



Australian Government

Australian Reinsurance Pool Corporation

# ARPC Annual Report 2023-24







**Australian Government**  
**Australian Reinsurance Pool Corporation**



19 September 2024

The Hon Stephen Jones MP  
Assistant Treasurer and Minister for Financial Services Parliament House  
CANBERRA ACT 2600

Dear Minister,

I am pleased to present the Annual Report of Australian Reinsurance Pool Corporation (ARPC) for the year ended 30 June 2024. The report has been prepared under section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and in accordance with the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule).

Signed for and on behalf of the Members of the Board, as the Accountable Authority of ARPC and being responsible for preparing and giving the Annual Report to ARPC's responsible Minister in accordance with section 46 of the PGPA Act.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Julie-Anne Schafer'.

**Julie-Anne Schafer**  
*LL.B. Hons, FAICD*  
Chair

19 September 2024

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Email: [enquiries@arpc.gov.au](mailto:enquiries@arpc.gov.au)

A copy of this document appears on ARPC's website: <https://arpc.gov.au/>

### Acknowledgement of Country

We at ARPC acknowledge the traditional owners and custodians of Country throughout Australia and recognise their continuing connection to land, waters, and community. We pay our respects to Elders past and present and extend that respect to all First Nations people.

The ARPC office is located on the land of the Gadigal people of the Eora Nation.





**Australian Government**  
**Australian Reinsurance Pool Corporation**

# Highlights



# Our 2023-24 strategy



## Our Purpose

Protecting Australian communities with sustainable and effective reinsurance for terrorism and cyclone events



## Our Vision

A future where the Australian communities we serve are more resilient to disasters through access to affordable insurance for terrorism and cyclone events.



## Our Values

- Integrity
- Respect
- Service
- Wellbeing

### Strategic priorities 'we will'

1. Deliver reinsurance for eligible terrorism and cyclone losses.
2. Engage and understand our stakeholders with a focus on insurer customers to improve community outcomes.

### Key activities 'what we did'

#### Terrorism pool

- Enhanced preparedness, capability and organisational agility to respond to major concurrent events.
- Delivered technology and systems to achieve terrorism and cyclone pool goals.
- Encouraged the private market to participate in terrorism risk insurance.
- Supported risk mitigation.
- Maintained and developed the terrorism catastrophe models.

### Performance measures 'what we focused on'

**Measure 1 Income:** Gross Written Premium (GWP)

**Measure 2 Financial resilience:** Net Assets

**Measure 3 Operational efficiency:** Operating expenses

**Measure 4 Technological resilience:** Cyber security framework

### Delivered or progressed strategic priorities

### Business functions 'our capabilities'



- Reinsurance
- Stakeholder engagement
- Technical underwriting
- Technology
- Financial management
- Operations
- Actuarial expertise
- Declared Terrorism Incident (DTI) response
- Declared Cyclone Event (DTE) response



3. Develop data on terrorism, cyclone, and insurance climate risk to support risk mitigation.
4. Provide thought leadership to deliver risk insights.
5. Be a high performing, inclusive, customer and risk focused culture.



**Cyclone pool**

- Supported insurer customers to join the cyclone pool.
- Designed to keep insurance premiums as low as possible in medium and high-risk areas and be cost neutral over the long term.
- Collaborated across the Australian government to align use of catastrophe models.

**Organisational**

- Developed our culture, collaboration and change management capabilities.
- Evolved our employee value proposition to attract and retain talent.



**Measure 5 Delivery of strategic projects:**

On time, scope, budget

**Measure 6 Customer satisfaction:** Annual insurer customer survey

**Measure 7 Statistical publications:** Data analytics and insights

**Measure 8 Research papers:** Publish Research papers

**Measure 9 Employee Engagement:**

Engagement survey

**Measure 10 Event response preparedness**



**Our people 'who work for us or with us'**



- Board Members and observers
- Employees
- Contractors

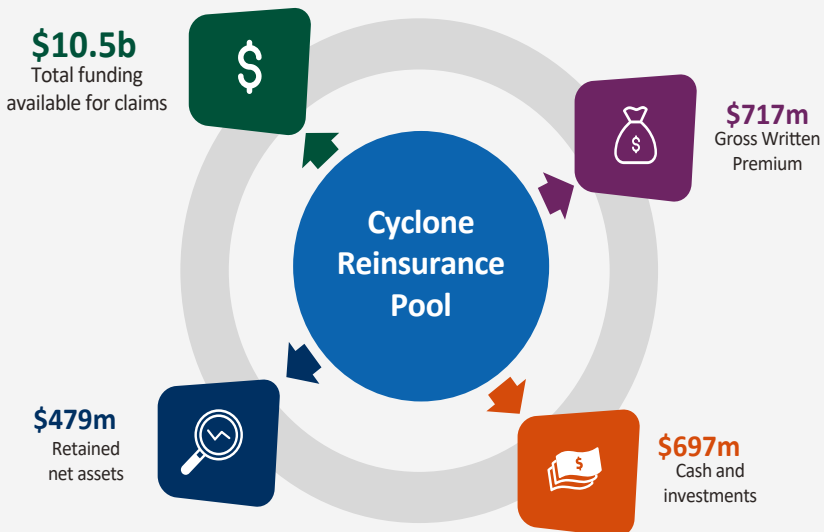
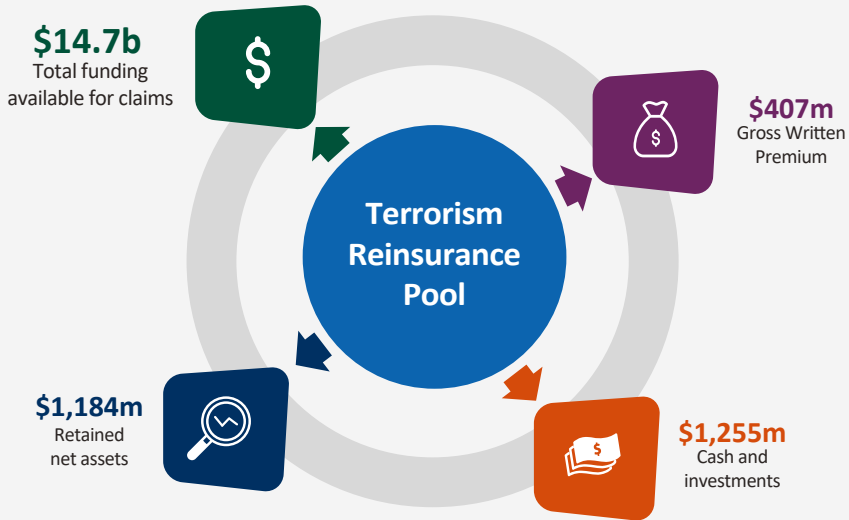
**Stakeholders 'with whom we engage'**



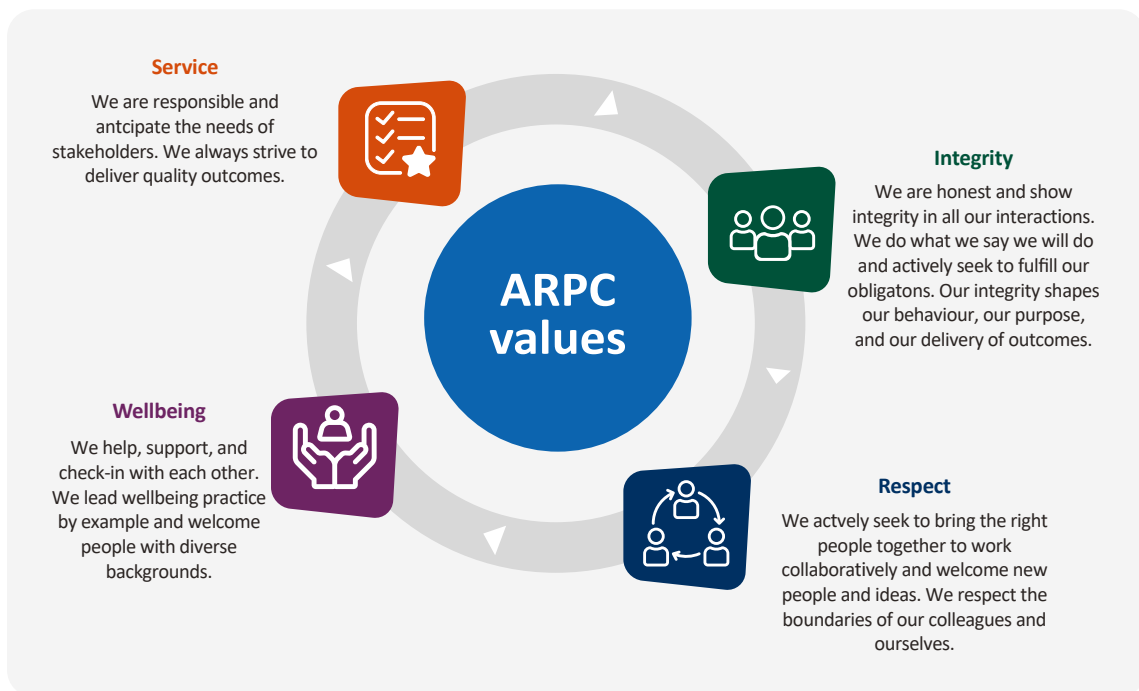
- Insurer customers
- Government agencies
- Industry associations
- Community and consumers
- Global reinsurers

## About us

ARPC is a public financial corporation established in 2003 to administer the Terrorism Reinsurance Pool (terrorism pool). Since 1 July 2022, ARPC has also administered the Cyclone Reinsurance Pool (cyclone pool) covering cyclones and cyclone-related flood damage. ARPC operates under the *Terrorism and Cyclone Insurance Act 2003*. Below are financial snapshots of the terrorism and cyclone pools.



## Our Values

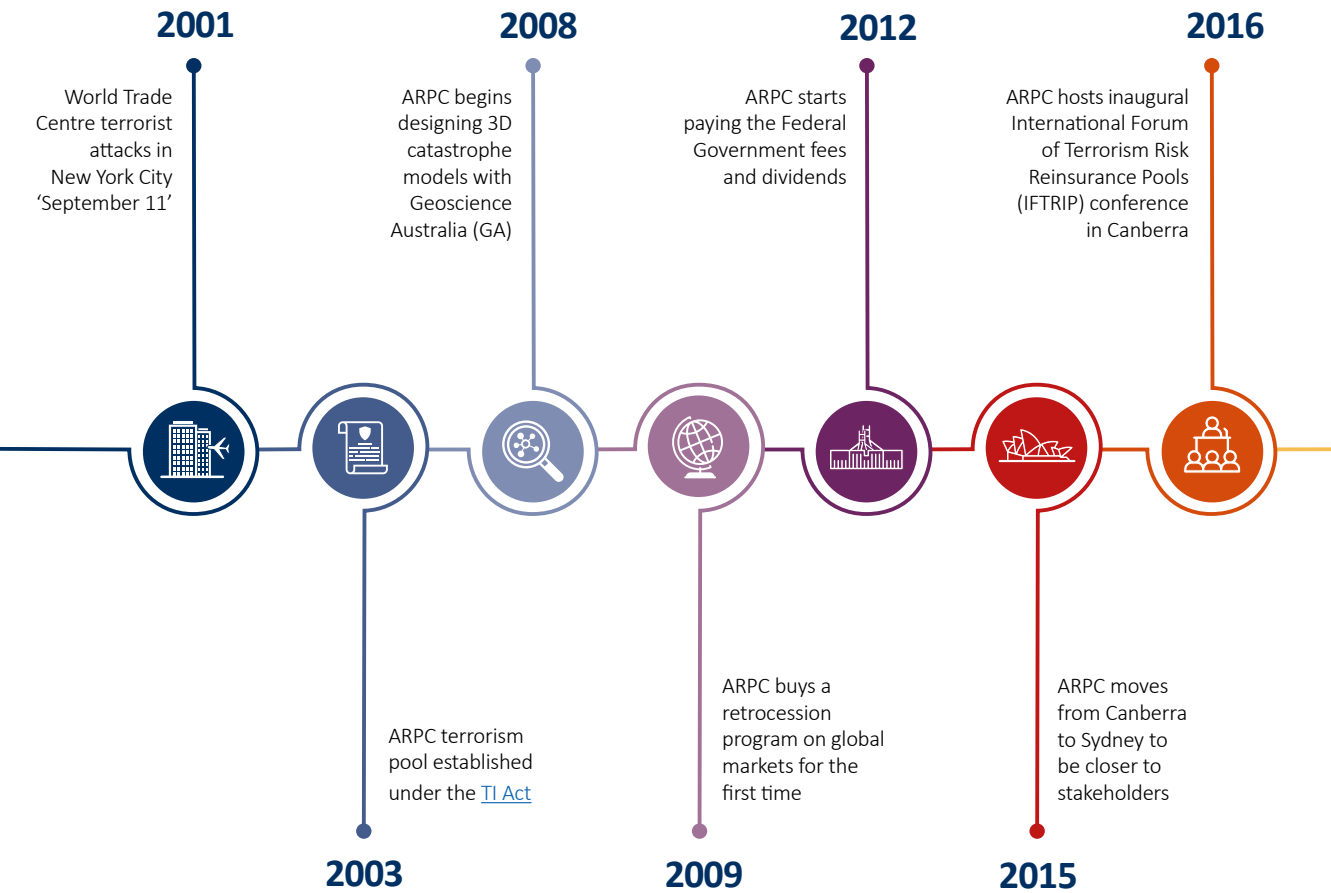


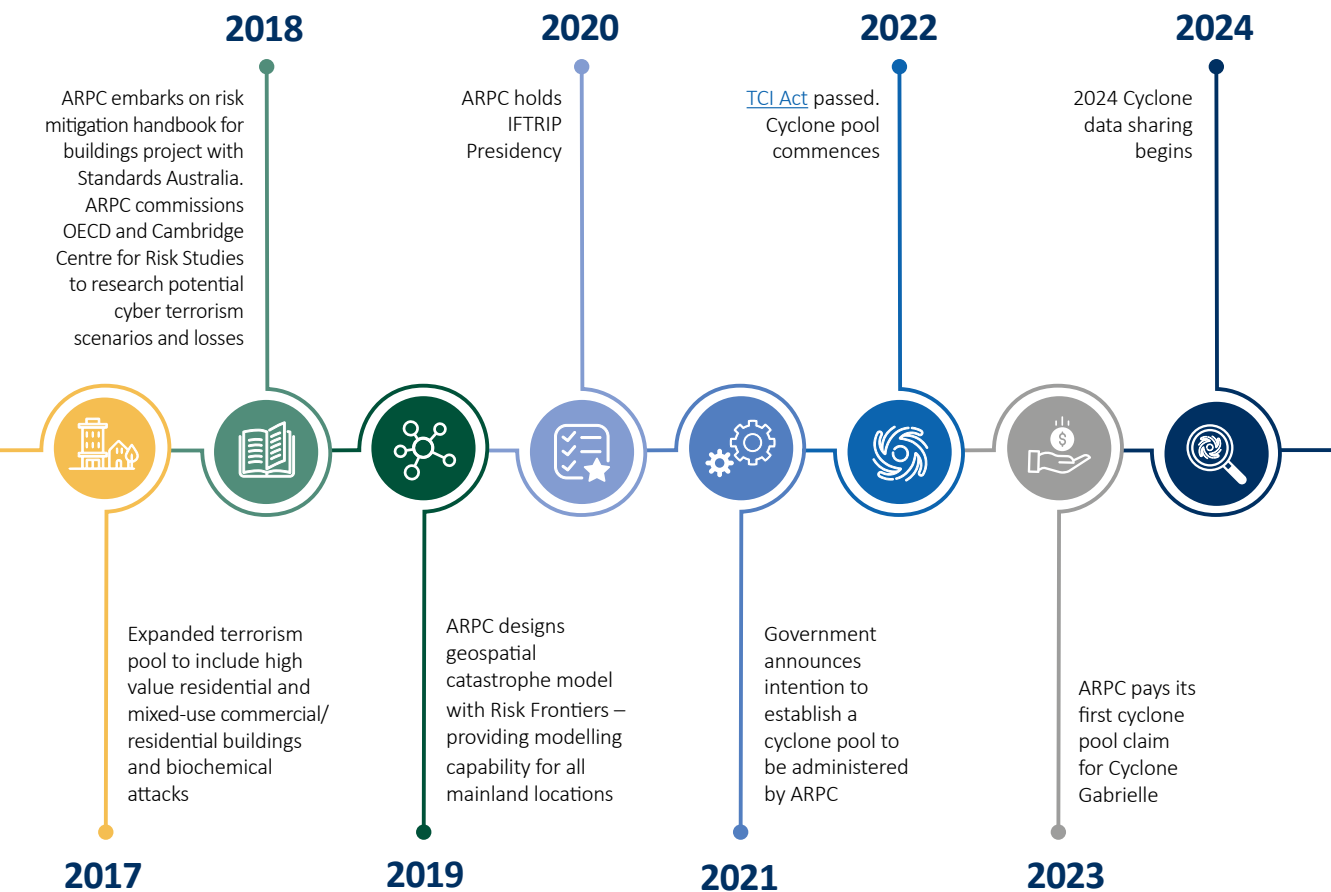
## Our Performance

ARPC met most targets set in the [2023-27 Corporate Plan](#) as summarised below. For full details on each measure and target, please see Chapter 4 Annual Performance Statement, pg 49.

Measure	Description	Status	Indicator
Measure 1	Gross Written Premium (GWP)	Not Met	—
Measure 2	Net assets	Met	✓
Measure 3	Operating expenses to budget	Met	✓
Measure 4	Cyber security framework	Met	✓
Measure 5	Strategic projects	Primarily Met	✓
Measure 6	Insurer customer satisfaction	Met	✓
Measure 7	Produced statistical publications	Met	✓
Measure 8	Published research papers	Met	✓
Measure 9	Achieved employee engagement score	Met	✓
Measure 10	Event response preparedness	Met	✓

# Our story





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# Chair and CEO Reports

## From the Chair

I am delighted to present the 2023- 24 Chair Report for Australian Reinsurance Pool Corporation (ARPC).



**Julie-Anne Schafer | Chair**

I would like to start by highlighting the vital roles played by the Terrorism Reinsurance Pool (terrorism pool) and Cyclone Reinsurance Pool (cyclone pool). The terrorism pool continues to provide assurance to global and local stakeholders in the commercial property and business sectors. The cyclone pool became operational and we are encouraged by the early signs of its impact<sup>1</sup>.

During the 2023-24 cyclone season, four cyclones, including Tropical Cyclone Jasper in December 2023, and Tropical Cyclone Kirrily in January 2024, caused most of the cyclone pool's insured losses. ARPC is conscious of the devastating impact such events can have on affected communities.

