Australian Government

Australian Reinsurance Pool Corporation

2023 Cyclone Pool Insurer Customer Survey Report

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Contents

Executive Summary

The ARPC Insurer Customer Survey is part of an annual process that seeks to understand how customers perceive ARPC and measure the effectiveness of its stakeholder engagement activities and communications. This was originally introduced as a short online survey of Terrorism Reinsurance Pool insurer customers from 2020-2022, and in 2023 this was supplemented by semi-structured interviews with the largest Australian terrorism pool insurer customers. These surveys have been conducted between October and December each year.

With the imminent introduction of the Cyclone Reinsurance Pool, a small number of questions about the new cyclone pool were included in 2022, and a separate cyclone pool insurer customer survey process commenced in 2023. As no cyclone pool insurer customers were fully operational throughout the previous 12 months, the 2023 survey consisted of a module focussed on the onboarding process. In 2024 this is planned to expand to a parallel version of the terrorism pool survey for operational members of the cyclone pool, while the onboarding module will continue to be used for new members.

A total of 12 insurers who were onboarded to the cyclone pool in 2023 were invited to take part in a video interview, with 100% participating in the interview process. Interviews consisted of a combination of rating-style survey questions and complementary open questions to obtain more qualitative information about their experiences and perceptions of the onboarding process.

Key Results

ARPC Cyclone Pool Stakeholder Onboarding Perceptions Index (C-SPI onb)

A perceptions index score (C-SPI onb) was calculated from responses to three key questions, resulting in an index score ranging from 0 (low) to 100 (high). In 2023, the overall C-SPI onb score was a strong 69$_{/100}$. Large insurer customers had a slightly lower index (62$_{/100}$), primarily due to being less likely to rate the experience as *easier than expected*.

Scores on the three components of the index were highest for *effective onboarding* (Q1, 100% felt they were onboarded at least satisfactorily) and that the onboarding process was *no harder than they had expected* (Q2, 75%), but somewhat lower for ARPC being seen as a *valued partner* (Q7b, 58% felt this was true to at least a large extent). The interview comments indicate the slightly lower ratings for being a 'valued partner' more reflected perceptions of the effectiveness and value of the cyclone pool itself, and that therefore there were limits to how valued its administrator could be.

C-SPI onb index score	Range	Score
Q1. Overall, how effectively do you feel ARPC has assisted your organisation in onboarding to the cyclone pool? (40% of index) *Q2. Overall, would you describe your organisation's experience of the cyclone pool onboarding process as easier than you expected, about what you expected, or harder than you expected? (30% of index)* *Q7b. In relation to the Cyclone Pool onboarding process, to what extent do you feel that the following terms describe ARPC… A valued partner to our organisation? (30% of index)*	**(0-100)**	**69**$_{/100}$
	Sample size	12

Perceptions of Cyclone Pool Onboarding

Overall, 100% of insurer customers onboarded to the cyclone pool in 2023 felt they had been *at least satisfactorily* onboarded, while 75% for the experience to be about *what they expected* or *easier than expected*.

Overall perceptions of onboarding	Definition	Overall
How effectively do you feel ARPC has assisted your organisation in onboarding to the cyclone pool? [Q1]	At least satisfactorily	**100%**
How **easy or hard** would you describe your organisation's experience of the cyclone pool onboarding process? [Q2]	About what expected + easier than expected	**75%**
	Sample size	12

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Looking at **detailed aspects of the onboarding**, between 83% and 100% of insurer customers described each of eight aspects as *at least satisfactory*. Most insure customers rated each aspect as being *good or very good*, and there were very few unsatisfactory ratings for any aspect. The top rating ('*very good*') was most commonly used for the level of support available (75%) and for responsiveness (67%) and least commonly for the utility of ARPC technology and systems (25%) and clarity of what was required (17%).

Perceptions of the **ARPC onboarding team** were also strong, with no unsatisfactory ratings given to any aspect of the onboarding team, and the great majority of ratings being *good* or *very good*. 100% rated professionalism/courtesy and co-ordination as *good or very good*, and more than 75% rated all six aspects of the team that were assessed at that level. The top rating ('*very good*') was most often used for professionalism/courtesy (82% *very good*, 100% *at least good)*, and least often for the team's industry expertise (25% *very good*, 75% *at least good*) and organisational understanding (17% *very good*, 83% *at least good*).

Each of eight support **resources and materials** feedback was obtained for were rated as *at least somewhat useful* by more than two thirds of the interviewed insurer customers, and by virtually of the insurer customers who had used each of them. The resources tended to play different and supporting roles. While onboarded insurer customers acknowledged the value and use of each resource, several noted that there was scope to improve how they were integrated and updated, so they could be confident they had all relevant information in one place, and that it was the most current.

What do customers think of ARPC?

Insurer customers onboarded to the cyclone pool in 2023 expressed strong positive views of ARPC in terms of being knowledgeable (92% to *at least a large extent*) and transparent (100%), but while ratings of being a valued partner to their organisation were still strong, this was somewhat less so (58%). This was largely due to larger insurers noting that the cyclone pool was a small overall consideration for them, or that they saw relatively little value or benefit in it for them – and so therefore the organisation that administers it is not a 'valued partner'.

To what extent do you feel the following describes ARPC:	Definition	Overall
Knowledgeable about the cyclone pool? Q7A	Totally + large extent	**92%**
A **valued partner** to our organisation? Q7B	Totally + large extent	**58%**
Transparent? Q7C	Totally + large extent	**100%**
	Sample size	12

Conclusions

Overall, **the onboarding of the first group of insurer customers to the newly formed Cyclone Reinsurance Pool has been effective**. All 12 interviewed insurer customers considered that they had been at least satisfactorily onboarded, with three-quarters considering the process to have been about what they expected or easier than expected.

However, **very large and diverse project teams were required to manage and deliver the transition to the cyclone pool** in large insurers.

