluding Construction Works (CW) <ul style="list-style-type: none"><li>▪ CW</li><li>▪ Street Address Detail</li></ul>	30 August 2017
Annual gross written premium declarations	30 September 2017
Annual gross written premium declarations for eligible and non-eligible Fire and ISR	30 September 2017

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## 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 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 risk 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 this 'Street Address' worksheet.

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

To submit your annual aggregate 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 Cedant UserManual. If you have any questions please [contactaccounts@arpc.gov.au](mailto:contactaccounts@arpc.gov.au) or call +61 2 8223-6769.

## Contact ARPC

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