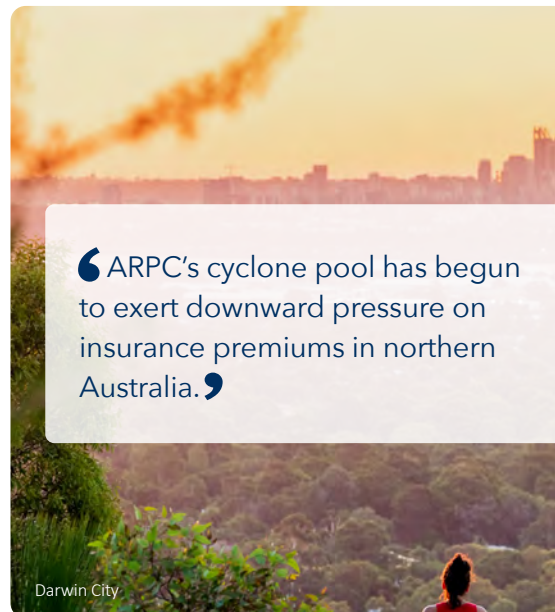
In this reporting period, ARPC published the first in what will become a series of statistical publications on the role and impact of the cyclone pool. Over time, ARPC's data analytics and insights capability will support disaster risk mitigation initiatives by other government agencies and help to reduce the impact of events and their claims costs.

### The role of the Board

The Board's role is to govern ARPC and includes setting the strategic direction and financial objectives, risk oversight, and execution of the 2023-24 Corporate Plan. Members bring a wide range of experience across insurance, finance, investment, actuarial, strategy, and risk oversight in the public and private sectors.

To date, the Board has been supported by the Audit, Risk, and Compliance (ARC) Committee. It has also resolved to establish a committee dedicated to risk and risk management. Commencing in 2024-25, the Audit, Risk and Compliance Committee will transition to two committees, the Audit and Compliance Committee, and the Risk Committee.

I would like to thank departing Members, Elaine Collins and Jan van der Schalk, for their valuable contributions to ARPC. I also welcome new Members, Rod Whithear and Greg Nucifora who joined us on 7 July 2023.



<sup>1</sup> [ARPC Cyclone Reinsurance Pool Premium Assessment Report, May 2024, p.3](#)

## Meeting 2023-27 Corporate Plan objectives

During the reporting period, ARPC, with guidance from the Board, achieved a number of key objectives, beginning with six new insurers joining the cyclone pool.

In December 2023, ARPC released the first Financial Outlook Report (FOR) on the cyclone pool. Although legislation did not require the first FOR to be released until 2024, the 2023 report was released to be transparent about the cyclone pool. It took stock of how the cyclone pool affected the market during its reporting period.

In thought leadership, ARPC published two research papers in partnership with University of Queensland exploring violent and/or disruptive protests and terrorism, and an update on the 2020 Cyber Terrorism paper, [Cyber Terrorism in Australia: 2024 update](#). ARPC has also partnered with James Cook University to assist designing risk mitigation discounts in cyclone premium pricing.

Throughout the year, ARPC maintained an active programme of engagement, providing regular updates to stakeholders. Engaging with stakeholders, including peak bodies, other government agencies, local governments,

insurers and other industries, and consumer representatives, gives us an opportunity to consider perspectives, which in turn assist to optimize performance of the pools.

In June 2024, ARPC held industry consultation on pricing for the cyclone pool. The consultation was primarily to consider mitigation discounts on Wind premium rates for eligible strata policies to improve incentives to reduce and mitigate risk through reduced reinsurance premiums.

Financially, while cyclone pool premium was lower than projected, ARPC met all remaining financial performance measures with both pools maintaining available asset levels above targets set out by the Board.

I thank my fellow members, our CEO Dr Chris Wallace, and his management team for their considerable efforts this year.

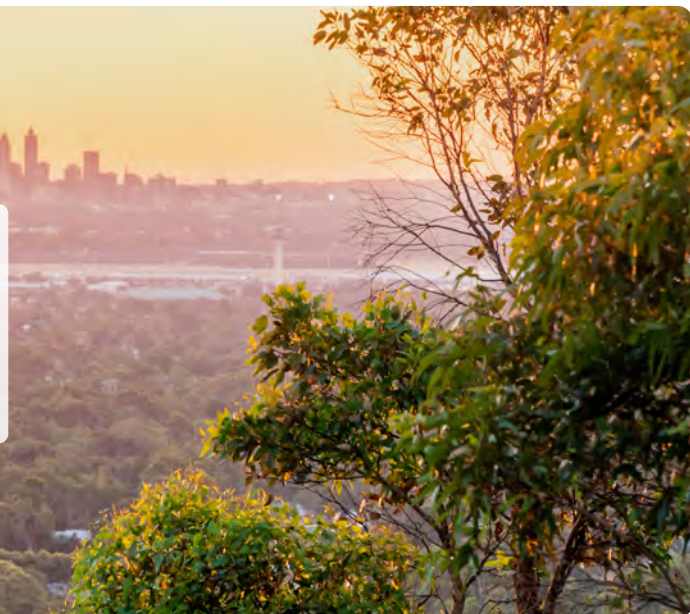
## Looking ahead

In March 2024, the Board reviewed and set ARPC's 2024-28 strategy, including a Role Statement to support ARPC's functions under the *Terrorism and Cyclone Insurance Act 2003* (TCI Act) and reinforce operational excellence.

ARPC is well positioned to deliver on ARPC's purpose that it will 'through reinsurance, improve the accessibility and affordability of insurance for the Australian community for terrorism and cyclone risk'.



Julie-Anne Schafer  
LL.B. Hons, FAICD  
Chair



## From the CEO

I am pleased to report that ARPC's terrorism pool continued to provide cost effective terrorism reinsurance in a hardening market while cyclone pool reinsurance premium rates were unchanged. The ARPC team is reaching full capacity and is now focused on efficiency and effectiveness.



**Dr Christopher Wallace | CEO**

ARPC reported a strong financial and operational result in 2023-24.

ARPC had 225 (2022-23: 228) terrorism insurer customers with sums insured of approximately \$4.4 trillion nation-wide for commercial property and business interruption.

It is voluntary for insurers to have a terrorism reinsurance agreement with ARPC.

The terrorism pool had \$14.7 billion in funding (excluding insurance industry retentions) available for claims arising from a Declared Terrorism Incident (DTI). Funding includes:

- a \$10 billion Commonwealth guarantee
- a \$3.5 billion retrocession program purchased from 70 private sector reinsurers
- over \$1.184 billion in net assets.

The reinsurance market remains in a hardening (rising) pricing phase but there are early signs it is stabilising.

ARPC was again able to roll over the terrorism retrocession program from 2023. ARPC is now nearing the end of a three-

year reinsurance retrocession agreement and we are revising our reinsurance strategy to focus on the best value for money retrocession program we can achieve.

We also began the process of transitioning ARPC's terrorism insurer customers to PACE (Protecting Australians for Catastrophic Events), ARPC's insurer customer system.

The cyclone pool achieved a significant milestone with all large general insurers joining by 31 December 2023, as required by legislation. Most small insurers have also joined with some remaining to join by 31 December 2024. It is mandatory for insurers with more than \$10 million in home insurance premium (in cyclone affected postcodes) to have a reinsurance agreement with ARPC.

Cyclone reinsurance premium rates were unchanged following our 2024 premium rate review and insurer consultation. This is because premiums remain adequate overall, with a lower-than-expected premium pool offset by lower claims costs.

The ARPC team, following a period of rapid growth, is now focused on efficiency and effectiveness. At 30 June 2024, ARPC had 74 employees.

### Australia's terrorism landscape

Under the Australian Government's [Terrorism Threat Advisory System](#), the general terrorism threat level remained at POSSIBLE at 30 June, which means there are a small number of people who want to do Australia harm.

In his 2024 Annual Threat Assessment address, Mike Burgess, Director General, Australian Security Intelligence Organisation, said nationalist and racist violent extremism persists and that ASIO was concerned about "lone actors using readily available weapons to carry out an act of terrorism across a spectrum of motivations".

In April, ARPC's Chief Operating Officer, Victoria Simpson, and I attended the International Forum of Terrorism Risk (Re) Insurance Pools (IFTRIP) conference in Washington DC. The key aim of IFTRIP, ratified in Canberra in 2016, is to encourage collaboration

between sovereign-backed terrorism pools. Major terrorism pool representatives attended the conference from countries including the United Kingdom, the United States, France, Germany, and South Africa.

### Cost of cover

It is voluntary for insurers to reinsure terrorism risk with ARPC, and there is a premium requirement with the reinsurance agreement. The average price of ARPC's terrorism cover for insurers in 2023-24 (and the previous two years) was 4.9 per cent of the premium. ARPC tier rates remain unchanged at 16 per cent of original policy base premium for Tier A; 5.3 per cent for Tier B; and 2.6 per cent for Tier C. This generated \$407 million terrorism reinsurance premium income in the period. Annual aggregate retentions (the deductible or excess) held by insurers ranged from \$100,000 to \$12.5 million, which is low compared to similar retentions in the private market.

Insurers covered by ARPC also benefit from liability capping. This limits an insurer's liability through a legislated reduction percentage for a loss exceeding ARPC's capacity, but only if they are reinsured with ARPC.

### Cyclone pool activities

In the 2023-24 reporting period, ARPC:

- Onboarded six insurer customers
- Declared five cyclone events under the TCI Act
- Paid \$16.5 million of cyclone reinsurance claims in a timely manner
- Undertook the first annual cyclone premium rates review including insurer and public consultation before releasing updated premium rates in September 2024 effective April 2025.

### The 2023-24 cyclone season

The 2023-24 Australian cyclone season commenced on 1 November 2023 and concluded on 30 April 2024. Five tropical cyclones were declared as an Event for the cyclone pool (Jasper, Anggrek, Kirrily, Lincoln and Megan). The declared Events resulted in small to moderate claims costs. A full report is contained in Chapter 3, the Cyclone Reinsurance Pool.

### Publications and research

On terrorism, ARPC published two research papers in partnership with University of Queensland exploring violent and/or disruptive protests and terrorism.

ARPC also published a research paper which provided an update on cyber terrorism. On cyclones, ARPC partnered with James Cook University to research effective strata mitigation discounts to be applied to cyclone premium pricing and assessed the impact of climate change on cyclone risk by assisting insurers complete the Climate Vulnerability Assessment scenarios requested by the Australian Prudential Regulation Authority (APRA).

### Customer satisfaction

According to ARPC's 2023 annual survey of insurer customers, ARPC:

- Continues to deliver on its vision
- Is a valued partner
- Is a trusted expert
- Communicates and engages well with stakeholders.

The cyclone pool has generated greater government and community interest in ARPC's activities, particularly with relation to insurance premiums across northern Australia. In 2023-24, ARPC was requested to appear at Senate Estimates Committee hearings to brief Senators.

ARPC also appeared before the Joint Select Committee on Northern Australia, as part of its inquiry into the cyclone pool.

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6 We are revising our reinsurance strategy to focus on the most value-for-money terrorism retrocession program we can achieve... 9

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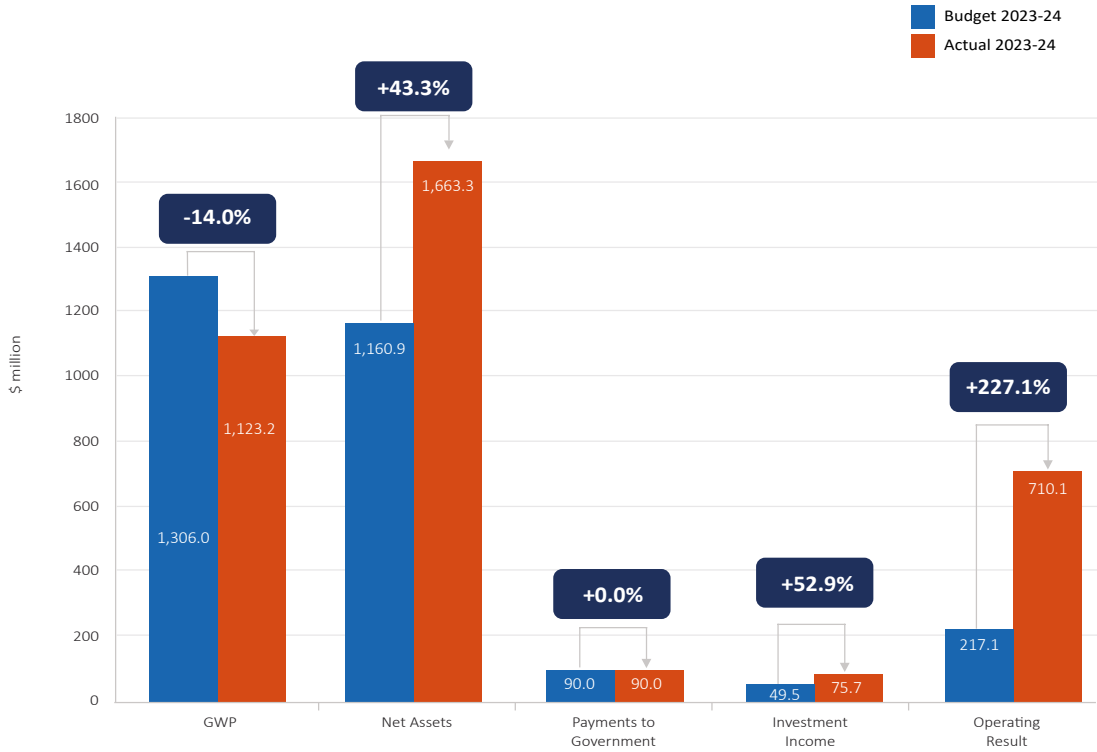
## Financial and operational performance

This year’s financial performance was supported by rate rises in underlying commercial insurance policies (on which terrorism pool premiums are based) and insurers joining the cyclone pool. The operating result for the year ended 30 June 2024 was \$710.1 million.

Figure 1 presents a summary of key financial metrics. Please refer to Chapter 7 for ARPC’s Financial Statements.

While cyclone pool premium was lower than projected, ARPC met all remaining financial performance measures this year. Both pools maintained available asset levels above minimum targets set by ARPC’s Board. Asset liquidity is assessed through modelling to determine invested asset durations, so that both pools can meet reinsurance claims arising from a DTI or DCE.

Figure 1: Summary of key financial metrics 2023-24 (in \$millions)





I look forward to meeting and exceeding stakeholder expectations over the coming year.

I would like to conclude by thanking ARPC's employees, the senior executive team (pictured below) and the Board for their contributions and support this year.

**Figure 2:** ARPC Senior Executive Team



From left: Samantha Lawrence, Chief Governance Officer; Jason Flanagan, Chief Claims Officer; Dr Chris Wallace, Chief Executive; Victoria Simpson, Chief Operating Officer; Scott Unterrheiner, Chief Financial Officer and Mike Pennell PSM, Chief Underwriting Officer

Dr Christopher Wallace

*BEC (Hons) PhD (Econ) AMP (INSEAD) ANZIIF (Fellow) CIP GAICD*

Chief Executive

# Report of operations declaration

The Board Members of ARPC are pleased to present their Annual Report on the operations of the Corporation for the financial year ended 30 June 2024. This report is made in accordance with a resolution of the Members.

The Members are responsible under section 46 of the [PGPA Act](#) for the preparation and content of this report in accordance with the PGPA Rule.

Signed for and on behalf of Members in accordance with the resolution of the Members.

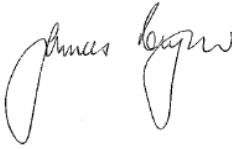


**Julie-Anne Schafer**

*LL.B. Hons, FAICD*

Chair

19 September 2024



**Fran Raymond**

*FAICD, BCom, MBA, Grad Dip in Public Policy*

Member and Chair of the Audit and Compliance Committee (AC Committee)

19 September 2024





**Australian Government**  
**Australian Reinsurance Pool Corporation**

# 1 About ARPC

## ARPC's role and responsibilities

ARPC is an Australian Government reinsurer whose role is to administer the Terrorism Reinsurance Pool (terrorism pool) and Cyclone Reinsurance Pool (cyclone pool) according to the requirements of the Terrorism and Cyclone Insurance Act 2003 (TCI Act). ARPC performs its role through efficient and effective administration of reinsurance pools that provide coverage for eligible claims from Declared Terrorism Incidents (DTIs) and Declared Cyclone Events (DCEs).

ARPC is a corporate Commonwealth entity and public financial corporation within the Treasury portfolio.

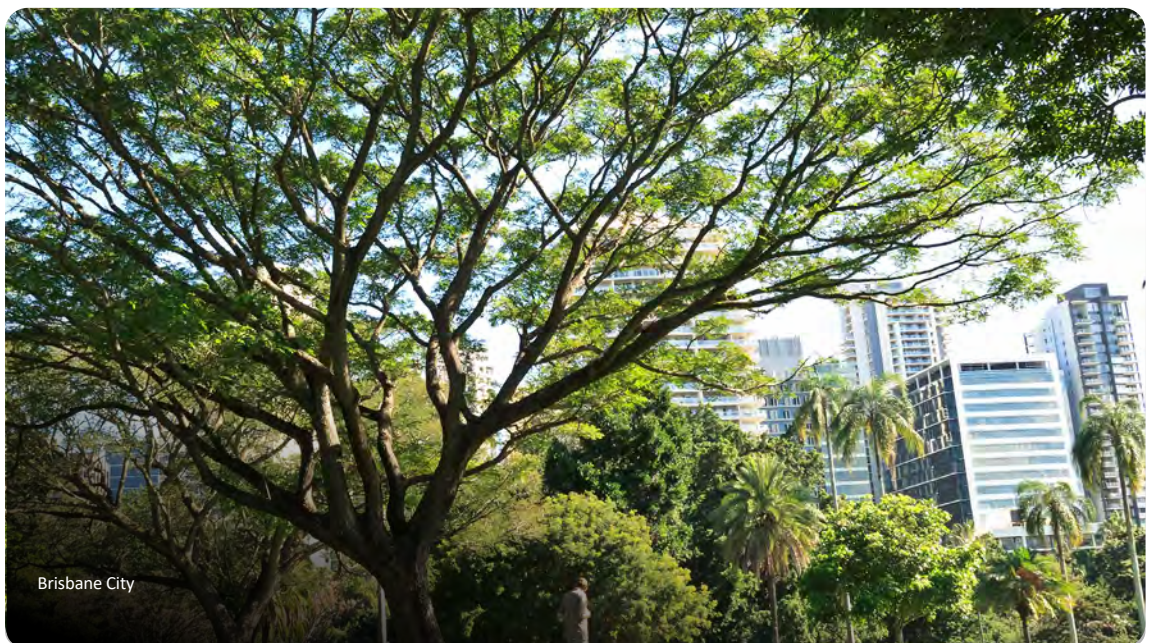
### Legislative functions

ARPC's statutory functions and powers under section 10 of the TCI Act are:

- to provide insurance cover for eligible terrorism losses whether by entering contracts or by other means
- to operate a cyclone and related flood damage reinsurance pool by entering contracts of reinsurance as reinsurer in accordance with Part 2A, and
- any other functions that are prescribed by the regulations.