Feedback from onboarded insurer customers indicates that the **direct experience of working with ARPC has been professional and effective.** The high level of engagement and communication is considered very positively, but also noted as being essential for the process to work. The resources and support materials available have been individually considered useful, though insurer customers noted that there were improvements possible in the integration of information and the provision of updates, to ensure they can be confident that all relevant information is in one place, and they are looking at the most up-to-date information at all times.

Insurer customers acknowledged ARPC does need to have standard definitions and processes (and that these would at least in part reflect a government framework rather than the purely commercial framework they are more used to operating in). However, many noted (and especially the larger insurers) that **ARPC's definitions and processes are not always well-aligned to their own, and that it can therefore be time consuming and complicated to meet ARPC's**

requirements, **and can reach very widely and deeply into their organisations**. They requested ARPC understand and respect this, and to be aware of the impact of any changes made or late discoveries of complexity or requirements.

While insurer customers could clearly distinguish the experience of working with ARPC to onboard, they did make clear that **there is a sense of trepidation and concern in the industry about the likely practicality, effectiveness and longevity of the cyclone pool itself**. While they note that the onboarding has allowed the pool to become operational, the real test will be in how it (and the ARPC) performs when major cyclone events occur.

Overall, cyclone pool members have generally positive perceptions of ARPC, and the onboarding process has, if anything, improved these. However, while they view the professionalism and transparency of ARPC very strongly, they are more **mixed in the extent to which they see ARPC as a valued partner, and there is scope for ARPC to enhance that sense of strategic partnership in the coming years**.

Source of Data

Purpose and Guiding Principles

In 2023 the Australian Reinsurance Pool Corporation (ARPC) onboarded the first insurer customers into the newly formed Cyclone Reinsurance Pool.

The ARPC Insurer Customer Survey is part of an annual process that seeks to understand how customers perceive ARPC and measure the effectiveness of its stakeholder engagement activities and communications. This was originally introduced as a short online survey of Terrorism Reinsurance Pool insurer customers from 2020-2022, and in 2023 this was supplemented by semi-structured interviews with the largest Australian terrorism pool insurer customers. These surveys have been conducted between October and December each year.

With the imminent introduction of the Cyclone Reinsurance Pool, a small number of questions about the new cyclone pool were included in 2022, and a separate cyclone pool insurer customer survey process commenced in 2023. As no cyclone pool insurer customers were fully operational throughout the previous 12 months, the 2023 survey consisted of a module focussed on the onboarding process. In 2024 this is planned to expand to a parallel version of the terrorism pool survey for operational members of the cyclone pool, while the onboarding module will continue to be used for new members.

Technical Details

A total of 12 insurers who were onboarded to the cyclone pool in 2023 were invited to take part in a video interview, with 100% participating in the interview process. Interviews consisted of a combination of rating-style survey questions and complementary open questions to obtain more qualitative information about their experiences and perceptions of the onboarding process.

The 2023 survey was conducted by video interviews during September-October 2023. The invitation for the survey was sent to nominated key APRC contacts for each insurer customer. Contacts were initially sent a pre-approach letter (PAL) as an email from the ARPC CEO, informing them of the upcoming survey, highlighting that the invitation would come from ORIMA Research to ensure confidentiality and independence.

Interviews took between 19 and 40 minutes, with an average of 27 minutes. In some cases two or more representatives of insurer customers took part in the interviews. In these cases, the comments of all participants were recorded, but only a single organisational response was recorded for the rating questions.

Research Findings (Cyclone Pool)

In the interviews respondents were directed to only consider their views in light of their onboarding experiences of ARPC's cyclone pool operations. Respondents were aware of the parallel Terrorism Pool feedback process, and asked in these interviews to focus specifically on the cyclone pool onboarding.

Cyclone Pool Stakeholder Perceptions of Onboarding Index (C-SPI onb)

An overall onboarding index score (C-SPI onb) was calculated from key relevant questions to provide a single measure of ARPC's performance and overall perceptions of respondents. The C-SPI was calculated from responses to three key questions from the cyclone pool insurer customer survey:

- Q1: Overall, how effectively do you feel ARPC has assisted your organisation in onboarding to the cyclone pool? *(worth 40% of the overall index)*

- Q2: Overall, would you describe your organisation's experience of the cyclone pool onboarding process as easier than you expected, about what you expected, or harder than you expected? *(worth 30% of overall index)*

- Q7b: In relation to the Cyclone Pool onboarding process, to what extent do you feel that the following terms describe ARPC… A valued partner to our organisation? *(worth 30% of overall index)*

C-SPI onb scores range from 0 to 100 index points, with $0_{/100}$ occurring if respondents give the lowest scores available for each question (i.e. 'Not at all') and $100_{/100}$ occurring if they give the highest scores available for each question (i.e. 'Large extent' and 'Totally'), and a sliding scale of value for in-between ratings. A score is calculated for each in insurer customer, and then an average of these used as the overall index score.

The C-SPI onb Index score was $69_{/100}$.

Table 1. Cyclone Pool Stakeholder Perceptions of Onboarding Index

	Range	Score
C-SPI onb index score *Q1. Overall, how effectively do you feel ARPC has assisted your organisation in onboarding to the cyclone pool? (40% of index)* *Q2. Overall, would you describe your organisation's experience of the cyclone pool onboarding process as easier than you expected, about what you expected, or harder than you expected? (30% of index)* *Q7b. In relation to the Cyclone Pool onboarding process, to what extent do you feel that the following terms describe ARPC… A valued partner to our organisation? (30% of index)*	**(0-100)**	**$69_{/100}$**
	Sample size	12

Eight of the 12 insurers were classified as 'big' organisations. These insurer customers had slightly lower C-SPI onb scores, at $62_{/100}$, compared to $85_{/100}$ for those who were smaller or voluntary participants in the cyclone pool. The difference was primarily driven by the component of the index that relates to how difficult the onboarding process was (q2). The smaller or voluntary participants tended to rate the onboarding as *easier than they expected*, whereas the larger insurer customers tended to rate it as *about what they expected* or *harder than expected*. Scores on the other component questions were broadly similar across both groups.