As a public financial corporation, ARPC also operates in accordance with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and subject to the PGPA Act's financial and non-financial reporting requirements.

ARPC has a general duty under the PGPA Act to deliver on its legislative obligations in an efficient and effective manner with care and diligence for the proper use and management of public resources, promote the achievement of its purpose and cooperate with others to achieve common objectives.



## Corporate Plan

This annual report reports on progress made against ARPC’s [2023-27 Corporate Plan \(focus 2023-24\)](#).

Figure 1.1 outlines ARPC’s strategy for the 2023-24 reporting period including its purpose, vision, corporate values, and strategic priorities.

Chapter 4, Annual Performance Statement reports on ARPC’s progress against measures and targets in the 2023-27 Corporate Plan.

During the reporting period, the executive team, in consultation with the Board, reviewed ARPC’s strategy. The changes are reflected in the forward looking 2024-28 Corporate Plan which was published on ARPC’s website in August 2024.

To deliver on ARPC’s 2023-24 Vision and Purpose, ARPC strived to create a high performing and inclusive culture through embedding corporate values of Integrity, Respect, Service and Wellbeing. These values and ARPC’s Code of Conduct are fundamental to its success.

**Figure 1.1:** ARPC’s strategy for 2023-24\*



\*The current corporate plan, including the 2024-28 strategy, is now published on [the ARPC website here](#).

## Strategic context for the reinsurance pools

### Terrorism pool addresses partial market failure

ARPC was established in 2003 to provide reinsurance cover for eligible terrorism losses. The creation of a terrorism pool followed the 11 September 2001 attacks in the United States which caused a global withdrawal of terrorism reinsurance cover and left Australian commercial property uninsured against terrorist attacks.

The 2021 Triennial Review<sup>1</sup> confirmed a partial market failure remained and recommended the TI Act and terrorism pool stay in place. The estimated global commercial market capacity available for Australian terrorism reinsurance is short of the level needed to cover large, but possible, terrorism incidents.

### Terrorism threat landscape

The Australian Government's National Terrorism Threat Advisory System (NTTAS), which informs the public about the likelihood of a terrorist attack in Australia, currently puts the threat level at POSSIBLE. 'Possible' means there are a small number of people in Australia and overseas who want to cause Australia harm.

For more information on NTTAS, visit: [nationalsecurity.gov.au/national-threat-level/threat-advisory-system](https://nationalsecurity.gov.au/national-threat-level/threat-advisory-system).

A full report on the terrorism pool is contained in **Chapter 2**.

### Cyclone pool addresses availability and affordability

Due to cyclone risk in Northern Australia, insurance is less accessible and more expensive than in other regions. The cyclone pool, which commenced operating in July 2022, was introduced to lower insurance premiums by reducing reinsurance costs in those areas, a significant contributor to higher insurance premiums.

The cyclone pool reinsures insurers for their eligible household, strata, and small business property insurance for losses arising from cyclones and cyclone related flooding for DCEs. This includes the related wind, rain, rainwater, run-off, storm surge and riverine flood damage.

Large insurers, with \$300 million or more gross written premium per annum in householders' insurance, have already joined the cyclone pool. Three remaining insurers will join prior to 31 December 2024.

### Cyclone outlook

The Australian tropical cyclone season runs from 1 November to 30 April and the Bureau of Meteorology issues seasonal outlooks each October. During an average season 11 cyclones will form in Australian waters with four making landfall. One in five will be severe<sup>2</sup>.

A full report on the cyclone pool, including 2023-24 cyclone season, is contained in **Chapter 3**.

<sup>1</sup> The TCI Act is reviewed by Treasury to assess the level of terrorism insurance market failure and the need for ARPC to continue operating. The 2021 Triennial Review stated that further reviews would take place every five years.

<sup>2</sup> Bureau of Meteorology, Australian tropical cyclone season long-range forecast for 2023 to 2024, 09/10/2023

## Working with stakeholders

During the reporting period, ARPC regularly engaged with key stakeholders including insurer customers, reinsurers, peak bodies representing the commercial property sector and the insurance sector, colleagues across other Australian Government agencies, and local organisations representing cyclone-affected communities. ARPC is conscious that communities across cyclone-prone regions and insurers alike are adjusting to the cyclone pool, making opportunities to connect regularly with both groups important. This engagement helps ARPC to better understand the needs and expectations of stakeholders while raising stakeholders' awareness of ARPC and the environment in which it operates.

### ARPC hosts first Cyclone Risk Insurance Seminar

On 22 May 2024, ARPC hosted its inaugural Cyclone Risk Insurance Seminar at the NSW Parliament House. There were 227 attendees, 140 in person and 87 online.

The seminar featured experts in cyclone risk who discussed tropical cyclone trends for 2023-24, natural disaster response, the social impacts of climate change and under-insurance, and insights from ARPC's cyclone pool data.

Keynote speakers included Pulkit Jain, ARPC Head of Actuarial; Dr Andrew Jones, General Manager International Development at the Bureau of Meteorology; Brendan Moon AM, Coordinator General of the National Emergency Management Authority (NEMA); and Dr Antonia Settle, a visiting Fellow in Social and Political Sciences from the University of Melbourne.

**Figure 1.2:** ARPC's 2024 Cyclone Risk Insurance Seminar banner



### ARPC's Terrorism Risk Insurance Seminar highlights current and emerging threats

On 2 November 2023, ARPC hosted its annual Terrorism Risk Insurance Seminar at NSW Parliament House. The seminar featured experts in terrorism risk, who discussed current and emerging threats and what they might mean for society and the insurance industry. The event provided attendees with insights on religiously motivated terrorism, individual ideology, cyber terrorism, and chemical and biological attacks. The seminar was an opportunity to showcase ARPC's thought leadership on terrorism and for stakeholders to engage firsthand in current research. Keynote speakers at the in-person only seminar included: Professor Greg Barton, Chair in Global Islamic Politics at the Alfred Deakin Institute for Citizenship and Globalisation, Deakin University; Lydia Khalil, Research fellow on Transnational Challenges, Lowy Institute; and Professor Paula Jarzabkowski, Professor of Strategic Management, University of QLD.

## Engaging with terrorism and cyclone stakeholders

ARPC continued its terrorism insurer customer review program which informs and educates insurer customers about the terrorism pool and what is required for them to comply. ARPC led terrorism retrocession renewal discussions with its reinsurer partners to discuss Australia’s terrorism risk and portfolio risk analysis, supported by modelling.

In June, ARPC’s annual cyclone premium rates review and insurer consultation, briefed cyclone insurer customers about proposed changes to cyclone pool premium rates and answered questions. A public consultation was run via ARPC’s website.

ARPC also worked with Australian Government agencies such as the Treasury, the Australian Competition and Consumer Commission (ACCC), the Australian Prudential Regulation Authority (APRA), the Bureau of Meteorology and the National Emergency Management Agency (NEMA) to share data and insights to support cyclone risk mitigation.

## 2023 Insurer Customer Survey finds ARPC easy to deal with, trusted

ARPC administers an annual survey to assess the effectiveness of its stakeholder engagement activities and communications with insurer customers.

The 2023 Insurer Customer Survey showed insurer customer perceptions of ARPC as an organisation to deal with are good. More than 90 per cent of respondents describe ARPC as being transparent (96 per cent), a trusted expert on terrorism reinsurance (92 per cent), and easy to deal with (91 per cent) to a large extent.

More information on the survey is contained in Chapter 4, Annual Performance Statement.

**Figure 1.3:** Words used by survey respondents to describe ARPC



## Participating in Australian insurance industry events

ARPC engages with the insurance and reinsurance industries through attendance at and participation in events to raise awareness of the pools and to deliver updates on issues of interest to stakeholders.

During 2023-24, ARPC attended industry conferences and events including the Australian Institute of Company Directors’ (AICD) Australian Governance Summit, and the Australian and New Zealand Institute of Insurance and Finance (ANZIIF) Reinsurance Rendezvous.

## Parliamentary inquiries

The cyclone pool has generated wider government and community interest in ARPC’s activities, particularly the likely impact on insurance premiums across northern Australia. In 2023-24, ARPC was requested to appear at Senate Estimates Committee hearings to brief Senators. ARPC also appeared before the Joint Select Committee on Northern Australia, as part of its inquiry into the cyclone pool.



## Collaborating with global terrorism reinsurance pools

ARPC is a founding member of the International Forum for Terrorism Risk (Re) Insurance Pools (IFTRIP), a key forum for global terrorism pools. In April, ARPC CEO Dr Chris Wallace and Chief Operating Officer Victoria Simpson attended and presented at the 2024 IFTRIP Conference in Washington DC.

The theme of the conference was '(Re) Connect – Terrorism Risk Resilience in a Changing World'. Ms Simpson participated in a panel session on the value of academic, industry and public sector collaboration where panelists discussed working with researchers to produce insights on counter terrorism, risk mitigation and protection gaps.

Dr Wallace participated in several panel sessions including the challenges and synergies of multi risk pools and emerging terrorism threats influenced by technological change.

IFTRIP was formally ratified at the ARPC-OECD Global Terrorism Risk Insurance Conference in Canberra in 2016.

**Figure 1.4:** IFTRIP Conference 2024 banner





Canberra City





**Australian Government**  
**Australian Reinsurance Pool Corporation**

## **2 The Terrorism Reinsurance Pool**

## Terrorism pool participation, funding, and pricing stable

The Australian Government created the terrorism pool under the then *Terrorism Insurance Act 2003* (TI Act) to be administered by ARPC which supports the legislative functions of the terrorism pool by:

- maintaining private sector involvement as far as possible
- appropriately pricing and compensating the Australian Government for any risk transferred to it
- allowing for the re-emergence of commercial markets for terrorism risk cover, and
- responding to global solutions.

To understand what is covered and excluded by the terrorism pool, please see Figure 2.3.

### Reinsurance Agreements

In 2023-24, ARPC had 225 terrorism reinsurance agreements in place (2022-23: 228). In the event of a DTI, eligible insurance contracts receive terrorism cover. Eligible insurance contracts are defined in the TCI Act. Claims against the terrorism pool can only be met once insurer and industry retentions (deductibles or excesses) are exhausted. Joining the terrorism pool is voluntary but only insurers reinsured with ARPC receive cover from the terrorism pool. There were no DTI claims in 2023-24.

### Funding for terrorism claims

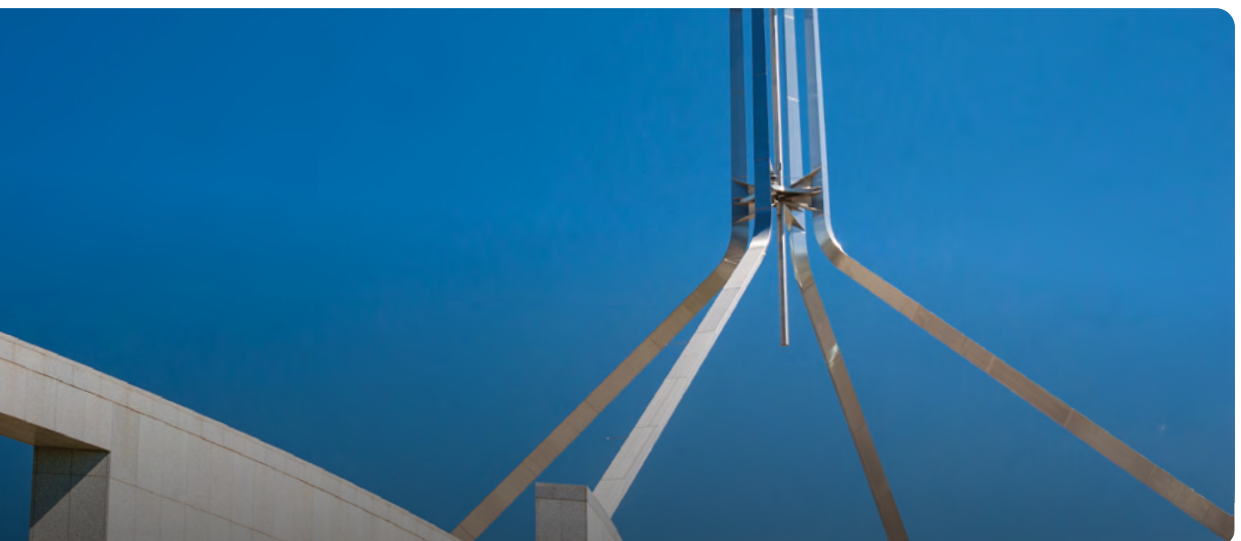
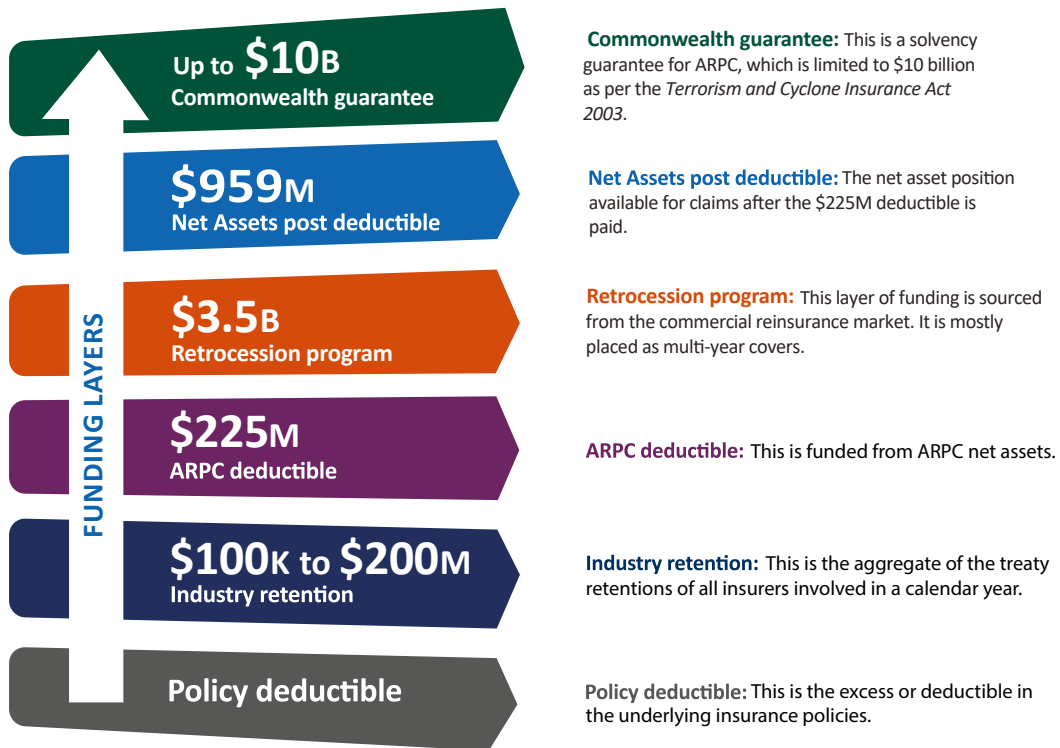
As of 30 June 2024, the terrorism pool provided a claims funding capacity of \$14.7 billion reinsurance for a DTI. This includes the terrorism pool's net assets, the \$3.5 billion retrocession (private market reinsurance) program, plus the \$10 billion Commonwealth guarantee.

ARPC uses retained earnings to pay claims up to the retrocession deductible (\$225 million for the 2024 calendar year). Above that, an additional \$3.5 billion of claims are funded by ARPC's retrocession (private market reinsurance) program placed with 70 global reinsurers.

“ As of 30 June 2024, the terrorism pool provided a claims funding capacity of \$14.7 billion reinsurance...”

Parliament House, Canberra

Figure 2.1: ARPC funding layers for terrorism claims from all sources as at 30 June 2024



## Terrorism pool dashboard

During the 2023-24 reporting period:

- the terrorism pool protected more than 880,000 eligible property assets valued at \$5.47 trillion sum insured Australia-wide
- 225 (2023: 228) terrorism insurer customers paid \$407 million (2023: \$364 million) in terrorism reinsurance premiums, and
- \$80 million was paid as Tier A reinsurance premium rates for commercial property in major central business districts, while the bulk, \$234 million of premiums, was paid as Tier B, for property in cities with a population of 100,000 or more. For full details on premium tiers and pricing, see Figure 2.4.

**Figure 2.2:** Premium, risk and sum insured split by pricing tiers by underwriting year

	Premium Revenue (\$'000)		Number of Risks		Aggregate Sum Insured (\$b)	
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
Tier A	\$72,610	\$79,891	14,836	14,149	\$0.4905	\$0.5563
Tier B	\$220,296	\$234,402	392,874	440,474	\$2.4111	\$3.0622
Tier C	\$78,215	\$89,581	391,911	435,230	\$1.4921	\$1.8543
<b>Total</b>	<b>\$371,121</b>	<b>\$403,874</b>	<b>799,621</b>	<b>889,853</b>	<b>\$4.3937</b>	<b>\$5.4728</b>

*Tier A reinsurance premium rates are payable on commercial property risks in major CBDs*



Circular Quay, Sydney

## Retrocession program maintained

Each year, ARPC places a retrocession program to provide an additional source of funding to offset losses it will incur should a DTI event occur. The program also reduces the risk that ARPC will need to draw on the \$10 billion Commonwealth guarantee for the terrorism pool.

The final year of a three-year long program was maintained in 2023-24. ARPC may purchase a new program in 2024-25 with any new program effective from 1 January 2025.

The program has an aggregate deductible of \$225 million for each annual period. The Commonwealth guarantee covers losses exceeding the program and ARPC's available net assets.

The net retrocession premium expense incurred for the 12 months ended 30 June 2024 was \$65.6 million gross (2023: \$65.6 million).

## Commonwealth guarantee

Once any retrocession coverage is exhausted, claims are paid from ARPC's assets and the Commonwealth guarantee. If the responsible Minister considers that the amount paid or payable under the guarantee will exceed \$10 billion, the Minister must also announce a reduction percentage. The reduction percentage has the effect of limiting cover by reducing the amount payable by the insurer to the policyholder.

## Upcoming statutory review of TCI Act

Treasury undertakes statutory reviews of the TCI Act to inform decisions about whether ARPC's terrorism pool should continue. Treasury's most recent report was in 2021 and recommended that ARPC continue to provide terrorism reinsurance cover for Australian commercial and high value residential property.