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Overall Perceptions of the Cyclone Pool Onboarding

Overall, insurer customers who onboarded to the cyclone pool in 2023 were positive about the experience. 11 of the 12 interviewed described the overall process as *good* or *very good*, with the other describing it as *satisfactory*. No insurer customer described the experience as unsatisfactory overall.

Three quarters found that the onboarding process was either *about what they expected* or *easier than expected*.

Figure 2. Overall perceptions of the cyclone pool onboarding experience

Overall, how effectively do you feel ARPC has assisted your organisation in onboarding to the Cyclone Pool?
% at least satisfactorily
100%

Legend: Very unsatisfactory, Unsatisfactory, Satisfactory, Good, Very good

Overall, how would you describe your organisation's experience of the Cyclone Pool onboarding process:
% easier + about what was expected
75%

Legend: Harder than expected, About what you expected, Easier than expected

Base: All cyclone pool onboarding insurer customers (n=12)

Overall, insurer customers felt that ARPC engaged with them very well, provided a lot of support, and made what was a fairly complicated process for some (see below) work sufficiently well.

"We were doing things early which helped, but they were really responsive and provided good support."

"Pretty efficient. Regular communications, clear manuals, lots of support and offers of meetings and calls."

A couple of insurers felt that there was almost too much information and communication – which they saw as well intentioned, and generally not problematic – so long as things didn't keep changing.

"Comms have been very well stepped out so that we know what to expect. If anything, sometimes it has been information overload there is so much to process."

"There was a lot of information and support - but it was a bit scattergun at times, and it was hard to know where to look to get the 'full information' on any topics."

All three of those who found the experience harder than expected were classified as 'large' insurers. A common theme from the larger insurers, including some who rated the experience as *about what they expected,* was the complexity of what was required at their scale. This is also seen in their comments about the ARPC's systems and technology (see next section).

"[One challenge]is the scale of our organisation. To create reports in a specific format to suit ARPC is hours and hours of work."

"We understand that they are also building it as they go, but the difficulty is that for a business of our scale, it is hard to make changes or implement things quickly."

As well as the complexity, larger insurers noted that they have existing definitions that may not always be identical to each other or to ARPC (and in some cases these are more global within their organisations) which can be harder to work with; and that because of their scale and complexity, the changes required to onboard to the cyclone pool require input from almost all areas of their business. In many cases, for the larger insurer customers, this necessitated the establishment of dedicated project managers or teams.

For those who described the experience as *easier than they expected*, the reasons for this included deliberately choosing to migrate their simplest portfolios first (eg: home), ARPC's responsiveness to queries and requests for clarification, and the documentation.

Detailed perceptions of the onboarding process and support

Consistent with the overall view that the onboarding had been effective, ratings for specific aspects were also strong – and there were no specific aspects with more than occasional *unsatisfactory* ratings.

The strongest ratings were for the *level of support available* and for *responsiveness to queries or requests*, where more than 2-in-3 of the insurer customers interviewed rated these aspects as *very good*. The lowest ratings were for *clarity of what was required* and *technology and systems*.

As seen in the table below the chart, excluding those insurer customers who felt that could not give a rating, between 83% and 100% gave a rating of *at least satisfactory* to all aspects assessed.

Figure 3. Detailed perceptions of aspects of onboarding

How do you rate the following aspects of the Cyclone Pool onboarding process you experienced?
% good + very good
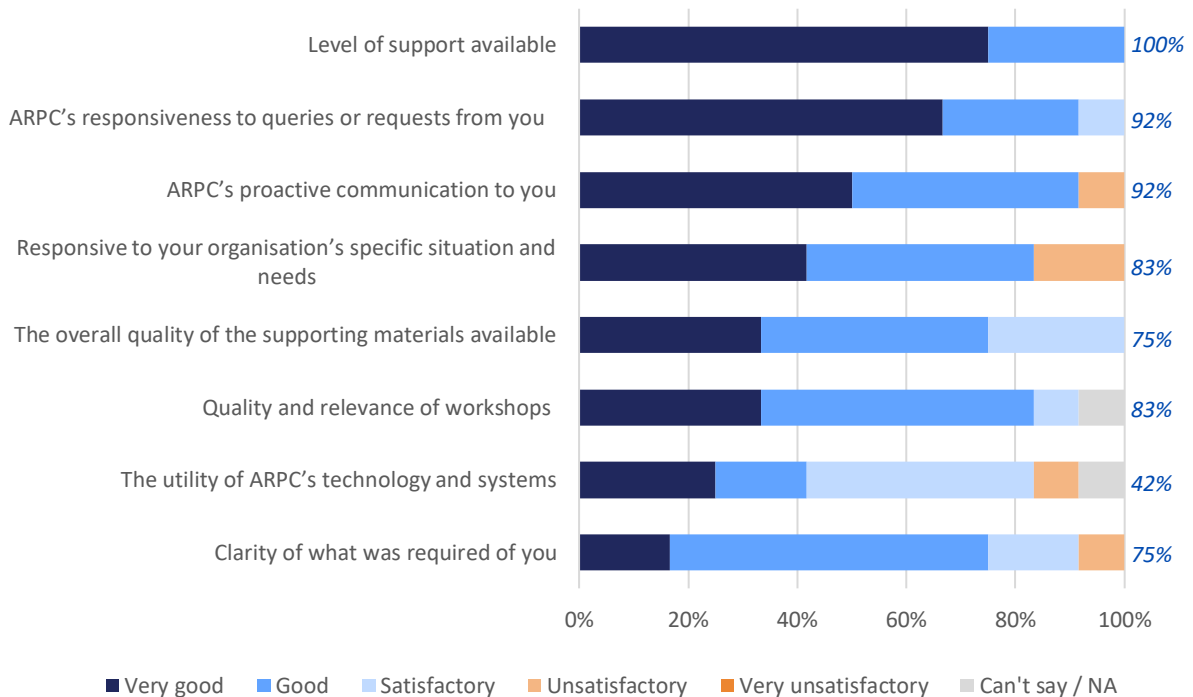
Resource	Support	Responsive-ness	Proactive communication	Organisational context	Support materials	Workshops	Tech & systems	Clarity
% Satisfied after excluding 'can't say'	100%	100%	92%	83%	100%	100%	91%	92%

Base: All cyclone pool onboarding insurer customers (n=12) – table excludes 'can't say / not applicable' responses

Interviewees who rated an aspect particularly strongly or relatively low provided comments about their ratings.