Past reviews in 2006, 2009, 2012, 2015 and 2018 also found that there was insufficient terrorism insurance available commercially on reasonable terms and so the TCI Act and ARPC should remain.

The 2021 report also recommended that Treasury's Triennial Review move to a five-yearly cycle.

The next statutory review of the TCI Act will be held in 2025, then every five years thereafter.

## Coverage and exclusions

Figure 2.3 provides a summary of what is covered and excluded from terrorism pool coverage.

**Figure 2.3:** Property types covered by the terrorism pool

Commercial



Construction



High value residential



Industrial



Farms with business interruption coverage

### Exclusions from the pool

Radiological



Nuclear



Cyber



Government property



Residential property



Marine



Machinery breakdown



Workers' compensation



## Administering the terrorism pool

### Premiums

ARPC’s premium and investment income is used to:

- fund its operations and build a reserve to meet future claims
- purchase retrocession coverage, and
- pay any fees and dividends to the Australian Government for the provision of the Commonwealth guarantee.

Reinsurance premiums charged are determined by Ministerial Direction and summarized in Figure 2.4. The amount that an insurer pays to ARPC for reinsurance is calculated as a percentage of the premiums processed by that insurer for eligible insurance contracts. The terrorism pool provides for tier rates to be adjusted following a claim so ARPC can meet its outstanding claims liabilities and rebuild the claims reserve in a timely way.

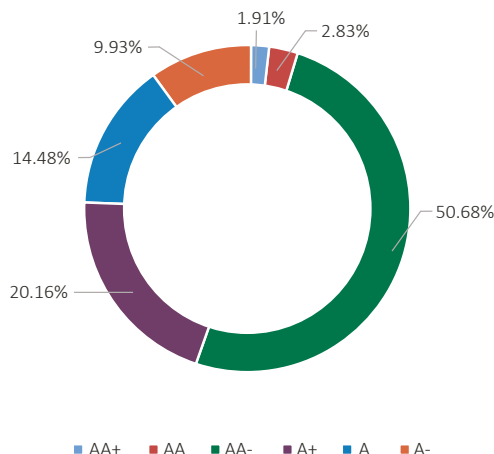
**Figure 2.4:** 2023-24 Tier rates and broad geographical location

Tier	Current Rate	Geographical location
Tier A	16% of gross base premium	Major CBD areas of Australian cities (Sydney, Melbourne, Brisbane, Perth and Adelaide)
Tier B	5.3% of gross base premium	Urban areas of all Australian state and territory cities with a population usually exceeding 100,000 (Sydney, Melbourne, Brisbane, Perth, Adelaide, Gold Coast, Canberra, Newcastle, central coast of New South Wales, Wollongong, Hobart, Geelong, sunshine coast of Queensland, Townsville, Darwin, Cairns, and Toowoomba)
Tier C	2.6% of gross base premium	Australian postcodes not allocated to either tier A or B and representing a physical address, as well as any property not on mainland Australia or Tasmania, but within the coastal sea of Australia

### Reinsurance partners

In 2023-24, the retrocession program had 70 participants from the Australian market, Lloyds, European, Bermudian, US and Asian markets. Figure 2.5 splits retrocessionaires by their Standard & Poor’s and/or Best credit rating.

**Figure 2.5:** Retrocession program counterparty credit rating for the 2024 calendar year



## Models developed to estimate DTI losses

In the event of a DTI, the Australian Government expects ARPC to advise the responsible Minister what the estimated reinsured claims losses are under the terrorism pool. This estimate informs the Minister's calculation of an appropriate reduction percentage, if required. To support this process, ARPC uses its modelling capabilities to:

- analyse aggregate sum insured information
- estimate probable losses from a DTI, and
- provide evidence-based advice to the Minister on an appropriate reduction percentage.

ARPC has commissioned the development of world-class catastrophe models through partnerships:

### 3D blast model

In 2023-24, Geoscience Australia (GA) and ARPC collaborated on a 3D blast and plume model to analyse pressure waves and damage from blasts in Tier A locations (see Figure 2.4) including the most built-up CBD areas of Sydney, Melbourne, Brisbane, Adelaide, Perth, Gold Coast and Hobart. The model uses data from ARPC's insurer customers' building surveys.

### Plume model

ARPC can analyse exposure and potential damage from the release of a biological or chemical agent in Sydney and Melbourne CBDs. This capability draws on the expertise of several government agencies including GA, the Bureau of Meteorology, Defence Science and Technology Group, the Australian Federal Police, and external consultants.

In the reporting period, ARPC extended a maintenance and development agreement with GA to keep models current and to expand the models' capability to including stochastic analysis in selected major cities. The agreement was extended for another three years.

### Geospatial model

ARPC continued to develop the 'Geospatial 2D blast model' with Risk Frontiers. It covers all Australia's mainland locations and can estimate building damage and interruption to businesses from police exclusion zones at attack sites.



## Insurer customer review program

ARPC regularly reviews insurer customers to verify they are complying with the ARPC’s Reinsurance Agreement obligations. Figure 2.6 details reviews conducted in 2023-24 and the three previous years.

**Figure 2.6:** Number of ARPC insurer customer reviews

Type of review	2023-24	2022-23	2021-22	2020-21
Full scope reviews	10 <sup>1</sup>	55	13	12
Desktop reviews	9 <sup>2</sup>	0	0	0
<b>Proportion of premiums covered</b>	<b>14%</b>	<b>69.4%</b>	<b>29%</b>	<b>62%</b>

<sup>1</sup> During the review year 2023-24, ARPC conducted 10 full scope reviews which consists of six Australian insurers and four overseas insurers.

<sup>2</sup> Of the desktop reviews, ARPC reviewed one Australian insurer, two captive insurers and six overseas insurers.

### Insurer customer review trends

Through an ongoing program of reviews, ARPC provides recommendations to insurer customers to improve the accuracy of their premium and aggregate submissions. ARPC is committed to working with insurer customers to provide any support required.

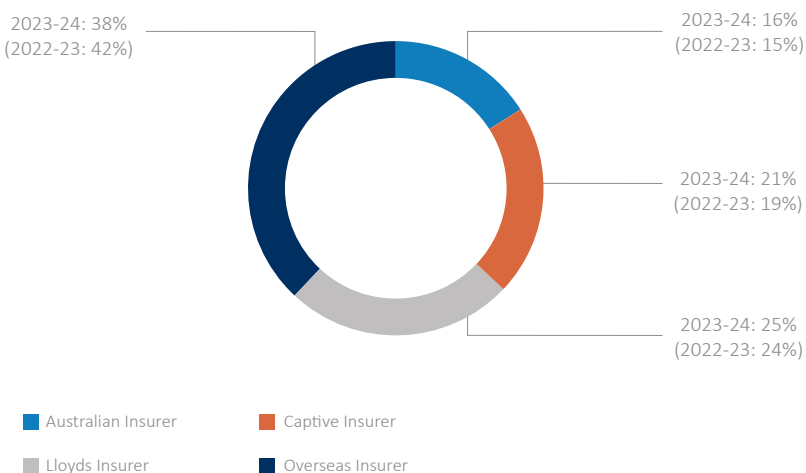
### Active Reinsurance Agreements

ARPC’s active Reinsurance Agreements (or treaties) with insurer customers decreased to 225 in 2023-24, from 228 in 2022-23. Figure 2.7 illustrates the percentage split by insurer category.

The premium revenue trend reported by insurer customers is measured by:

- insurer customer type
- premium by tier
- premium by state
- premium by class.

**Figure 2.7:** Active insurer customer reinsurance agreements as of 30 June 2024



## Insurance premium report

*(underwriting year premium returns)*

The information in this section is based on the quarterly premium returns that insurers calculate and report as expecting to be paid to ARPC for the underwriting year.

Figures 2.8, 2.9 and 2.10 show that ARPC's premium revenue breakdown by tier, state, and business class were stable compared to prior years. Most of the premium revenue was generated by Tier B risks across NSW and VIC.

**Figure 2.8:** ARPC's premium revenue split by underwriting year and tier as at 30 June 2024

Actual	2023-24	2022-23	2021-22	2020-21	2019-20
Tier A	20%	20%	21%	21%	21%
Tier B	58%	59%	59%	59%	59%
Tier C	22%	21%	20%	20%	20%
<b>Total premium revenue \$'000</b>	<b>403,874</b>	<b>359,257</b>	<b>300,035</b>	<b>258,701</b>	<b>233,882</b>

Terrorism pool premium revenue has increased by 12.4% per cent compared to 2022-23 due to the increased gross base premium charged by insurers. However, the geographic spread between states appears consistent with prior years.

**Figure 2.9:** ARPC's premium revenue split by underwriting year and state as at 30 June 2024

State	2023-24	2022-23	2021-22	2020-21	2019-20
NSW	30%	31%	32%	31%	31%
VIC	25%	25%	25%	25%	25%
QLD	22%	21%	21%	21%	21%
WA	13%	12%	12%	12%	12%
SA	7%	7%	7%	7%	7%
TAS	1%	1%	1%	1%	1%
NT	1%	1%	1%	1%	1%
ACT	1%	2%	2%	2%	1%
<b>Total premium revenue \$'000</b>	<b>403,874</b>	<b>359,257</b>	<b>300,035</b>	<b>258,701</b>	<b>233,882</b>

As Figure 2.10 shows, the annual change in ARPC's premium revenue is related to changes in insurer customer premium rates. The premium revenue is also affected by changes in aggregate sum insured and the increase of sum insured assets in some premium tiers.

The overall growth reflects market change in premiums for commercial risks each year.

**Figure 2.10:** ARPC's premium revenue split by underwriting year and business class as at 30 June 2024

Actual	Premium Revenue Split by Business Class & Underwriting Year				
	2023-24	2022-23	2021-22	2020-21	2019-20
Fire/Industrial/Special risks/ Business interruption	87.3%	87.2%	88%	88%	88%
Contract works	6.1%	6.4%	6%	6%	6%
Burglary	3.6%	3.4%	2%	1%	1%
Miscellaneous accident	0.9%	1%	1%	0%	0%
Mobile plant	1.5%	1.6%	3%	4%	4%
Glass	0.4%	0.4%	1%	1%	1%
Farm	0.2%	0.2%	0%	0%	0%







 **RATTLE HUM** PALM COVE  
BAR & GRILL

Palm Cove, Tropical Cyclone Jasper damage



**Australian Government**  
**Australian Reinsurance Pool Corporation**

# 3 The Cyclone Reinsurance Pool



## Large insurers join, pricing stable, premiums falling

*The cyclone pool commenced operating on 1 July 2022. It applies Australia-wide with premium reductions targeted in cyclone-prone areas – mainly northern Australia. Participation in the cyclone pool is mandatory for Australian general insurers with eligible cyclone pool insurance contracts under the TCI Act.*

### Insurers joining

As of 30 June 2024, 18 insurers had joined the cyclone pool with some small insurers yet to join. All large insurers joined the cyclone pool by 31 December 2023 as required, while most small insurers joined ahead of the 31 December 2024 deadline.

Large insurers are defined as those with annual Gross Written Premium (GWP) of \$300 million or more in the householders' class of direct business<sup>4</sup>, while small insurers are those with less than \$300 million GWP.

The cyclone pool is close to full coverage of expected ultimate exposure.

### Financial surplus

The cyclone pool recorded an operating surplus of \$436.1 million in the 2023-24 financial year, compared to a projected operating deficit of \$1.7 million. Earned premium and claims expenses were lower than projected whilst operating expenses were on budget.

### Pricing stable

The 2024 cyclone premium rates review, and insurer consultation was underway as of 30 June 2024. ARPC recommended only minor changes to rates as legislative objectives continue to be met.

### Cyclone pool smaller than projected

Gross written premium (GWP) for the financial year ended 30 June 2024 was \$717 million. In the reporting period, projected premium for 2024-25 was revised down by nearly 30 per cent due to higher levels of non-insurance than originally modelled.

### Premiums falling

Early signs indicate that the cyclone pool is meeting legislated objectives with April 2024 analysis by ARPC<sup>5</sup> showing Home Insurance premiums were easier to obtain and lower in high cyclone risk areas:

- Parts of regional centres like Broome (WA), Townsville, Proserpine, and Mackay (QLD) generated quotes for home insurance up to 38 per cent lower than before the cyclone pool began in 2022.
- Small business insurance quotes for the same areas reported average premium reductions of 38 per cent.
- Parts of Cairns, Ingham, and Cape York reported quotes where average reductions are as high as 22 per cent for home insurance and 24 per cent for small business cover, again depending on the level of wind risk.

Figure 3.3 provides a summary of what the cyclone pool covers and excludes. Please refer to the TCI Act for a more detailed explanation.

<sup>4</sup> As per Australian Prudential Regulation Authority, GPS 001

<sup>5</sup> ARPC study sourced from Finity Consulting's online quote data for home insurance

## Cyclone pool dashboard

As of 30 June 2024, the cyclone pool:

- was close to full exposure – reinsuring 98 per cent of insured Home, close to 100 per cent of insured Strata and 87 per cent of insured Small-to-Medium Sized Enterprise (SME) properties expected to be covered
- had 18 cyclone insurer customers, with six joining the pool in the reporting period
- covered insurer customers that insured 3.10 million cyclone-exposed buildings between them (across residential home, strata and SMEs), the majority being residential properties
- received \$717 million in gross written premiums from insurers for cyclone reinsurance (2023: \$160 million GWP)
- from inception, incurred \$155.05 million in claims with \$16.5 million in claims paid to insurers for the current and previous season’s tropical cyclones.

**Figure 3.1:** Cyclone pool snapshot

<b>Number of cyclone insurer customers at 30 June 2024</b>	<b>18</b>
Number of buildings with cyclone risk (m)	3.10
Gross Written Premium (\$m)	717
Average annual cyclone pool premium per policy (\$)	255

*Note: All metrics exclude properties which have nil cyclone risk (as defined by ARPC’s premium formula).*

**Figure 3.2:** Exposure metrics for the cyclone pool

<b>Exposure metric</b>	<b>30 June 2024</b>
Buildings sum insured (\$m)	2,099,558
Contents sum insured (\$m)	325,079
Average building sum insured (\$)	677,220
Average contents sum insured (\$)	100,803



## Cyclone pool coverage and exclusions

**Figure 3.3:** Cyclone pool coverage and exclusions

### What's covered?

The cyclone pool covers cyclone-related wind, storm surge, and flood up to 48 hours post the declared end of the cyclone including:

- Insured residential home and contents, including landlord insurance and farm residential buildings
- Commercial property policies with maximum sum insured of \$5 million or less across risks covered by the cyclone pool (property, contents, and business interruption), and
- Insured residential strata, including long and short-term strata rental and mixed-use strata schemes, where 50 per cent or more of floor space is used mainly for residential purposes.



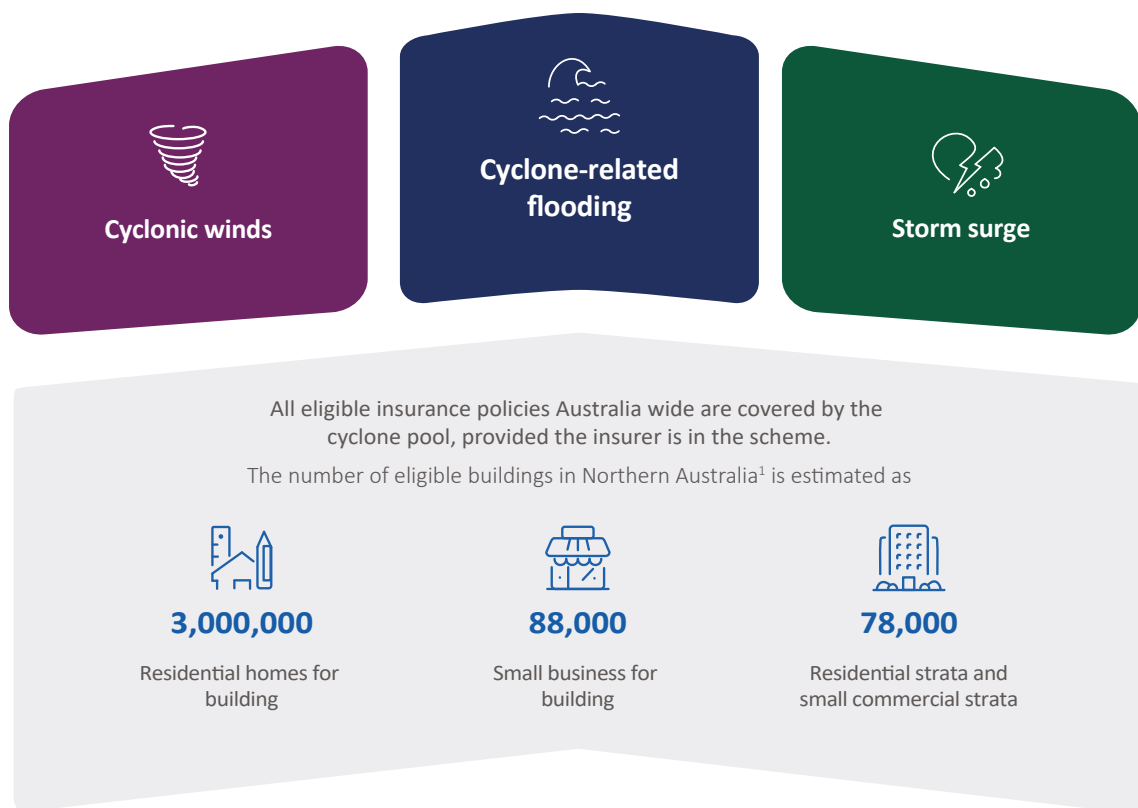
### What's excluded?

- Buildings owned and managed by government entities
- Contracts of reinsurance (the cyclone pool only covers insurance)
- Farm insurance (other than the home or contents of a farm building), and
- State-based insurance not extending beyond the limits of the State concerned.





Figure 3.4: Cyclone pool coverage and eligible policies



<sup>1</sup>Estimated number of policies in CRESTAs 1 to 24, and 47 to 49. CRESTA is a geographic risk zone aggregation.

## Administering the cyclone pool

The cyclone pool is funded by reinsurance premiums paid by insurer customers consistent with expected claims and operating expenses. The reinsurance premiums are determined by ARPC in consultation with the Australian Government Actuary in a reviewing capacity, as established by the TCI act.

The cyclone pool can deliver reinsurance at a lower cost than the private market by leveraging a \$10 billion annually reinstated Commonwealth guarantee which enables the cyclone pool premium rates to exclude margins for profit and return on capital.

### Cyclone premium rates review proposes minor changes

ARPC has undertaken a review of cyclone premium rates prior to 30 June 2024 and updated premium rates are expected to be published soon. The review posited that premium rates (set in 2022) continue to meet legislative objectives in that cross subsidies are benefiting medium and high-risk policyholders most. As a result, proposed changes are minor.