Aspect	Positive comments	Negative comments
Level of support available	*Has been very quick responses when needed.* *They invited us to their offices and showed us the software.*	
Responsiveness to queries or requests	*Has been very quick responses when needed.*	
Proactive communication to you	*The regular meetings meant that not much proactivity was really needed.*	*It got better towards the end, but only after it felt like we had to drag them into the process.*
Responsive to your organisation's specific situation and needs	*There were a few slow points where they had to sort some things out, but overall that was not unreasonable.*	*There was a lot of attempt to standardise and not take account of our size and arrangements. ARPC acknowledged that they were learning too, but as the first cohort we felt pressured.* *This got better, but especially to begin with there was a sense of inflexibility and a lack of ability to clarify how definitions applied to us; and there was an incompatibility with what ARPC wanted and what the ACCC wanted from us at times.*
Overall quality of the supporting material		*We found that in some 'niche' areas that the documentation was very 'motherhood' and insufficiently clear.* *They were the right docs, and generally good - but they kept getting updated as though they were learning as they went along.* *The information was useful and available, but spread across too many overlapping sources to be sure you were getting the full answer from any one of them.*
ARPC's technology and systems	*The PACE is pretty good, has useful error messages etc.* *Having access to the UAT environment has been fantastic, and PACE looks well thought through.* *PACE system seems very good.*	*The systems are very limited for an organisation of our scale. Only just 'satisfactory'.* *Their system has some limitations in the way that it is not consistent with ours. They have made some improvements, but there is still some way to go to make it more uer friendly.* *The PACE platform seems over-engineered, and it is slow / clunky / unresponsive - to the point where sometimes it is not clear if it has crashed or not.*
Clarity of what was required	*We did have some questions at times, but they were always very easily clarified and confirmed.*	*Their cookie-cutter process was quite clear, but what was less clear was what we needed from them, and how we could meet their expectations when they are not well aligned with us.* *A few times ARPC would issue advice or an interpretation, and then it would spark questions and then they would have to issue a correction within a few days. Would have been better if they could foresee that.*

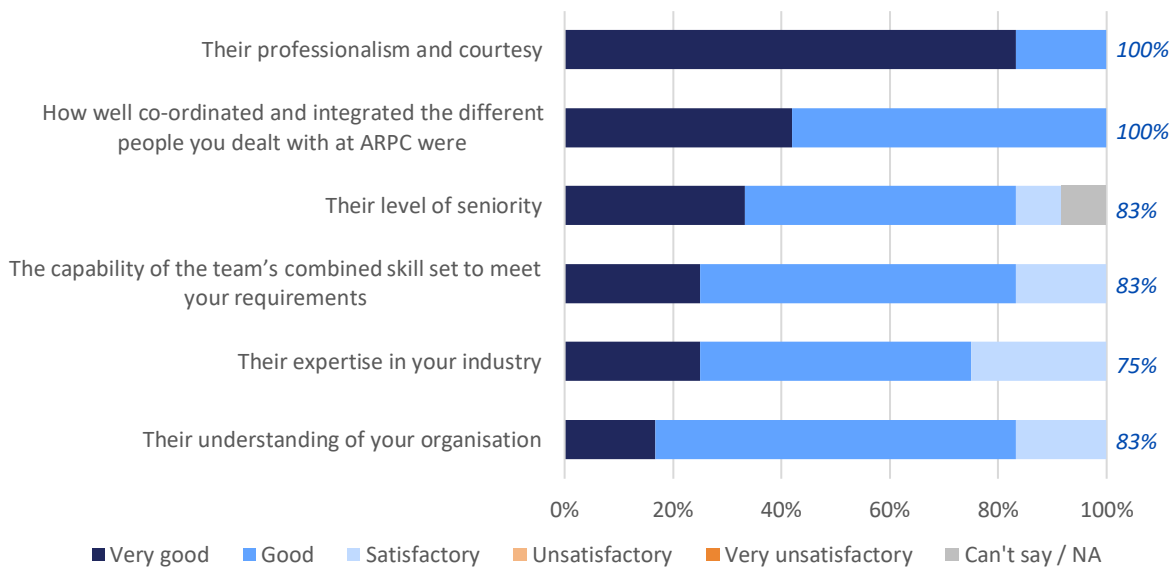○ ORIMA

ARPC's Multidisciplinary Onboarding Team

Throughout the interviews, insurer customers who onboarded to the cyclone pool in 2023 were strongly and consistently positive about the ARPC personnel who they dealt with. Different insurers had criticisms of some aspects (such as the challenge of forcing their large and complex systems into the definitions or expectations of the cyclone pool), but generally their feedback about ARPC personnel was very strong.

As shown in the table below the chart, after excluding any responses of 'can't say / not applicable', 100% of interviewed insurer customers found all aspect of the ARPC onboarding team they dealt with *least satisfactory*.

Figure 4. Perceptions of ARPC onboarding team

How do you rate the following aspects of the multi-disciplinary Cyclone Pool onboarding team?

% good + very good

Aspect	Rating
Their professionalism and courtesy	*100%*
How well co-ordinated and integrated the different people you dealt with at ARPC were	*100%*
Their level of seniority	*83%*
The capability of the team's combined skill set to meet your requirements	*83%*
Their expertise in your industry	*75%*
Their understanding of your organisation	*83%*

Legend: ■ Very good ■ Good ■ Satisfactory ■ Unsatisfactory ■ Very unsatisfactory ■ Can't say / NA

Aspect of onboarding team	Prof / Courtesy	Integrated	Seniority	Capability	Industry expertise	Organisational understanding
% Satisfied after excluding 'can't say / NA'	100%	100%	100%	100%	100%	100%

Base: All cyclone pool onboarding insurer customers (n=12) – table excludes 'can't say / not applicable' responses

As well as their interaction style, ratings were also strong for coordination / integration and seniority, areas that can often be a challenge for government organisations.

"You can tell they have a dedicated team, and when one person can't respond the next person has easily been able to step in."

"They seem to have the right in-room level, and access to more senior decision makers if they need. I've never needed to escalate something."

The elements of the ARPC team that were rated relatively somewhat lower related to their *expertise in the industry* and their *understanding of the specific insurer organisation*.

"The question is how much do they REALLY know about the industry? Some of the rules they came up with are not very practical in reality. They are not deep in the industry they are now covering, and so they are just learning it."

"They are still new to the area and learning its details."

"They improved as they went along, but at the outset both them and us needed some education."

"They made an effort, but they didn't quite understand us and the attempts at standardisation weren't well aligned to us."

*"They try, but sometimes they don't quite seem to really get what it is like from our side."*

Resources and support materials

Each of the resources and support materials that ARPC developed to assist the onboarding process was widely used and widely considered useful by insurer customers. At least two thirds of all interviewed insurer customers found each of the resources and materials *at least somewhat useful*, and as the table below the chart shows, of those who used each of them, almost all rated them as *very useful or somewhat useful*.

Figure 5. Perceptions of ARPC support resources and materials

How do you rate the following range of resources and materials to assist the Cyclone Pool onboarding process?

% very useful + somewhat useful
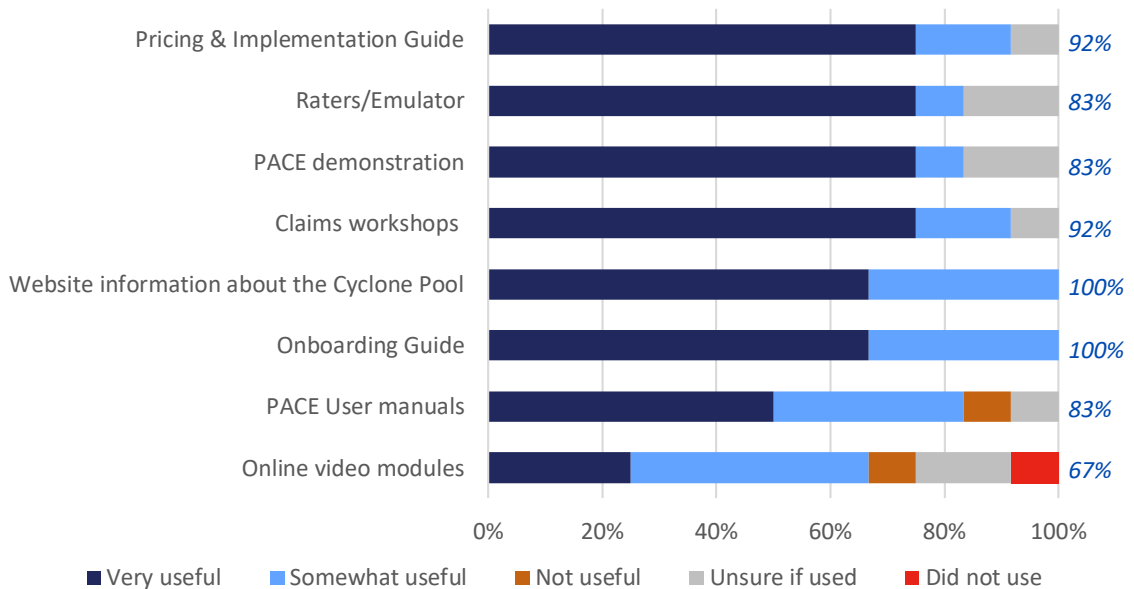
Resources and materials	Price & Implement guide	Rates / emulator	PACE demo	Claims w'shops	Website info	Onboard guide	PACE manual	Online videos
% useful after excluding non-users	100%	100%	100%	100%	100%	100%	91%	89%

Base: All cyclone pool onboarding insurer customers (n=12) – table excludes 'did not use' responses

Feedback on the suite of resources was that they served a range of purposes, but that because there were so many different resources and sources of information, sometimes they could not be certain if they had found all of the relevant information about a particular topic. Of the existing resources:

- The website was seen as a good, general starting point for information.
- The onboarding guide was a useful general reference point, and one that was helpful for bringing new staff members up to speed.

- The pricing and implementation guide was described by one insurer customer as '*the bible'*, but it was noted by others that it was '*soooo complicated'* and that '*it was less useful because it kept changing'.*

- The PACE manual and demonstration were useful in combination, with different insurers finding their own preferences – such as one noting that the demonstration felt '*over-the-top after reading the manual'*, while another commented that the demonstration '*filled in the gaps in the manual'*. It may be that insurers could be encouraged to find one or the other their primary resource, and use the other in a support role.

- The online video modules were the only resource rated as *very useful* by less than half the onboarded insurer customers, though one noted they were also a good refresher and introduction for their new staff, and excluding those who did not use them 8-out-of-9 rated them *as at least somewhat useful*.

The individual resources were generally seen as useful, and onboarded insurer customers did not see a need for any other specific resources. As one insurer commented:

"No [other resources needed], but we DID need ALL the resources they had in order to be able to join."

However, they *did* have some comments on and advice for how to enhance the overall effectiveness of the support material in toto.

"What was missing was actually the integration. There were lots of different information sources, and they tended to overlap and you could never be confident that you had ALL the information on any given topic from any one source. They were individually good - but needed more integration."

"The implementation guide was on the website but then got taken off. It needs to be there, so we can all be sure we are looking at the current version - it needs to be a single definitive reference."

"Didn't need anything else – it just would have been better if they weren't constantly being updated on the fly."

"We would have liked more clarity in 'niche' areas, where when you really look into things they become ill-defined."

"The resources and tools were each important – but what was CRICTAL was then being able to send an email or phone up and get the specific thing we needed at that time."

The only suggestion for additional information or resources that was made was for more certainty about the 'unknown unknowns', where they noted while all their issues and questions were addressed, they wondered if there was anything that they didn't even know to ask about.

"Would have been nice to know what other insurers were asking through FAQs. To make sure we didn't miss something that was important that had already been figured out."