ARPC is considering the introduction of mitigation discounts on premium rates for eligible Strata policies. The discount will incentivise mitigation against structural damage from high wind loads and losses from water ingress caused by wind-driven rain. Proposed discounts were developed through a research partnership with James Cook University – Cyclone Testing Station. ARPC intends to review premiums annually to assess whether they continue to meet legislative objectives.

### Premium pricing objectives

ARPC’s principles and objectives for setting and reviewing cyclone premium rates are based on legislative objectives and summarised in Figure 3.5. In summary, ARPC collects premiums for low-risk properties that reflect their modelled cyclone pool cost, plus an allowance for the expected profit margin that would be collected in the private market. The margins collected on low-risk properties are used to fund premium reductions for high-risk properties, resulting in premiums for high-risk properties being significantly lower than their modelled cyclone pool cost. The cyclone pool does not charge premiums for properties with nil cyclone risk.

**Figure 3.5:** Pricing principles and objectives

Pricing principles	Approach
Over the longer-term, premiums are sufficient to cover or offset claims and expenses including any payments funded by the Commonwealth guarantee.	Premium rates are set to cover expected annual average claim costs and the cyclone pool’s operating expenses. There is no profit margin or margin for uncertainty in the premium rates.
Keep premiums for medium to high cyclone risk policyholders as low as possible.	Margin savings are directed toward properties with higher cyclone risk.
Keep premiums for lower risk policyholders at levels comparable to what would be charged by other reinsurers.	Lower risk policyholders are charged premiums consistent with ARPC’s view of modelled cost plus an estimated (re)insurance market margin.
Maintain incentives to reduce and mitigate the risk of eligible cyclone claims.	Discounts are offered for properties that have undertaken risk mitigation initiatives.

## Risk balances pricing principles and objectives

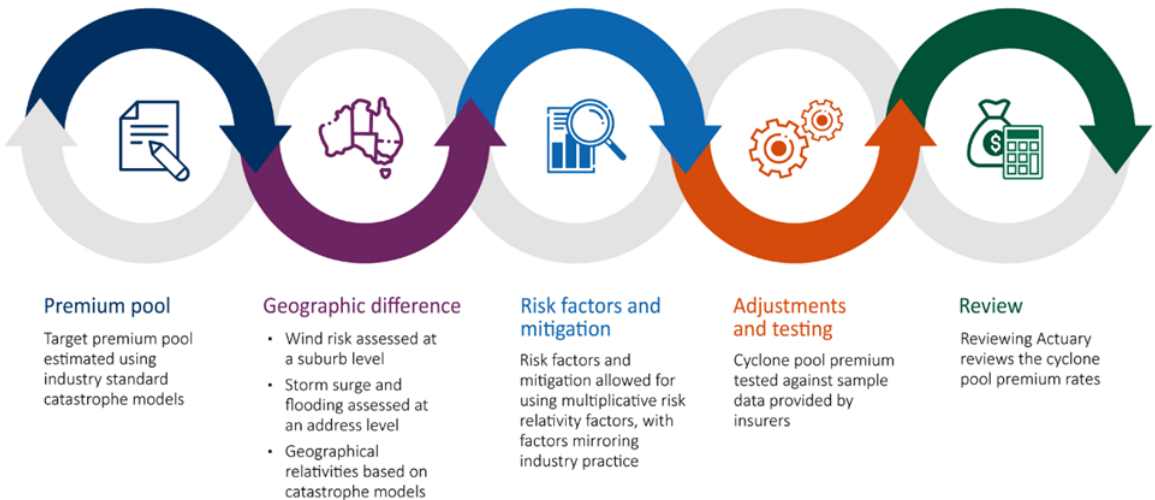
Premiums collected by ARPC from insurers are determined by applying the cyclone pool premium formula to eligible insurance policies. The pricing formula is applied at an individual risk level for each insurance policy. The formula reflects geographic differences in risk while balancing pricing principles and objectives. Property-level data used includes geography, building value, mitigation initiatives and construction information.

## Catastrophe models support risk pricing

ARPC combines insights from industry catastrophe models with internal actuarial insights to set cyclone pool premium rates. Catastrophe modelling and event analysis help determine how premium rates vary by geography.

In the reporting period, ARPC used several market leading catastrophe models to model losses from cyclone and related floods. As well as using catastrophe models to develop the cyclone pool premium rates, ARPC uses cyclone event modelling to support claims reserving and claims management activities. In 2023-24, ARPC opted to join other agencies in a move to align catastrophe modelling needs across government.

**Figure 3.6:** Summary of process followed to determine the cyclone pool premium rates.

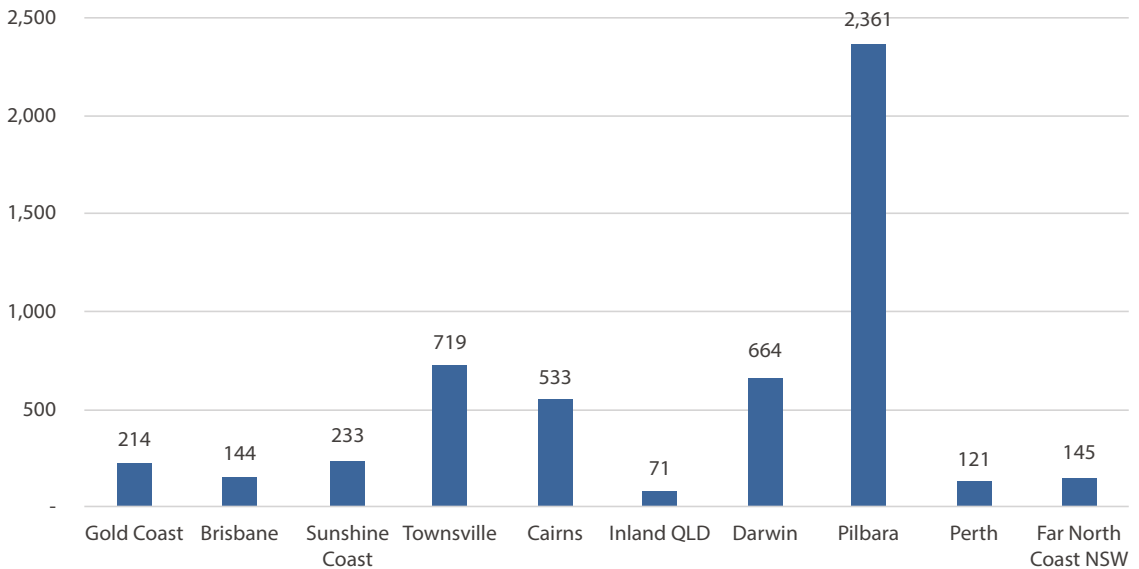


### Average cyclone pool premiums balance pricing objectives with risk

Average premiums reflect geographic risk, with the lowest premiums in south-east Qld, Perth, and northern NSW. The premiums charged by ARPC in the high cyclone risk regions of far-north Qld and in north-west WA are set to be as low as possible, while balancing the requirements to be long-term cost neutral to the Government and for lower risk policyholders to be charged premiums comparable to what they would be charged by other reinsurers.

For householders' properties, the ARPC pricing formula generates the following average annual cyclone pool premiums by region (using insurer customer data as of 30 June 2024) as shown in Figure 3.7.

**Figure 3.7:** Average home cyclone pool premiums by region



*Note: the average cyclone pool premium reflects the mix of property values and construction characteristics of the properties in that region.*

## Cyclone season 2023 - 24

In the cyclone pool's second year of operation ARPC declared five events (see Figure 3.8).

A total of eight tropical cyclones occurred within the Australian region of responsibility (consistent with the eight to ten forecast at the start of the season). Of these eight tropical cyclones:

- Seven occurred in Australia's jurisdiction, while TC Anggrek was named by Indonesia.
- ARPC had five Declared Cyclone Events (DCEs)- Jasper, Kirrily, Anggrek, Lincoln, and Megan. The DCEs resulted in small to moderate claims costs.
- Tropical cyclones Neville, Olga and Paul, which occurred between March and April 2024, were not officially DCEs as they did not meet the requirements of the legislation.

ARPC met all legislative obligations for the declaration of cyclone events.

**Figure 3.8:** Reinsurance claims paid in 2023-24 by the cyclone pool (to 30 June 2024)

Cyclone season	Cyclone name	Total claims paid prior (\$m)	Total claims paid 23-24 (\$m)	Estimated ultimate claims cost (\$m)
2024 Season	Jasper	-	10.101	91.333
	Kirrily	-	6.318	62.820
	Lincoln	-	-	0.025
	Megan	-	-	0.815
	Anggrek	-	-	-
<b>2024 Season total</b>			<b>16.418</b>	<b>154.994</b>
2023 Season	Gabrielle	0.011	0.038	0.050
	Ilsa	-	0.008	0.008
<b>2023 Season total</b>			<b>0.046</b>	<b>0.058</b>
<b>Cyclone claims since inception of the pool</b>			<b>16.476</b>	<b>155.052</b>



Brisbane City



# 4 Annual Performance Statement



# Performance Statement Summary

I, Julie-Anne Schafer, Chair of the accountable authority, the Board of Australian Reinsurance Pool Corporation, present the 2023–24 Annual Performance Statement of ARPC, as required under section 39 of the PGPA Act. In my opinion, this Annual Performance Statement is based on properly maintained records, accurately reflects the performance of the entity, and complies with relevant sections of the PGPA Act.

**Julie-Anne Schafer**  
*LL.B. Hons, FAICD*  
Chair

## Introduction

This Statement outlines ARPC’s five strategic priorities for 2023-24 as set out in the 2023-27 Corporate Plan and assesses ARPC’s performance against measures and targets in that plan.

**Figure 4.1:** 2023-24 Strategic Priorities





## Annual Performance Statement Summary

ARPC met most targets for the 2023-24 reporting period. Figure 4.2 summarises ARPC's achievements against measures and targets in the 2023-27 Corporate Plan.

**Figure 4.2:** Achievements against 2023-27 Corporate Plan objectives<sup>6</sup>

Strategic Priority	Measure	Result against performance criterion
<b>1. Deliver reinsurance for eligible terrorism and cyclone losses</b>	<b>Measure 1: GWP</b> To achieve budget each plan period.	<b>Not Met</b> GWP during the 2023-24 financial year was \$1,123m, the budget was \$1,306m.
	<b>Measure 2: Net assets</b> To maintain sufficient net assets to support targets in ARPC Capital Management Policy.	<b>Met</b> Available net assets as at 30 June 2024 were \$1,663m against target of \$1,161m.
	<b>Measure 3: Operating expenses to budget</b> To achieve budget in each plan period.	<b>Met</b> Operating expenses during the 2023-24 financial year were \$28.8m, the budget was \$30.9m.
	<b>Measure 4: Cyber security framework</b> To continuously improve cyber security.	<b>Met</b> Cyber security continuously improved.
	<b>Measure 5: Strategic projects</b> To complete strategic projects to plan.	<b>Partially Met</b> Projects either completed or on track to be delivered within budget and against revised timelines <sup>7</sup> .
<b>2. Engage and understand our stakeholders with a focus on insurer customers to improve community outcomes</b>	<b>Measure 6: Insurer customer survey</b> Publish outcome of 2023 insurer customer survey: Terrorism: achieve a Terrorism Stakeholder Perception Index (T-SPI) score of at least 70% Cyclone: To develop interim target for the cyclone pool once insurers onboard (December 2024)	<b>Met</b> <ul style="list-style-type: none"> <li>2023 Insurer Customer Survey published.</li> <li>T-SPI index score of 76%.</li> <li>Cyclone pool target in progress as per timeline.</li> </ul>
<b>3. Develop data on terrorism, cyclone, and insurance climate risk to support risk mitigation</b>	<b>Measure 7: Statistical Publications</b> To publish aggregated statistics on cyclone pool and terrorism pool.	<b>Met</b> <ul style="list-style-type: none"> <li>Published Cyclone Reinsurance Pool Premium &amp; Exposure Statistics report, April 2024.</li> <li>Published Terrorism data in 2022-23 Annual Report.</li> </ul>
<b>4. Provide thought leadership to deliver risk insights</b>	<b>Measure 8: Research papers</b> To publish and promote terrorism and cyclone research. Host and participate in industry forums.	<b>Met</b> <ul style="list-style-type: none"> <li>Published two terrorism research papers with UQ.</li> <li>Hosted Terrorism Risk Insurance Seminar, Nov 2023.</li> <li>Published cyber terrorism update research.</li> <li>Hosted Cyclone Risk Insurance Seminar, May 2024.</li> <li>Published JCU research on strata mitigation discounts.</li> </ul>
<b>5. Be a high performing, inclusive, customer and risk focused culture</b>	<b>Measure 9 : Employee engagement</b> To achieve employee engagement survey results consistent with government and insurance sectors.	<b>Met</b> Results of the 2023 – 2024 survey were consistent with benchmarked government and insurance sectors.
	<b>Measure 10: Event response preparedness</b> To conduct one desktop discussion exercise and one full desktop simulation exercise annually for DTI, DCE and cyber incident.	<b>Met</b> <ul style="list-style-type: none"> <li>DTI exercise in Dec 2023 and April 2024.</li> <li>DCE exercise in November 2023.</li> <li>Cyber Incident Response Exercise in October 2023.</li> </ul>

<sup>6</sup> The sources for these 10 measures is the 2023-27 Corporate Plan pp 23-30.

<sup>7</sup> The reinsurance system transition for the terrorism pool was reprioritised due to the establishment of the cyclone pool and its reinsurance system requirements. This resulted in the terrorism pool not meeting the planned timeline of 2023 with a new delivery timeframe of the first half of 2024 within the planned budget.

## Performance statement detail

### 1. Deliver reinsurance for eligible terrorism and cyclone losses.

#### Measure 1:

#### Income - GWP

Source: Measure 1,

Performance Assessment, ARPC 2023-27  
Corporate Plan, p 23

#### Target

To achieve budget in each plan period.



**Result:** Not Met



#### Description

ARPC has functional obligations as prescribed by section 10 of the TCI Act to provide insurance cover for eligible terrorism losses and to operate a cyclone and related flood damage reinsurance pool.

Success for this activity was measured by ARPC's total GWP meeting the financial budget over the period covered.

ARPC receives premium income through reinsurance contracts with insurer customers, which are determined through the following:

- Terrorism pool reinsurance premiums are derived by applying the applicable terrorism tier rate with the underlying commercial property insurance policy premium. ARPC met its budgeted GWP due to higher-than-expected growth in commercial property insurance premiums over the reporting period. It is voluntary for insurers to participate in the terrorism pool, but mandatory for insurers to pay claims in the case of a DTI.

Terrorism pool GWP for the reporting period was \$407 million against a budget of \$339 million.

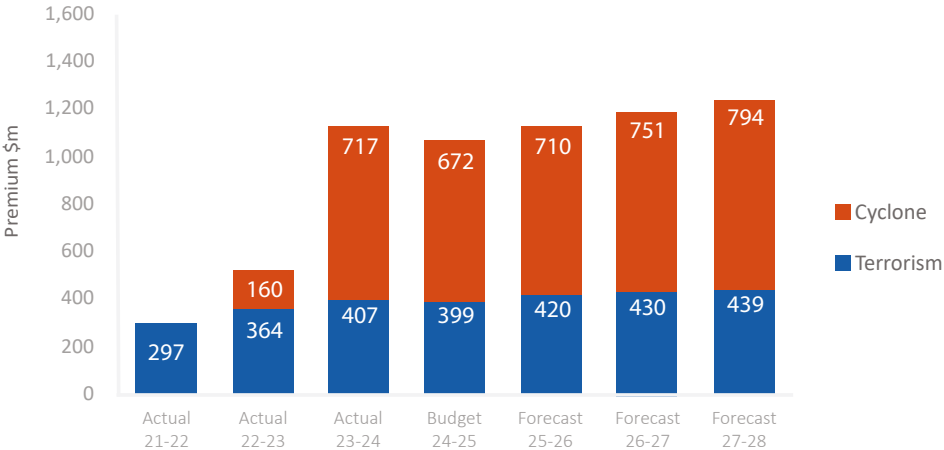
- Cyclone pool reinsurance premiums are set to cover or offset eligible claims. Where insurers transfer policies already written into the pool on transition, an additional "unexpired risk transfer" premium is due to the pool. This is based on the portion of time remaining on the underlying insurance policy at the time of joining, applied against the cyclone premium rates.

Premiums received during the period were 27 per cent lower than originally modelled when the pool was implemented, primarily driven by fewer properties taking out insurance (i.e. higher levels of non-insurance). The reduced premium also means reduced exposure to the pool, and an assessment of this is contained in the 2024 ARPC Financial Outlook Report. ARPC will continue to research and assess the impact of the pool over the coming periods.

Cyclone pool GWP for the reporting period was \$717 million against a budget of \$967 million.

In total, ARPC's GWP for the reporting period was \$1,123 million, below the budgeted amount of \$1,306 million.

Figure 4.3: Gross Written Premium



**Measure 2:**  
**Net Assets**

Source: Measure 2, Performance Assessment ARPC 2023-27 Corporate Plan, p 25

**Target**

Maintain sufficient net assets to support targets in ARPC's Capital Management Policy.



**Result:** Met



**Description**

ARPC's Capital Management Policy is designed so that it:

- Maintains adequate assets in an efficient manner to meet its objectives
- Actively manages asset liquidity to reduce the probability of drawing on the Commonwealth guarantee
- Is aligned with ARPC's risk appetite and tolerances for financial, operational, and strategic risks.

The following table summarises the thresholds and how they were derived.