One other insurer customer commented that as and when claims start to be made, that is when it is possible the value in a range of additional information and/or resources might become apparent.

"It might be interesting to find out what we / they / everyone needs when there is a major event."

Aspects to focus on

When asked to reflect on what was most important to continue in what ARPC has done with the onboarding process, the high level of communication and engagement was clearly the most commonly mentioned aspect that insurers had experienced. While there were isolated other comments about sharing new and emerging information, and continuing to look for ways to make things easier, almost all interviewees mentioned some aspect of the active and regular engagement they had with ARPC.

"The engagement and fortnightly meetings. Even when we sometimes cancelled them or didn't have much to bring to one, knowing they were there is important."

"Engagement and access to the team. It was critical to have that at the time we needed it."

"Communications and the time from people to assist with the first upload."

"The workshops and meetings - the in-person contacts were important. Very rich and valuable."

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Aspects to develop

When asked to think about aspects that ARPC could develop or change, insurer customers had a more diverse range of comments and observations, though they fell into a number of themes.

Minimise changes, and the impact and communication of changes:

"We get that they are working across lots of organisations and trying to improve things - but some of these changes can have a big impact."

"Initially when they would update things they didn't tell us what was updated, so we had to review the whole thing to find it. That got better, once they started to highlight what exactly had been updated."

"What was missing was actually the integration. There were lots of different information sources, and they tended to overlap and you could never be confident that you had ALL the information on any given topic from any one source. They were individual good - but needed more integration."

"It would be good if the documents can be locked down - while they are constantly changing and updating, they are hard to rely on."

Try to foresee issues that may arise or emerge:

"There was a surprise in the additional requirement to maintain databases that don't just show point-in-time reports but that show changes. This is not common, and it wasn't clear in the documentation. Would have liked something that drew attention to some of those details."

"Need to make sure there are not fundamental / definitional things that emerge later on. They simply can't be easily allowed for if discovered after processes and systems are being put in place. As an example - uncertainty about mixed-use. The legislation is impossible to interpret, and it is only hidden in explanatory memorandums that there is enough detail. That is too late to find out."

Understand the industry and the commercial setting better:

"Maybe headhunt someone in or just retiring from the industry who REALLY knows it. They need to understand the detail and nuances of commercial markets for their pricing, who can sense check it from the commercial side."

"Keep a commercial mindset as much as possible. Most of our other reinsurance partnerships are a) bigger and b) require less precision. That is fine, but the more it can keep that commercial-relationship feel the better it will be."

Understand that there is difference across organisations, and the ARPC model lines up differently:

"Just be aware that every company does some things differently, and so each company will find some things that don't line up with how ARPC decides to standardise things."

Process suggestions:

"It would be ideal to look at pricing on a more regular basis as things are constantly changing – 6 monthly would be ideal."

"Make time allowances for the first upload. Once you do the first one others are more simple, but that first one needs more time allowances (maybe a few extra weeks) as fixing things is inevitable, and time pressure doesn't help."

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What do customers think of ARPC?

In keeping with the generally positive views of the work of ARPC in implementing the cyclone pool and onboarding them, insurer customers expressed strong positive views of ARPC in terms of being knowledgeable and transparent. All 12 interviewed insurer customers felt that ARPC was transparent in the onboarding process to *at least a large extent*, and so did 11 of the 12 in terms of being knowledgeable about the pool.

Ratings of being a valued partner to their organisation were still strong, but somewhat less so. 7 of the 12 rated ARPC as a valued partner to *at least a large extent*. The lower ratings here reflected a bigger picture, and were more about the cyclone pool itself than about ARPC's performance or demeanour. Several of the larger insurers noted that the cyclone pool was either a very small consideration in their overall operations and / or that it was not something they found particularly desirable or beneficial – and so they therefore did not see its administrator as a 'valued partner'.

Table 6. Perceptions of ARPC in relation to the cyclone pool onboarding

To what extent do you feel the following describes ARPC:			
	Knowledgeable about the cyclone pool	**A valued partner to our organisation**	**Transparent**
Totally	58%	33%	58%
To a large extent	33%	25%	42%
Totally + large extent	**92%**	**58%**	**100%**
To a moderate extent	8%	25%	-
To a small extent	-	8%	-
Not at all	-	-	-
Can't say	-	8%	-
Sample size	12	12	12

Overall, three of the 12 insurer customers who were onboarded to the cyclone pool in 2023 said that their opinions of ARPC had improved as a result of the onboarding experience, while the remaining nine said that their opinion had not changed (in several cases, this was because the representatives interviewed had little to no previous experience of ARPC).

Perceptions improved:

"The communications and engagement - it might have been driven by the complexity, but it improved the relationships."

"Always thought they were good, but this was a positive experience so far."

Perceptions stayed the same:

"When you deal with government you don't really have high expectations, but of the things that they could control, they met my expectations for what they should be like."

"Have always considered them to be professional and good to work with, and while this onboarding was easier than we expected, it didn't really change our opinions of ARPC, as they were already good."

"The PACE system was a bit clunky (negative), but the interaction and communications were excellent - so it kind of balanced out."

"Have not dealt with them before, so this is also my first impressions."

A number of customers explicitly noted the distinction they made between their perceptions of ARPC and the cyclone pool itself, where a range of concerns and level of uncertainty remains.

"The counterweight is the magnitude of the internal cost, and uncertainty about whether or not it will actually work and hold together when tested…"

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General Observations and Feedback

Overall, insurer customers that onboarded to cyclone pool used this feedback process to communicate that:

- The ARPC people they dealt with through the onboarding were excellent; and

- The high level of engagement and communication was important; but that

- The process itself was very complex and often intrusive, and for large insurers it involved many different areas of their businesses having to be involved.

- They felt all the materials were individually useful and good, but there were challenges around:
    - Having all relevant information in one place;
    - Being sure they were seeing the most up-to-date version;
    - Having enough detail in the edge or niche areas in particular (with some noting that a lot of their time was spent and surprises found in the unusual cases or deep into the process, rather than being obvious from the outset or relating to where the bulk of their books sat).

- Insurer customers recognise that ARPC does have to have standard definitions and processes, and that these are going to be more reflective of the government context than would be the case for most of the other reinsurers they deal with – but also wanted ARPC to understand the difficulties that ARPC forcing its model on them created (especially for larger insurers, and especially when it wasn't coordinated with other government requirements and expectations, such as the ACCC).

- Several large insurer customers noted that they have deliberately chosen to migrate their simplest portfolios first, and that the more complex ones (eg: strata and commercial) are still to come – meaning that even for some onboarded insurers, the future steps in the process may be more rather than less complex.

- While they have generally found ARPC as an organisation, and its staff, professional and good to work with – there is considerable trepidation about the cyclone pool itself, in terms of its details, practicality, effectiveness and likely longevity. There is a strong view of needing to see how well it actually holds up once major events start to occur; and also how well ARPC will be able to perform its role under the pressure of needing to work very quickly and potentially with a large number of insurer customers simultaneously.

- Several insurer customers commented that if the ARPC does really wish to be a 'valued strategic partner', then its role needs to be more than just an administrative one. To have that value, it needs to be providing them (the industry) with over-the-horizon information that it can aggregate, but also to potentially play an educational and advocacy role to assist the rest of government better understand the constraints and commercial realities of insurance.

"The people have been fantastic - just limited by the legislation and the systems. The big question will be what happens when an event happens. The 48-hour impact window might not work with floods for example - and then will there be all more changes?"

"The onboarding team have done a great job. It will be interesting to see how it goes when there is a major event - when it effects lots of insurers at the same time, will ARPC get overloaded?"

"They were very responsive to sharing information, collaborating, getting on a call etc. Approachable and happy to assist. [But] there is only so much that can be done to set up for the claims side of things before there is an actual cyclone. When that happens, ARPC need to understand that it is only then that some of the things will be able to be understood, tested and put in place. They will need to keep those (and other commercial realities) in mind when that cyclone happens."

"ARPC have implemented the cyclone pool professionally - but [the pool] is not really that beneficial to us,

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and there are not many who think the initiative is a good one. It remains to be seen, but across the reinsurance industry there is a view that as an initiative to reduce costs it has missed the mark."

"Home is easy, but commercial and strata are much more complicated. Be aware of that. They need to be careful of the risk of under or over-costing the risk once they get into the more complex and variable areas. There may well be scenarios that they need to cost individually. They may not want to, but we have bespoke scenarios, and that means they will too. An example of where they don't quite have the industry knowledge is that they don't have a curve for variable rates for flood as well as cyclone - they just assume one limit. The industry has many more degrees and variables than the cyclone pool, and that makes it awkward and might leave them exposed."

"There is a nervousness in the industry that the whole scheme will be wound up / changed before it has time to do what it is supposed to."

"They might need to just understand a bit better how slow moving system changes have to be in organisations of this scale - how many people are involved and complexity to implement things. It is hard enough the first time - but we can't change them as we go along."

"If their aim is to be a 'strategic partner', we would expect them to work with us more, rather than just try to force us into a 'one-size-fits-all' process - when it didn't fit us very well."

"There is a whole lot of industry speculation about what the effect of the CP will be on the insurance landscape, and whether it will really do what is intended."

"There was a lack of co-ordination between ARPC and the ACCC. The ACCC generally don't have a lot of regard for operational realities, and so they hit us (and other insurers) with a bit data request at the same time the ARPC were requiring us to do important steps. This diverted resources and resulted in a significant error being made. Just that co-ordination would have improved things."

"A big test of the ARPC is going to come when the ACCC bring out their report. Anticipate that insurance costs are going to have gone up rather than down, just not up to the same extent. CP has costs of its own, and the background costs have gone up more than any cost reductions from the CP. It will be a test of the ARPC how well they can educate other areas of Government about insurance."

Conclusions

Overall, **the onboarding of the first group of insurer customers to the newly formed Cyclone Reinsurance Pool has been effective**. All 12 interviewed insurer customers considered that they had been at least satisfactorily onboarded, with three-quarters considering the process to have been about what they expected or easier than expected.

However, **very large and diverse project teams being required to manage and deliver the transition to the cyclone pool** in large insurers.

Feedback from onboarded insurer customers indicates that the **direct experience of working with ARPC has been professional and effective.** The high level of engagement and communication is considered very positively, but also noted as being essential for the process to work. The resources and support materials available have been individually considered useful, though insurer customers noted that there were improvements possible in the integration of information and the provision of updates, to ensure they can be confident that all relevant information is in one place, and they are looking at the most up-to-date information at all times.

Insurer customers acknowledged that ARPC does need to have standard definitions and processes (and that these would at least in part reflect a government framework rather than the purely commercial framework they are more used to operating in). However, many noted (and especially the larger insurers) that **ARPC's definitions and processes are not always well-aligned to their own, and that it can therefore be time consuming and complicated to meet ARPC's requirements**, **and can reach very widely and deeply into their organisations**. They requested ARPC understand and respect this, and to be aware of the impact of any changes made or late discoveries of complexity or requirements.

While insurer customers could clearly distinguish the experience of working with ARPC to onboard, they did make clear that **there is a sense of trepidation and concern in the industry about the likely practicality, effectiveness and longevity of the cyclone pool itself**. While they note that the onboarding has allowed the pool to become operational, the real test will be in how it (and the ARPC) performs when major cyclone events occur.

Overall, cyclone pool members have generally positive perceptions of ARPC, and the onboarding process has, if anything, improved these. However, while they view the professionalism and transparency of ARPC very strongly, they are more **mixed in the extent to which they see ARPC as a valued partner, and there is scope for ARPC to enhance that sense of strategic partnership in the coming years**.

Appendices

Appendix A: Questionnaire

INTRO

The Australian Government has recently implemented the Cyclone Reinsurance Pool. This is backed by a Commonwealth guarantee and is intended to reduce costs and increase premium affordability, with the end goal being to contribute to more available and more affordable insurance premiums in northern Australia.