**Figure 4.4:** Capital management – available asset thresholds

	<b>Terrorism</b>		<b>Cyclone</b>	
Available asset minimum	ARPC's retrocession program retention plus an operational margin.	\$250m	To fund modest claim payments for three months and allow time for management actions.	25% of forecast premium
Available asset target	Currently two and a half years of retrocession program retention, with allowances for future increases in retrocession premiums.	\$700m	Covers a 1 in 20-year level of losses over the next year,	400% of forecast premium

Figure 4.5: Net assets – terrorism pool

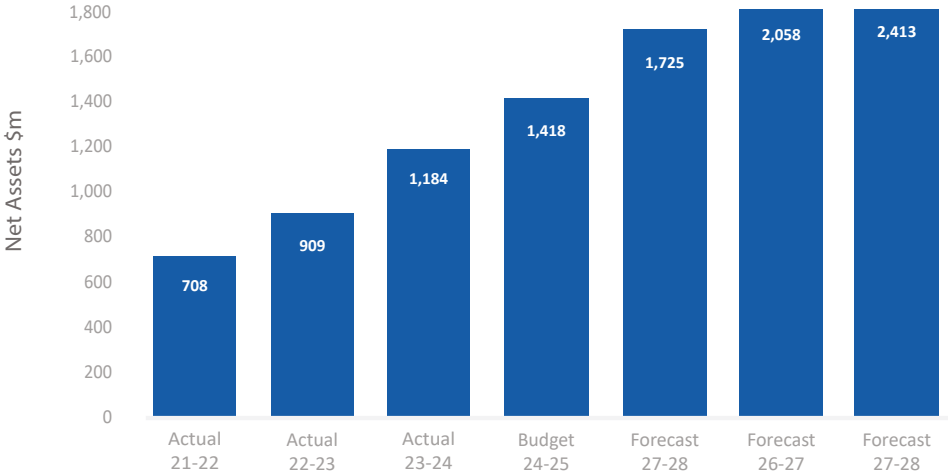
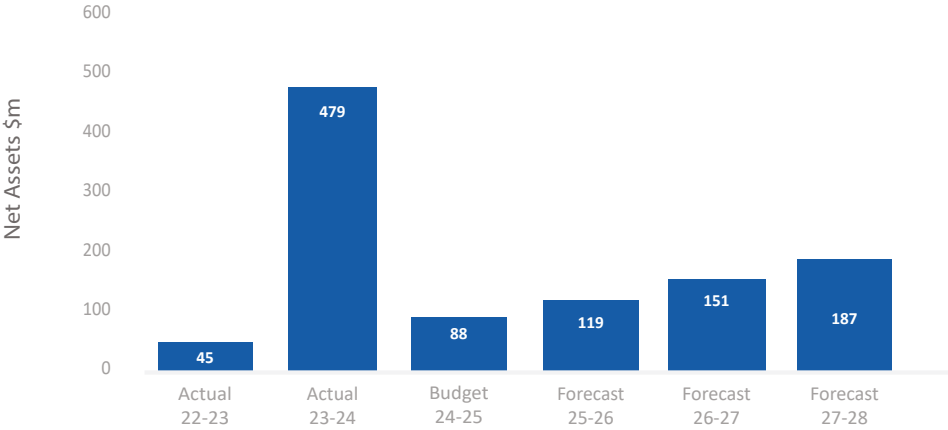


Figure 4.6: Net assets – cyclone pool



**Measure 3:**  
**Operating expenses**

Source: Measure 3, Performance Assessment, ARPC 2023-27 Corporate Plan, p 26

**Target**

Achieve budget in each plan period.



**Result:** Met

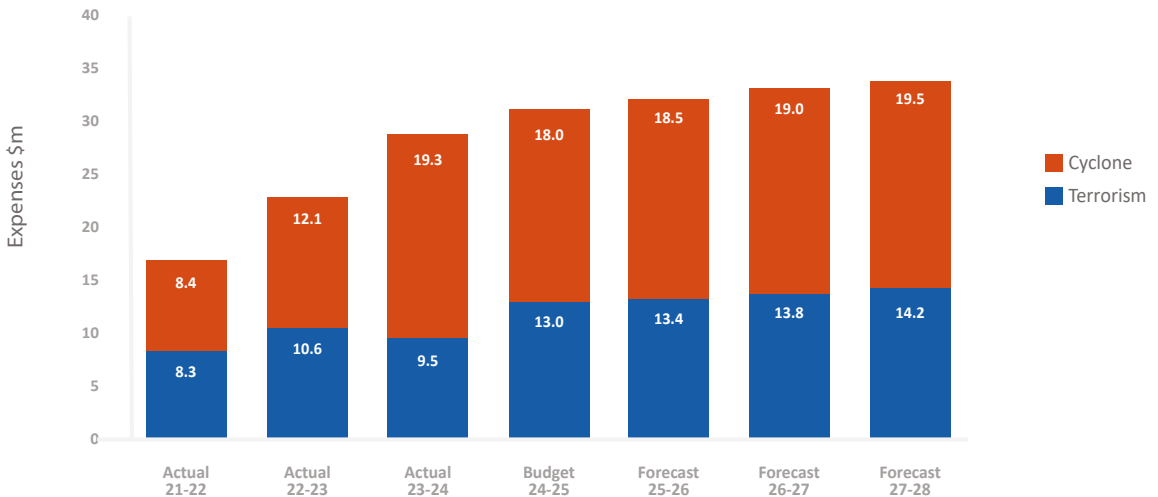


**Description**

Operating expenses for ARPC are managed at a pool level, and by function so that the objective of each pool is met, and budget setting and operating expenses align with senior executive accountabilities and financial delegations. Operating expenses are reviewed against pricing assumptions and benchmarked to assess operating efficiency.

For the 2023-24 financial year, the terrorism pool operating expenses was \$9.5 million against a budget of \$9.7 million. The cyclone pool's operating expenses were \$19.3 million against a budget of \$21.2 million. In total, ARPC's operating expenses were \$28.8 million against a budget of \$30.9 million.

**Figure 4.7:** Operating expenses



**Measure 4:**

**Cyber Security framework**

Source: Measure 4, Performance Assessment, ARPC 2023-27 Corporate Plan, p 27

**Target**

To continuously improve cyber security.



**Result:** Met

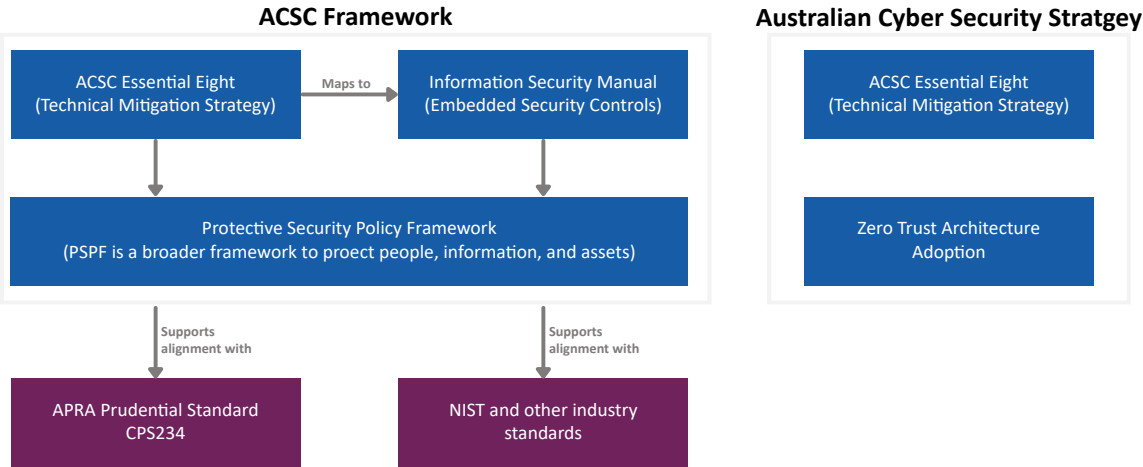


**Description**

Successful ongoing implementation of ARPC’s cyber security program took place in the reporting period. ARPC maintained high vigilance for cyber threats and had an on-going program to ensure all systems were protected and continued to operate efficiently. New technology implementations were aligned with the Australian Government Cyber Security Strategy which recommends Zero Trust Architecture and Cloud Solutions.

ARPC’s Information Security Policy (ISP) aligns with the Australian Cyber Security Centre (ACSC) IT Security Framework and Australian Cyber Security Strategy 2023-30. The ISP establishes the overarching principles and framework for managing ARPC’s information assets and the relevant security risks. The ISP is further supported by an Information Security Procedure and Cyber Security Incident Response Procedure. ARPC maintains an ongoing review program to keep all policies and procedures up to date.

**Figure 4.8:** ARPC’s cyber framework alignment



ARPC’s prioritised technical mitigation strategies align with ACSC’s Essential Eight (E8) maturity framework. ARPC’s assessment is currently at Maturity Level 2, the recommended ACSC level.

Key cyber security metrics are reported to the ARPC Board and Board Risk Committee in quarterly meetings. These metrics create visibility of cyber risks and supports informed decision making on risk mitigation.

Monthly security awareness training and phishing simulations were conducted to equip and test ARPC employee’s knowledge in the fast-changing cyber landscape.

### Measure 5:

#### Delivery of strategic projects

Source: Measure 5, Performance Assessment, ARPC 2023-27 Corporate Plan, p.27

### Target

To complete strategic projects to plan.



**Result:** Partially Met



## Description

All strategic projects were either completed or are on track to be delivered within budget and against target timelines.

**Figure 4.9:** Strategic Project Delivery 2023-24

Project	Performance Criteria	Comment (update)
<b>Geoscience Australia Blast and Plume Catastrophe Model</b>	Maintain and develop ARPC's world class terrorism catastrophe modelling for use in response to a Declared Terrorism Incident (DTI). <b>Assessed as:</b> Collaboration with Geoscience Australia, Bureau of Meteorology, Defence, Science and Technology and Australian Federal Police.	Entered a new three-year collaboration agreement with Geoscience Australia to strengthen and expand blast and plume modelling capabilities and the probabilistic model.
<b>Optimise and rationalise reinsurance systems</b>	Complete implementation of PACE for cyclone and then migrate terrorism onto PACE. <b>Assessed as:</b> Decommissioning of RISE platform by June 2024.	ARPC extended the project timeline to allow terrorism insurer customers more time to transition to the system. Revised timeline for RISE decommissioning to April 2025.
<b>Social engagement</b>	Provide sponsorship to ReachOut (RO) to undertake research into identifying high risk youth to develop program. <b>Assessed as:</b> RO to test hypothesis and conduct deeper research into this group to identify their needs.	ReachOut completed the research and ARPC received the report.
<b>Reconciliation Action Plan (RAP)</b>	Develop Reflect RAP. <b>Assessed as:</b> RAP approved by Reconciliation Australia and published on ARPC website.	The Reflect RAP was completed and submitted to Reconciliation Australia for approval in August.
<b>Premises strategy and implementation</b>	Premises strategy and implementation to support larger ARPC organisational needs. <b>Assessed as:</b> Capital cost and operating costs minimised by re-using as much existing premises infrastructure as possible.	ARPC expanded its existing office footprint to support the larger organisation and utilised existing fit out in the expansion.
<b>Development of government proprietary cyclone catastrophe model by Geoscience Australia</b>	Develop world class modelling for use in response to a Declared Cyclone Event (DCE). <b>Assessed as:</b> Collaboration with GA, The Bureau of Meteorology, DST and AFP.	ARPC reassessed this project and is engaging with other agencies to align catastrophe modelling needs across government.



## 2. Engage and understand our stakeholders with a focus on insurer customers to improve community outcomes.

### Measure 6:

#### Insurer customer satisfaction

Source: Measure 6, Performance Assessment, ARPC 2023-27 Corporate Plan, p 29

#### Target

Publish outcome of 2023 Insurer Customer Survey.

Achieve Terrorism Pool Stakeholder Perception Index score of at least 70%.



**Result:** Met



### Description

ARPC committed to undertaking an independent annual survey of its insurer customers to inform future engagement and to publish the results of the 2023 Insurer Customer Survey.

In the survey, for the terrorism pool, ARPC targeted a Terrorism Stakeholder Perception Index (T-SPI) score of at least 70 per cent. The survey's T-SPI achieved 76 per cent, which is a favourable perception of ARPC overall and slightly up on 75 per cent in 2022. The T-SPI is derived from three questions: To what extent do you feel ARPC is an effective provider of terrorism risk insurance? To what extent do you believe ARPC supports your organisation's financial strength? To what extent do you feel ARPC is a valued partner to your organisation?

Insurer customer perceptions of ARPC as an organisation to deal with remained positive with more than 90 per cent of respondents describe ARPC as being transparent (96 per cent), a trusted expert on terrorism reinsurance (92 per cent), and easy to deal with (91 per cent).

Perceptions of ARPC's communications and engagement is positive, with 99 per cent describing face-to-face meetings as good or very good, as did 94 per cent for digital Business-to-Business communications, 91 per cent for the ARPC website, and 87 per cent for ARPC publications.

### Methodology

The ARPC Insurer Customer Survey was conducted in September-October 2023. To boost participation and the depth of information, the largest Australian terrorism pool insurer customers were invited to take part in a semi-structured interview process.

A separate cyclone pool insurer customer process commenced in 2023. The survey focused on insurer customer experience during the onboarding phase into the cyclone pool. The survey was limited to those insurer customers that had joined the pool prior to November 2023 and involved a similar approach to the terrorism survey with the use of a semi-structured interview process. The results were used for internal purposes to enhance the onboarding experience for future pool participants.

### 3. Develop data on terrorism, cyclone, and insurance climate risk to support risk mitigation.

#### Measure 7:

##### Statistical Publications

Source: Measure 7, Performance Assessment, ARPC 2023-27 Corporate Plan, p 29

#### Target

Publish aggregated terrorism and cyclone statistics.



**Result:** Met



#### Description

In April 2024, ARPC published its first 'Cyclone Reinsurance Pool Premium & Exposure Statistics (as at 31 December 2023)' providing insights into the portfolio of reinsurance being placed into the cyclone pool. In May 2024, ARPC published its first annual 'Cyclone Reinsurance Pool Premium Assessment' report. This report is based on online quote data for home insurance and is designed to assess the impact of the cyclone pool premium rates and insurance accessibility (measured through successful online quotes). Aggregated terrorism statistics are published as part of the Annual Report, and future publications providing insights to the terrorism pool are being developed.

### 4. Provide thought leadership to deliver risk insights.

#### Measure 8:

##### Publication of research papers

Source: Measure 8, Performance Assessment, ARPC 2023-27 Corporate Plan, p 30

#### Target

Publish and promote terrorism and cyclone research. Host and participate in industry forums.



**Result:** Met



#### Description

ARPC has continued to leverage its partnerships with universities and hosting of industry forums to share research on terrorism and cyclone risks. Several papers were published on ARPC's website in the period:

- Published July 2023, 'Is the Social Legitimacy of Protest in Australia in Flux?' a University of Queensland (UQ) research paper co-funded by ARPC explored how different stakeholder groups perceive the social legitimacy of disruptive protests in Australia.
- Published December 2023, 'Extremist Movements in Australia: A Study of Individual Ideology', a UQ research paper co-funded by ARPC. The paper is a case study and companion to two previous papers, including the July 2023 paper.
- Published April 2024, 'Cyber Terrorism in Australia: 2024 update' is an ARPC research paper which built on ARPC's 2020 research paper, 'Insurance risk assessment of cyber terrorism in Australia'.
- Shared June 2024, James Cook University undertook research funded by ARPC to support ARPC's proposed 2024 strata mitigation discounts for the cyclone pool. Research insights were presented at the May 2024 Cyclone Risk Insurance Seminar.

## 5. Be a high performing, inclusive, customer and risk-focused culture.

### Measure 9:

#### Employee engagement

Source: Measure 9, Performance Assessment, ARPC 2023-27 Corporate Plan, p 29

#### Target

Annual employee engagement survey results consistent with industry practice in both government and insurance sectors.



**Result:** Met



### Description

ARPC is a small organisation with an efficient organisational structure which has experienced significant growth.

Employee engagement refers to how satisfied, committed and engaged an employee is to their organisation, their role, their manager, and their co-workers.

The survey results is an overall score out of 100. In 2023-24, staff satisfaction was 81 and commitment and loyalty 80. Overall employee engagement was 79 – approximately 10 points higher than the Australian Public Service (APS) average. ARPC also undertakes employee pulse surveys during the year.

ARPC used ORIMA Research to measure employee engagement.

### Measure 10:

#### Event response preparedness

Source: Measure 10, Performance Assessment, ARPC 2022-26 Corporate Plan, page 32

#### Target

Conduct one desktop exercise and one full desktop simulation exercise annually for a DTI, DCE and a cyber incident.



**Result:** Met



### Description

ARPC has conducted simulations to rehearse and prepare for DTI and DCE responses.

ARPC conducted a DCE exercise in October 2023, and DTI exercises in December 2023 and April 2024.

During the 2023-24 cyclone season, ARPC declared five cyclone events in accordance with the legislation.

ARPC engaged its Managed Security Services Provider to conduct a Cyber Security Incident Response Simulation Exercise in October 2023. The exercise's objective was to assess ARPC's current preparedness in a cyber-attack and identify improvement opportunities. Various ARPC teams including IT, event response, risk, public affairs, and internal communications participated in the exercise. The exercise scenario centered on a ransomware and data-theft extortion cyber security incident against an ARPC system.

Overall, ARPC's response was considered good.





Sydney CBD



# 5 Governance



## Governance framework

ARPC is governed by the [TCI Act](#) and is a corporate Commonwealth entity for the purposes of both the [PGPA Act](#) and the [PGPA Rule](#).

ARPC is a body corporate under section 12 of the TCI Act. A Chair and six to eight Members are the Accountable Authority — referred to as Board Members. They are appointed on a part-time basis

by the responsible Minister. Between 1 July 2023 and 30 June 2024, the responsible Minister for operational matters was the Hon Stephen Jones MP, Assistant Treasurer and Minister for Financial Services. The Hon Dr Jim Chalmers MP, Treasurer was responsible for governance and Board appointments.

The responsible Minister can give [written directions](#) about ARPC's functions and the exercise of its powers. These are published on [ARPC's website](#). One Ministerial direction was given during 2023-24.

As per the TCI Act, the Board, as Accountable Authority, appoints the Chief Executive (CEO). The CEO manages the affairs of ARPC subject to Board directions, delegations, and policies.

The Board is also the Accountable Authority for the purposes of the [PGPA Act](#). Under section 45 of this Act, ARPC must have an audit committee with at least three Board Members.

The Board has been supported by the Audit, Risk, and Compliance Committee (ARC Committee) and has resolved to establish a committee dedicated to risk and risk management. Commencing in 2024-25, the Audit, Risk, and Compliance Committee will transition to two committees called the Audit and Compliance Committee (AC Committee), and the Risk Committee.

Under section 22 of the PGPA Act, the finance minister can make a Government Policy Order (GPO) specifying that a policy of the government applies in relation to one or more corporate Commonwealth entities. During the reporting period, no GPOs made were applicable to ARPC.

To comply with section 35 of the PGPA Act, ARPC prepares a corporate plan on a rolling four-year basis, provides it to the responsible Minister and Finance Minister by 31 August each year, and publishes the plan on its website.

## The Board

The Board and ARPC's senior executive team are committed to best practice corporate governance standards that are fit-for-purpose for ARPC's operations. ARPC continues to monitor governance trends in the public and private sectors.

During 2023-24, the Board consisted of a Chair and eight part-time Members.

Elaine Collins and Jan van der Schalk's terms ended on 30 June 2024.



## Board Members



**Julie-Anne Schafer | Chair**

LL.B. Hons, FAICD

**Term:**

Chair – 7 July 2023 – 6 July 2026  
 Acting Chair – 1 July 2023 to 6 July 2023  
 Board Member 14 September 2021 – 1 July 2023  
 Member of the Audit, Risk, and Compliance Committee  
 from 23 April 2023 to 30 June 2024.

Julie-Anne Schafer was first appointed to the Board as a part-time Member for a three-year term, commencing 14 September 2021 and was a Member of the ARC Committee between April and June 2023.

Julie-Anne was appointed by the Responsible Minister as Chair for a period of three years commencing on 7 July 2023. Prior to that, she was appointed as Acting Chair.

Julie-Anne is a Brisbane-based director and qualified lawyer with experience in diverse and regulated sectors including insurance, financial services, energy, water, transport, health, and member services. She is currently a non-executive director at Icon Water and ActewAGL. Julie-Anne is also a non-executive member of the Office of the National Rail Safety Regulator and part-time President of the National Competition Council.

Her career includes experience in retail consumer insurance and cyclone risk through past roles as President, Royal Automobile Club of Queensland (RACQ), Chair of RACQ Insurance and non-executive Director of the Territory Insurance Office.

Julie-Anne holds a Bachelor of Laws with Honours from the University of Queensland and is a Fellow of the Australian Institute of Company Directors (AICD). Julie-Anne is also a Member of ANZIF.



**Oscar Shub | Member**

BComm, LLB

**Term:**

23 April 2023 – 22 April 2026  
 Member, Audit and Compliance Committee

Oscar Shub was appointed as a part-time Member for a three-year term from 23 April 2023.

Oscar is a part-time consultant with the global law firm Clyde & Co and founded their Australian legal practice as a partner. He is also a senior Member of the New South Wales Civil and Administrative Tribunal in the Occupational Division, presiding over disciplinary complaints against health practitioners for breaches of their respective codes of conduct.

Oscar also chairs the Insurance Brokers Code Compliance Committee, an independent body that monitors compliance with the Insurance Brokers Code of Practice. Previously, he spent over 25 years as a partner at Allen Arthur Robinson (now known as Allens) and has also sat on the boards of Munich Re and OzHarvest.

Oscar chaired the Australian Insurance Law Association and LEADR (renamed to the Resolution Institute). He holds Bachelor of Commerce and Bachelor of Laws degrees from the University of the Witwatersrand, in South Africa.



**Evelyn Horton | Member**

BEC, MSc (Econs), FAICD

**Term:**

23 April 2023 – 22 April 2026

Member, Audit and Compliance Committee

Evelyn Horton was appointed as a part-time Member for a three-year term from 23 April 2023.

Evelyn is a non-executive director with extensive expertise in financial services, governance and risk management. Evelyn spent over a decade working at the Commonwealth Treasury, Canberra and a further 15 years in different investment banking roles. She is Commissioner of Superannuation in Tasmania, and Chair of Anglicare and the Glebe Administration Board.

Evelyn holds a Bachelor of Economics degree from the Australian National University, a Master of Social Sciences in Economics from the National University of Singapore and is a Fellow of the AICD.



**Eilis Hurley | Member**

BEng, FIA, FIAA, FAICD

**Term:**

23 April 2023 – 22 April 2026

Member, Risk Committee

Eilis Hurley was appointed as a part-time Member for a three-year term from 23 April 2023.

Eilis has worked in insurance for many years, both in Australia and the UK. She has held roles as diverse as strategy, risk, finance, and reinsurance; as well as more traditional actuarial roles spanning life and general insurance. Eilis is a non-executive director of Integrity Life and serves on several risk and audit committees across the not-for-profit sector. She holds a Bachelor of Engineering degree from University College Cork (Ireland) and is a Fellow of the Actuaries Institute and AICD.





### **Fran Raymond | Member**

Fellow Chartered Accountant (FCA), FAICD, BCom, MBA,  
Grad Dip in Public Policy



### **Rod Whithear | Member**

GradDipMgt, GAICD

#### **Term:**

23 April 2023 – 22 April 2026

Chair, Audit Compliance Committee

Fran Raymond was appointed as a part-time Member for a three-year term from 23 April 2023. She is a Member of the ARC Committee and subsequent to 30 June was appointed Chair of the Audit and Compliance Committee.

Fran has had considerable experience as a senior executive in government, particularly in Chief Financial Officer and Chief Operating Officer (COO) roles, including COO of ARPC. She was previously a director of Defence Bank for 12 years and Chair for six of them. Fran is currently a Director of Annecto and holds audit and risk committee appointments with the Australian National University and the National Health and Medical Research Council.

She holds a Bachelor of Commerce from the University of New South Wales, a Master of Business Administration (MBA) from Charles Sturt University, and a Graduate Diploma in Public Policy from Flinders University. Fran is also a Fellow of both Chartered Accountants Australia and New Zealand, and the AICD.

#### **Term:**

7 July 2023 to 6 July 2026

Member, Audit and Compliance Committee

Member, Risk Committee

Rod Whithear was appointed to the Board as a part time member for a three-year term, commencing 7 July 2023.

Rod has been Chief Executive of the Western Australian Insurance Commission since June 2012 and has more than 25 years' experience in the Commonwealth and Western Australian public sectors. He was previously an Executive Director of the WA Treasury responsible for State operating expenditure budgets.

Rod has held positions in the superannuation, information technology, social services, leasing and corporate finance portfolios of Government. Rod holds a Graduate Diploma of Management from the Australian Graduate School of Management and is a Graduate of the Australian Institute of Company Directors.



**Greg Nucifora | Member**

B Com, FCA, FAICD

**Term:**

7 July 2023 to 6 July 2026

Chair, Risk Committee

Greg Nucifora was appointed to the Board as a part time member for a three-year term, commencing 7 July 2023. Subsequent to 30 June, Greg was appointed Chair of the Risk Committee.

Greg is a financial adviser based in Cairns and has extensive board level experience across public, private, and not-for-profit organisations. He is a Director of Queensland Country Bank, Director and Finance & Performance Committee Chair of the Cairns and Hinterland Hospital and Health Board, Chair of the Catholic Development Fund for the Diocese of Cairns, Chair of the Finance and Audit Risk Management Committee for Tourism Tropical North Queensland and the former Deputy Chair of Queensland Country Health Fund Ltd.

Greg is a qualified Chartered Accountant, holds a Bachelor of Commerce degree, is Financial Adviser Standards and Ethics Authority (FASEA) compliant and is a Graduate and Fellow of the Australian Institute of Company Directors.



**Elaine Collins | Member**

BSc (Hons), MEC, Fellow of the Institute of Actuaries of Australia (FIAA), FAICD

**Term:**

1 July 2015 – 30 June 2018

1 July 2018 – 30 June 2021

1 July 2021 – 30 June 2024

Elaine Collins was first appointed to the Board as a part-time Member on 1 July 2015, then reappointed for two further three-year terms.

Elaine is a non-executive director, actuary and professor, with a career spanning more than 25 years in the insurance industry. Her experience includes carrying out Appointed Actuary roles for more than ten years as a Director of KPMG, then as a Deloitte Partner. Elaine has key expertise in strategic risk management, policy formulation and capital efficiency.

She has been a non-executive Board director for 10 years and currently sits on the Board of ANZ LMI, Ivory Insurance and RACV.

Elaine also holds an academic role as a Professor of Practice with the Business School, University of New South Wales. She is a Fellow of the Actuaries Institute, a Fellow of the AICD and a former Member of the Actuaries Institute's Professional Standards Committee.



### Jan van der Schalk | Member

BA, MPhil

#### Term:

1 July 2021 – 30 June 2024

Chair, ARC Committee, from 23 April 2023 – 30 June 2024

Member, ARC Committee from 1 July 2022 – 22 April 2023

Jan van der Schalk was appointed as a part-time Member for a three-year term from 1 July 2021.

Jan has extensive experience in reinsurance and investment management. He was an environmental and social governance (ESG) investment specialist and worked as a fund manager for Ausbil and Hong Kong-based investment group CLSA in equities analyst roles.

Earlier in his career, Jan was part of a team which founded and built property catastrophe specialist, ACE Tempest Reinsurance where he was Chief Underwriting Officer (International).

He also served as CEO of Asset Management and Reinsurance at Insurance Australia Group (IAG) for seven years.

As an entrepreneur, Jan founded Just-Ezi, an internet-based car insurance comparison site.



Castle Hill Lookout, Townsville

## Board meetings

The Board convened seven meetings during 2023-24, comprising six meetings for general business and one strategic planning meeting. There were no out-of-session circular resolutions issued during the period. The total number of hours spent in meetings during the reporting period was 43 hours and 59 minutes.

This does not include meeting preparation or associated travel time. Figure 5.1 lists the number of meetings attended by each Member during the reporting period.

**Figure 5.1:** Number of meetings attended by each Board Member in 2023-24

Name	Number of meetings entitled to attend	Number of meetings attended	Further information
Julie-Anne Schafer	7	7	Chair term commenced 1 July 2023
Jan van der Schalk	7	6	Board Member term commenced 1 July 2021
Elaine Collins	7	6	Board Member term commenced 1 July 2021
Evelyn Horton	7	6	Board Member term commenced 23 April 2023
Eilis Hurley	7	7	Board Member term commenced 23 April 2023
Fran Raymond	7	7	Board Member term commenced 23 April 2023
Oscar Shub	7	7	Board Member term commenced 23 April 2023
Greg Nucifora	7	7	Board term commenced 7 July 2023
Rod Whithear	7	7	Board term commenced 7 July 2023

## Board remuneration

The Australian Government's Remuneration Tribunal, as outlined in the Remuneration and Allowances for Holders of Part-time Public Office Determination 2023 (the Remuneration Determination) and the Remuneration Tribunal (Official Travel) Determination 2023 determines Board Member payments.

Board Members receive an annual base fee and individual meeting fees that cover all activities in performing their duties, including part day meetings of less than five hours, travel, committee work, teleconferences, and representational activities. The Board has been assigned Travel Tier 1.

For the Chair and Members to receive the meeting fee, meetings must be a minimum of five hours including both the meeting and a Member's travel time.

**Figure 5.2:** Board Member remuneration for 2023-24

Remuneration basis under Table 6A of the Remuneration Determination	
Chair annual fee	\$29,660
Chair meeting fee	\$1,247
Member annual fee	\$14,840
Member meeting fee	\$1,123

## Audit, Risk, and Compliance Committee

In accordance with section 45 of the PGPA Act, the Board established an Audit, Risk, and Compliance Committee (ARC Committee). The ARC Committee supports the Board in overseeing ARPC's administration and governance. Section 17 of the PGPA Rule says the ARC Committee must have at least three appropriately qualified and skilled Members. In the reporting period, the ARC Committee always had three Members.

The functions of the ARC Committee are set out in its Charter and include reviewing the appropriateness of ARPC's:

- Financial reporting
- Performance reporting
- System of risk oversight and management
- System of internal controls.

The ARC Committee also monitors ARPC's compliance with statutory obligations, oversees the work of internal and external auditors and is responsible for ARPC's governance framework. It provides a general forum for communication between Members, ARPC's senior executive team and internal and external auditors.

During the reporting period, the ARC Committee reviewed all reports received from ARPC's internal auditors, Ernst & Young (EY) and external auditors, the Australian National Audit Office (ANAO). It monitored the implementation of internal audit recommendations and reviewed financial statements to assist the Board with its statutory declarations pursuant to subsections 41(2) and 42(2) of the PGPA Act, which cover ARPC's accounts, records, and annual financial statements.

Figure 5.3 outlines the meetings attended by each ARC Committee Member. The total number of hours spent in meetings during the reporting period was eight hours and 21 minutes. This does not include meeting preparation or associated travel time.

**Figure 5.3:** Meetings attended by each ARC Committee Member during 2023-24

Name	Number of meetings entitled to attend	Number of meetings attended	Further information
Jan van der Schalk (Chair)	6	6	Chair of ARC Committee from 23 April 2023
Elaine Collins	2	2	ARC Committee Member term ended 8 August 2023
Julie-Anne Schafer	0	0	ARC Committee Member*
Evelyn Horton	4	4	ARC Committee Member from 8 August 2023
Eilis Hurley	4	4	ARC Committee Member from 8 August 2023
Fran Raymond	4	4	ARC Committee Member from 8 August 2023

\* Term ceased when appointed as Board Chair – 7 July 2024

## ARC Committee remuneration

ARC Committee Members do not receive additional remuneration or allowances for committee work. Their annual Board Member fee covers this.

## Board observers

The TCI Act allows the Minister to appoint two observers to the Board. During 2023-24 there was one observer:

- Mr Guy Thornburn – two-year term for the period from 26 July 2022 to 25 July 2024. Mr Thornburn has been reappointed for an additional two-year term from 26 July 2024.

**Figure 5.4:** ARPC Board observers 2023-24

Name	Number of meetings entitled to attend	Number of meetings attended	Further information
Guy Thornburn	7	7	

## Reviewing Actuary

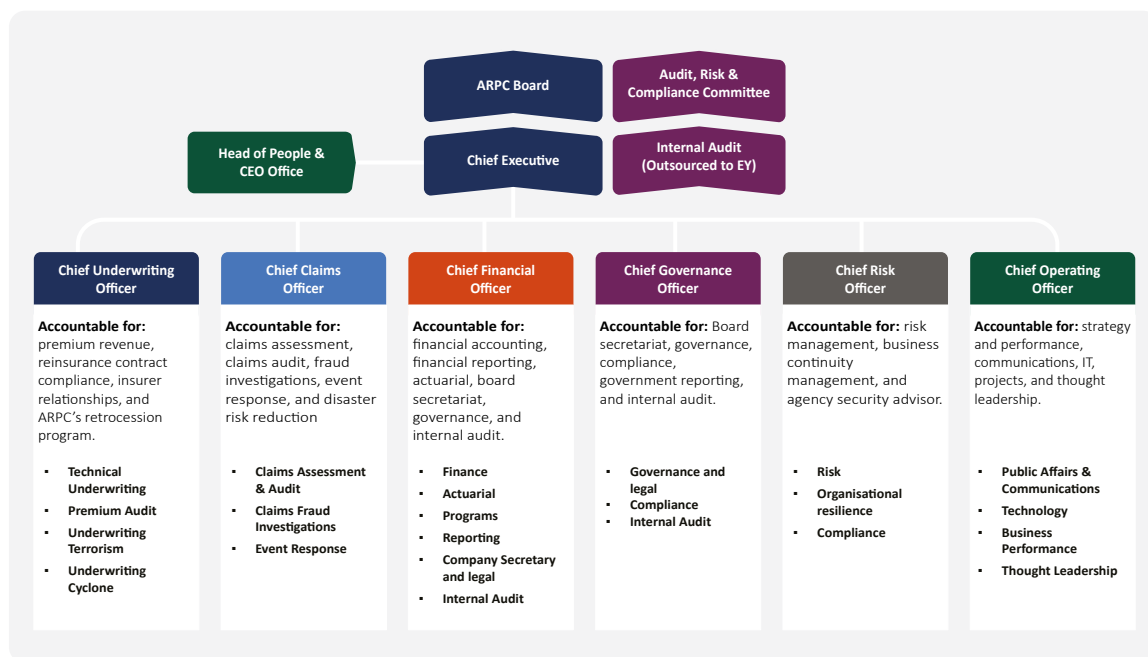
The Board nominated the Australian Government Actuary as ARPC’s Reviewing Actuary from 1 April 2022. This role was set for a minimum of three years, with services provided on commercial terms under the Government’s procurement panel for actuarial advice.

“ The Board is committed to best practice corporate governance standards that are fit-for-purpose for ARPC.... ”

## Organisational and governance structures

Figure 5.5 sets out ARPC’s organisational framework during the reporting period. After the reporting period the Chief Governance Officer role was removed from the structure.

**Figure 5.5:** Organisational chart 2023-24



ARPC’s corporate governance is structured within a statutory framework and underpinned by the Board’s Charter, the ARC Committee Charter and a wide range of policies and procedures. These include:

- Risk management
- Financial management
- Privacy
- Fraud and corruption control
- Conflict of interest
- Public interest disclosure
- Security management
- Business continuity
- Data governance.

The Board resolved to establish a risk committee which will commence in the 2024-25 financial year.



## Three lines model

ARPC embeds risk management across three lines, referred to as the Three Lines Model. Under this model, ARPC business units are referred to as the first line and responsible for managing risk, the risk and compliance function is the second line and responsible for expertise, support, monitoring and challenge in risk-related matters, and independent audit is the third line and provides independent objective assurance.

### Board oversight of risk

Section 16 of the PGPA Act provides that the Board ‘has a duty to establish and maintain systems relating to risk and control’. The ARPC Board achieved this in the reporting period through oversight of ARPC’s risk management and delegating risk-related responsibilities to the ARC Committee including:

- ARPC’s risk appetite
- Risk culture
- risk register and controls
- risk incidents.

ARPC assesses its risk and control environment relative to Board approved risk appetite settings.

The risk management team provides reporting to the ARC Committee and Board to assist in their risk management responsibilities. The ARC Committee was delegated the ongoing monitoring of risk management, review of the Risk Appetite Statement (RAS) and associated risk appetite metrics, and the risk management policy. ARPC’s approach aligns the risk

management framework with the organisation’s five strategic priorities.

The annual strategic Board workshop includes consideration of current and emerging risks. Each strategic priority detailed in the RAS has associated qualitative risk appetite statements and metrics. Underlying the framework are the risk and control registers, which outline financial and non-financial risks facing ARPC, as well as the controls and strategies in place to mitigate these risks.

### ARPC’s risk management framework

Under section 16 of the PGPA Act, ARPC must establish and maintain appropriate systems of risk oversight, management, and internal control. As a Public Financial Corporation, ARPC’s risk management approach is aligned to the Commonwealth Risk Management Policy.

ARPC maintains risk management related documents to support the effective operation of the Risk

Management Framework. The key documents include and are not limited to the following:

- Risk Management Policy
- Risk Appetite Statement
- Fraud and Corruption Control Policy
- Business Continuity Policy
- Conflicts of Interest Policy
- Privacy Policy.

ARPC maintains and updates its Enterprise Risk Register on a regular basis to reflect the latest operating environment. The risks within the Enterprise Risk Register are classified under the following categories:

- Strategic risk
- Financial risk
- Insurance risk
- Operational risk.

ARPC’s risk management process aligns with recognised professional standards in AS/NZS ISO 31000:2018 Risk Management. This includes the steps of risk identification, risk assessment, risk mitigation, risk reporting, and risk monitoring.

Reporting on risk management,

including risk appetite and associated risk metrics is provided at ARC Committee meetings. In addition, the Risk Management Framework is supported by regular Executive Risk Management Committee meetings held with the senior leadership team, as well as compliance testing performed over key processes and business activities at ARPC.