The purpose of this annual feedback process is to understand insurers' perceptions of how ARPC is administering the cyclone pool. In time, ARPC will obtain insurer perceptions of its operations along the lines of what it already does for the Terrorism Pool.

However, this is the onboarding module, designed specifically to understand the experiences of insurers in the year they join the cyclone pool. The primary focus of the questions in this interview is the onboarding process, and how ARPC has supported your organisation over this time. At the end of the interview, you will have the chance to provide any additional comments or observations that we may not have specific questions about.

We will be asking you a series of questions in two formats. Some have specific ratings scales, and we need you to give a rating using those scales. Others are more open and I'll be recording your thoughts and answers as closely as possible. Please be aware that while I won't read them out, there is always an option for you to say that a particular question is not relevant to your organisation, or that you are not sure of an answer. You can also feel free to elaborate on any answer you give, as I can write down additional notes at any point.

RESPONSES ARE CONFIDENTIAL – AT THE END, YOU WILL HAVE THE OPPORTUNITY TO ASK FOR FOLLOW UP CONTACT. IF THERE IS ANYTHING YOU SAY WHICH YOU ARE CONCEREND MIGHT IDENTIFY YOU, PLEASE LET ME KNOW AND WE CAN WORK OUT HOW TO WORD YOUR RESPONSES TO PROTECT YOUR CONFIDENTIALITY.

> Before we start with the interview questions – can you please first just tell me where you feel that you are up to in the onboarding process, so I can better understand your answers through the rest of the interview:

1. **Overall, how effectively do you feel ARPC has assisted your organisation in onboarding to the cyclone pool? Would you say it was…**

Very good	Good	Satisfactory	Unsatisfactory	Very unsatisfactory	Can't say / not sure
1	2	3	4	5	9

   A. Why do you give that rating?

2. **And overall, would you describe your organisation's experience of the cyclone pool onboarding process as….**
   a. About what you expected
   b. Easier than expected
   c. More difficult than expected

   A. Why do you give that rating?

3. How do you rate the following aspects of the cyclone pool <u>onboarding</u> process you experienced?

		Very good	Good	Satisfactory	Unsatisfactory	Very unsatisfactory	Can't say / no opinion	Not relevant
A	<u>Level of support</u> available	1	2	3	4	5	6	7
B	ARPC's <u>proactive communication</u> to you	1	2	3	4	5	6	7
C	ARPC's <u>responsiveness</u> to queries or requests from you	1	2	3	4	5	6	7
D	<u>Clarity</u> of what was required of you	1	2	3	4	5	6	7
E	The utility of ARPC's <u>technology and systems</u>	1	2	3	4	5	6	7
F	Responsive to <u>your organisation's specific situation and needs</u>	1	2	3	4	5	6	7
G	The <u>overall</u> quality of the <u>supporting materials</u> available – including onboarding / pricing / implementation guides, User Manuals, and videos INTERVIEWER NOTE: WILL BE ASKED FOR SPECIFIC FEEBACK ON INDIVIDUAL ELEMENTS LATER IN INTERVIEW	1	2	3	4	5	6	7
H	Quality and relevance of <u>workshops</u>	1	2	3	4	5	6	7

4. Within your organisation, which roles have been involved in the cyclone pool onboarding process?

5. ARPC established a multi-disciplinary team to assist insurers with the cyclone pool onboarding process. How do you rate the following aspects of the cyclone pool <u>onboarding</u> team?

		Very good	Good	Satisfactory	Unsatisfactory	Very unsatisfactory	Can't say / no opinion	Not relevant
A	How well co-ordinated and integrated the different people you dealt with at ARPC were	1	2	3	4	5	6	7
B	The capability of the team's combined skill set to meet your requirements	1	2	3	4	5	6	7
C	Their professionalism and courtesy	1	2	3	4	5	6	7
D	Their understanding of your organisation	1	2	3	4	5	6	7
E	Their expertise in your industry	1	2	3	4	5	6	7
F	Their level of seniority	1	2	3	4	5	6	7

FOR ANY RATED IN Q5 AS LESS THAN 'GOOD'
A. You rated _____ as "satisfactory" / "unsatisfactory" – why do you gave that rating?

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6. **ARPC developed a range of resources and materials to assist the cyclone pool onboarding process. For each of the following:**
   a. *Did your organisation use them?*
   b. *IF USED:* ***How useful did you find them?***

A	Website information about the cyclone pool	Yes	No	Unsure	Very	Somewhat	Not	
B	Onboarding Guide	Yes	No	Unsure	Very	Somewhat	Not	
C	Pricing & Implementation Guide	Yes	No	Unsure	Very	Somewhat	Not	
D	Raters/Emulator	Yes	No	Unsure	Very	Somewhat	Not	
E	PACE User manuals	Yes	No	Unsure	Very	Somewhat	Not	
F	Online video modules	Yes	No	Unsure	Very	Somewhat	Not	
G	PACE demonstration	Yes	No	Unsure	Very	Somewhat	Not	
H	Claims workshops	Yes	No	Unsure	Very	Somewhat	Not	

A. **Could ARPC have offered you any further tools, materials or support?**

7. **In relation to the cyclone pool onboarding process, to what extent do you feel that the following terms describe ARPC?**

		Totally	To a large extent	To a moderate extent	To a small extent	Not at all	Can't say / no opinion
A	**Knowledgeable about the cyclone pool**	1	2	3	4	5	6
B	**A valued partner to our organisation**	1	2	3	4	5	6
C	**Transparent**	1	2	3	4	5	6

8. **Thinking about the cyclone pool onboarding process conducted by ARPC:**
   A. **What is one thing that you think is very important for ARPC to maintain, or keep doing when onboarding organisations to the pool?**

   B. **What is one thing that you think ARPC should change or improve about the onboarding?**

9. **Based on your experience with the cyclone pool onboarding [so far], has your overall opinion of ARPC...**
   a. Improved
   b. Not really changed
   c. Reduced

10. **Is there anything else that you would like to tell us about your onboarding experience, or about ARPC in general?**

   Onboarding:

   ARPC:

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