During the year, ARPC implemented changes to comply with the updated Commonwealth Fraud and Corruption Control Framework.

### Risk culture

An appropriate risk culture enables ARPC to better administer the terrorism and cyclone pools.

ARPC fosters a working environment where risks are considered and managed proactively, and appropriately as part of day-to-day work. Transparent and open discussions about uncertainties and opportunities, promote an environment where employees raise issues or concerns. Processes are also in place for escalating concerns.

ARPC regularly assesses its risk culture through an annual risk culture survey which informs the annual review of the Risk Management Framework and RAS.



Perth City

## Internal audit

ARPC's internal audit function is overseen by the ARC Committee. ARPC outsources its internal audit function and EY was the internal auditor during the 2023-24 period. ARPC managed internal audit activity based on a five-year rolling plan, which is set and reviewed by the ARC Committee. It is aligned to the Risk register and RAS, and other risk management initiatives.

The ARC Committee receives internal audit reports for review and discussion and receives updates from management as recommendations and actions are addressed.

### Compliance plan and testing

Compliance is supported by mandatory training for employees on legislation and policies critical to work functions. Routine information sessions were provided on topics relevant to employees' positions, alongside six-monthly attestations by all senior managers covering key legislation. Compliance reviews are completed, with recommendations reported, and their closure tracked, to the ARC Committee.

### Public Interest Disclosures

The PID Act promotes integrity and accountability in the Commonwealth public sector by encouraging the disclosure of information about suspected wrongdoing. In accordance with the PID Act, ARPC has its Public Interest Disclosure Policy/ Procedure available on its website. During the reporting period, ARPC received no Public Interest Disclosures.

### Judicial and administrative decisions

In 2023-24, there were no known judicial decisions or decisions of administrative tribunals that could significantly affect ARPC's business operations.

### Consultation arrangements

ARPC employees regularly meet with insurers, industry bodies and other interested parties outside the Australian Government to discuss relevant matters. See Chapter 1 and Chapter 4 for a summary of stakeholder engagement.

## Consultancies

During 2023-24, consultants were engaged (in line with processes outlined in ARPC's Board-approved Procurement Policy) to assist in the following areas:

- Strategic planning
- Specialist technical projects – for example, catastrophe modelling, actuarial services, insurance systems
- Research projects – for example, financial responses to terrorism risk and systemic risk in Australia
- Retrocession placement
- Independent review and advice on legal and accounting issues
- Employee development and training, and
- Organisational structure design, change management, and recruitment.



## Sustainability report - greenhouse gas emissions

APS Net Zero 2030 is the Government’s policy for the Australian Public Service (APS) to reduce its greenhouse gas emissions to net zero by 2030, and transparently report on its emissions. As part of the [Net Zero in Government Operations Strategy](#), corporate Commonwealth entities like ARPC are required to report on their operational greenhouse gas emissions.

Figure 5.6 details ARPC’s greenhouse gas emissions in 2023–24. Results are presented based on Carbon Dioxide Equivalent (CO2-e) emissions. Greenhouse gas emissions have been calculated in line with the APS Net Zero Emissions Reporting Framework, consistent with the Whole-of-Australian Government approach, as part of the APS Net Zero 2030 policy. Not all data sources were available at the time of the report and amendments to data may be required in future reports.

- ARPC’s domestic commercial flights/domestic travel are managed through the Department of Treasury (Treasury) under a shared services agreement. It was not possible to separate ARPC flights for emissions reporting. Emissions from ARPC’s domestic commercial flights for 2023-24 are reported in Treasury’s annual report. ARPC will work with Treasury to report flight emissions separately in future years. Due to the billing cycles not aligning with the end of the financial year, some electricity data was not available during the initial collection process in July-August 2024. Adjustments to the data may be required in future reports.

**Figure 5.6:** 2023-24 Greenhouse gas emissions inventory – location-based method

Emission Source	Scope 1 t CO2-e	Scope 2 t CO2-e	Scope 3 t CO2-e	Total t CO2-e
Electricity (Location Based Approach)	N/A	28.168	2.247	30.415
Natural Gas	0.000	N/A	0.000	0.000
Solid Waste*	N/A	N/A	0.981	0.981
Refrigerants*†	0.000	N/A	N/A	0.000
Fleet and Other Vehicles	0.000	N/A	0.000	0.000
Domestic Commercial Flights	N/A	N/A	0.000	0.000
Domestic Hire Car*	N/A	N/A	0.000	0.000
Domestic Travel Accommodation*	N/A	N/A	0.000	0.000
Other Energy	0.000	N/A	0.000	0.000
<b>Total t CO2-e</b>	<b>0.000</b>	<b>28.168</b>	<b>3.228</b>	<b>31.396</b>

Note: the table above presents emissions related to electricity usage using the location-based accounting method. CO2-e = Carbon Dioxide Equivalent.

\* Indicates emission sources collected for the first time in 2023-24. The quality of data is expected to improve over time as emissions reporting matures.

† Indicates optional emission source for 2023-24 emissions reporting.

**Figure 5.7:** 2023-24 Electricity greenhouse gas emissions

Emission Source	Scope 2 t CO2-e	Scope 3 t CO2-e	Total t CO2-e	Percentage of electricity use
Electricity (Location-based approach)	28,168	2,247	30,415	100%
Market-based electricity emissions	27,401	3,383	30,784	81%
Total renewable electricity	-	-	-	19%
Mandatory renewables <sup>1</sup>	-	-	-	19%
Voluntary renewables <sup>2</sup>	-	-	-	0%

**Note:** the table above presents emissions related to electricity usage using both the location-based and the market-based accounting methods. CO2-e = Carbon Dioxide Equivalent.

<sup>1</sup> Mandatory renewables are the portion of electricity consumed from the grid that is generated by renewable sources. This includes the renewable power percentage.

<sup>2</sup> Voluntary renewables reflect the eligible carbon credit units surrendered by the entity. This may include purchased large-scale generation certificates, power purchasing agreements, GreenPower and the jurisdictional renewable power percentage (ACT only).





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**Australian Government**  
**Australian Reinsurance Pool Corporation**

## 6 ARPC's People



## ARPC's people

ARPC continued to focus on building capability in 2023-24 and is committed to a workplace where highly skilled employees can fulfill their potential. Our recruitment processes and development strategies aimed to attract, advance, and retain individuals dedicated to ARPC's purpose and who can positively contribute to our work.

A small organisation, ARPC undertakes its functions within an efficient and cost-effective structure. At 30 June 2024, ARPC had 73 employees compared to 59 at the end of the 2023 year.

New or expanded capabilities include:

- Technical underwriting
- Information technology
- Actuarial skills
- Public affairs and communications
- Risk management.

ARPC continued to employ co-sourced and outsourced service providers to leverage supplementary technical expertise needed to deliver our functional obligations.



## Senior executive team

Appointed under the [TCI Act](#), the Chief Executive Officer (CEO) leads ARPC's senior executive team.



### **Dr Christopher Wallace | CEO**

BEd (Hons), PhD (Econ), Advanced Management Program (INSEAD), ANZIIF Fellow, CIP, GAICD

Chris Wallace is an insurance executive with experience in general insurance, workers compensation, health insurance, medical indemnity and reinsurance. He has worked extensively in insurance leadership roles within insurers and as a consultant to the insurance industry.

Chris has leadership experience in most aspects of the insurance sector including small, specialised and large insurers.

Chris is also a non-executive Director and Chair of MIPS Insurance Pty Ltd, a medical indemnity insurer. As head of ARPC, Chris is a Member of the OECD High Level Advisory Board for the Financial Management of Large-scale Catastrophes Risks.

Previous professional roles include General Manager Workers Compensation at GIO, Executive Director at EY and General Manager Benefits Management at HCF.

Chris is past President, and current Member, of the IFTRIP, where ARPC is a Member Organisation.

He has a Doctor of Philosophy in Economics, specialising in general insurance pricing and strategy. Chris is a Fellow of the ANZIIF, a Certified Insurance Professional (CIP) and a GAICD.



**Scott Unterrheiner | Chief Financial Officer (CFO)**

BCom (Accounting/Finance), GradDip CA

Scott Unterrheiner joined ARPC in November 2022. He spent over 10 years at Gen Re in various roles, including CFO and Chief Risk Officer for Asia Pacific, spanning both property and casualty and life reinsurance. Scott has a robust understanding of the Australian and international reinsurance sector and brings strong financial and actuarial leadership to ARPC. Previous roles in Scott's early career spanned chartered accountancy, financial control, and capital management in professional and financial services firms, in both Australia and the United Kingdom. He holds a Bachelor of Commerce in Accounting from Macquarie University and a Graduate Diploma in Chartered Accountancy from the Institute of Chartered Accountants.



**Michael Pennell PSM | Chief Underwriting Officer (CUO)**

BE, Advanced Management Program (Wharton), ANZIIF Fellow and CIP, GAICD

Michael Pennell has almost 30 years' industry experience, having held reinsurance management roles with Swiss Re and General Re prior to his role at ARPC. He started his career as a civil engineer.

Michael assists insurers and brokers to understand the terrorism pool and is responsible for negotiating and implementing ARPC's annual retrocession program. Michael also leads various projects that enable ARPC to develop and enhance its catastrophe modelling capabilities.

Michael is the Chair of the Reinsurance Faculty Advisory Board of ANZIIF and teaches reinsurance at the Institute's annual Reinsurance Study Course Seminar. He holds a Bachelor of Engineering from University of Technology, Sydney; has completed the Advanced Management Program at the University of Pennsylvania (Wharton School); is a Fellow and CIP with ANZIIF; and a GICD.

Michael was awarded the Public Service Medal (PSM) as part of the 2017 Australia Day Honours List for outstanding public service, after developing the terrorism pool.



**Victoria Simpson | Chief Operating Officer (COO)**

MSc, FIAA, GAICD

Victoria Simpson joined ARPC in January 2023 and has over 20 years' experience in financial services. She joined ARPC from her role as COO at Avant Law – a commercial law firm and subsidiary of Avant Mutual, Australia's largest medical defence organisation which provides indemnity insurance, business insurance and legal services to doctors.

Previously, Victoria was Head of Group Strategy and Portfolio Management Office at Avant Mutual.

Victoria's career also includes 14 years at AMP where she held several prominent roles, most recently as Head of Insurance Proposition. Before that she was Head of Strategic Marketing – Wealth and Insurance and Head of Group Insurance Product and Pricing Actuary.

Victoria began her career as an actuary at Canada Life in County Dublin, Ireland. She holds a Master of Science in Computer Science and Applications from Queen's University in Belfast. She is a Fellow of the Institute of Actuaries in Australia and the United Kingdom and a GAICD.



**Jason Flanagan | Chief Claims Officer (CCO)**

BCom (Accounting), GAICD

Jason Flanagan joined ARPC on 7 February 2022. His role covers both the terrorism and cyclone pools.

Jason has substantial experience across general insurance claims, transformation and customer functional areas within the insurance and financial services industries. His previous roles include Head of General Insurance Claims and Head of Customer Care and Regulatory Change at Westpac. He had an earlier role with BT Financial Group as Head of both Contact Centres and Customer Relations.

Jason has direct experience with natural disaster insurance claims management in northern Australia, gained through his role as Head of General Insurance Claims at Westpac. Jason was also on the ground during the Townsville floods in 2019, where he saw firsthand how such events impact local communities, and the important role general insurance plays.

Jason holds a Bachelor of Commerce (Accounting) from the University of New South Wales. He is a Chartered Accountant and a GAICD.



**Samantha Lawrence | Chief Governance Officer (CGO)**

BA (Hons), MBA

Samantha Lawrence joined ARPC on 1 March 2021 and has more than 15 years' experience in governance and Board secretary roles in the public sector, financial services, and insurance industries.

Prior to joining ARPC, Samantha was Chief of Staff at Insurance and Care NSW (icare). She was their Executive Sponsor for diversity and inclusion and previously General Manager, Inclusion and Diversity. Samantha was icare's Company Secretary from its inception until 2017.

Samantha's role at ARPC included accountability for the Board, compliance, and internal audit.

Samantha has Board secretary experience with a range of NSW Government organisations, including the former WorkCover NSW's Workers Compensation Insurance Fund; and Safety, Return to Work and Support.

Samantha has a Bachelor of Arts (Hons) in Archaeology and a MBA from the University of Southampton, United Kingdom. She has completed the AICD course.

Samantha departed ARPC in July 2024.



**Karin Rathbone | Chief Risk Officer (CRO)**

BA, LLB (Witwatersrand), Dip.Banking (Johannesburg)

Karin joined ARPC from Colonial First State (CFS), where she was Chief Risk Officer. She also held a number of senior risk leadership roles at CFS when it was part of the CBA.

Her early career includes being a Partner with KPMG, and a Director specialising in Governance, Risk, and Conduct at Deloitte.

Her corporate roles include risk leadership at BT Financial Group, Westpac, and CBA. Karin relocated to Australia in 2013 from South Africa. She holds Arts and Law degrees from the University of Witwatersrand and a Diploma in Advanced Banking from the University of Johannesburg.

Karin commenced at ARPC on 3 July 2024.

## Composition of ARPC's workforce

As at 30 June 2024, ARPC had 73 employees, an increase of 24 per cent from the previous reporting period. Employee numbers grew to meet the ongoing demands of administering the terrorism and cyclone pools. All employees are Sydney based – 68 full time and five part time. Forty-nine per cent are women, and the average age of employees is 42 years.

As at 30 June 2024, there were eight vacant positions, which is the balance of approved positions to administer both the terrorism and cyclone pools.

ARPC's recruitment processes and ongoing operational activities strive to create a diverse workplace providing equal opportunity employment. Employees work in person and remotely, with a 50/50 in-office presence within extended hours.

As at 30 June 2024, ARPC had one indigenous employee. This role demonstrates ARPC are continuing to work towards meeting the Australian Government's indigenous employment target of three per cent, set after the Forrest Review.

Figure 6.1 shows ARPC's workforce composition by organisational level (classification) and gender, as at 30 June 2024.

**Figure 6.1:** Number of permanent employees by organisational level (classification) and gender, as at 30 June 2024

	Man/Male			Woman/Female			Non-binary / Preferred not to answer / Used a different term			Combined Total
	Full time	Part time	Total	Full time	Part time	Total				
ARPC Level 2	-	-	-		-	-	-	-	-	-
ARPC Level 3	-	-	-		-	-	-	-	-	-
ARPC Level 4	1	-	1		-	-	-	-	-	1
ARPC Level 5	2	-	2	3	-	3	-	-	-	5
ARPC Level 6	7	-	7	8	1	9	-	-	-	16
EL <sup>1</sup>	11	2	13	13	2	15	-	-	-	28
EL <sup>1</sup> 2	10	-	10	7	-	7	-	-	-	17
SES <sup>2</sup>	4	-	4	2	-	2	-	-	-	6
<b>Total</b>	<b>35</b>	<b>2</b>	<b>37</b>	<b>33</b>	<b>3</b>	<b>36</b>	-	-	-	<b>73</b>

<sup>1</sup> Executive Level

<sup>2</sup> Senior Executive Service



## Performance framework

At the start of each financial year, employees establish their performance objectives in alignment with organisational strategic objectives. The performance framework places equal weighting on outcomes and behaviours:

- Achieving outcomes against role-based objectives
- Actions appropriate to ARPC's Capability Framework (based on the Australian Public Service Integrated Leadership System) and its values.

In the reporting period, ratings were reduced to a three-point rating scale (from a five-point scale). The change was made with the removal of a performance bonus option in ARPC's Enterprise Agreement and Senior Executive Employment Agreements in January 2023.

## Annual employee engagement survey

ARPC used ORIMA Research to measure employee engagement. Staff satisfaction was 81 and commitment and loyalty 80. Overall employee engagement was 79 – approximately 10 points higher than the APS average. ARPC also undertakes employee pulse surveys during the year.

## Key management personnel remuneration

Figure 6.2 shows this year's remuneration for key management (Board Members and senior executives). Members of the senior executive service (SES) received company super contributions, in line with the minimum Superannuation Guarantee Contribution (SGC).

**Figure 6.2:** Remuneration for key management personnel \*

Name	Position title	Base salary	Other benefits and allowances	Superannuation contributions	Long service leave	Termination benefits	Total remuneration
Schafer, Julie-Anne	Chair	\$29,567	\$ 9,807	\$ 3,254	-	-	\$ 42,628
Collins, Elaine	Member	\$14,793	\$ 6,738	\$ 1,629	-	-	\$ 23,160
Van der Schalk, Jan	Member	\$15,872	\$ 5,615	\$ 1,748	-	-	\$ 23,235
Horton, Evelyn	Member	\$14,793	\$ 7,817	\$ 1,629	-	-	\$ 24,239
Hurley, Eilis	Member	\$14,793	\$ 8,940	\$ 1,629	-	-	\$ 25,362
Raymond, Fran	Member	\$14,793	\$ 9,493	\$ 1,629	-	-	\$ 25,915
Shub, Oscar	Member	\$14,793	\$ 8,940	\$ 1,629	-	-	\$ 25,362
Nucifora, Greg	Member	\$14,565	\$ 6,738	\$ 1,602	-	-	\$ 22,905
Whithear, Rod	Member	\$14,565	\$ 7,861	\$ 1,602	-	-	\$ 24,028
Wallace, Christopher	CEO	\$466,411	\$ 212	\$ 53,147	\$22,422	-	\$ 542,192
Flanagan, Jason	CCO	\$339,907	\$ 53	\$ 38,272	\$8,785	-	\$ 387,017
Lawrence, Samantha	CGO	\$373,238	\$ 53	\$ 39,434	\$9,303	\$118,394	\$540,422
Pennell, Michael	CUO	\$339,166	\$ 53	\$ 35,956	\$16,687	-	\$391,862
Simpson, Victoria	COO	\$387,648	-	\$ 41,170	\$ 7,126	-	\$435,944
Unterrheiner, Scott	CFO	\$386,457	\$ 80	\$ 40,461	\$ 7,204	-	\$434,202
Matruglio, Peter	Interim CRO	\$65,104	-	\$ 17,933	-	\$102,236	\$185,273
Chong, James	Acting CRO	\$93,844	\$ 600	\$ 13,205	\$ 1,708	-	\$109,357
<b>Total</b>		<b>\$2,600,309</b>	<b>\$ 73,000</b>	<b>\$295,929</b>	<b>\$73,235</b>	<b>\$220,630</b>	<b>\$3,263,103</b>

### More information

Name	Position	Term
Nucifora, Greg	Member	07/07/2023 – 30/06/2024
Whithear, Rod	Member	07/07/2023 – 30/06/2024
Matruglio, Peter	Interim Chief Risk Officer	06/12/2023 – 19/02/2024
Chong, James	Acting Chief Risk Officer	20/02/2024 – 30/06/2024

## Non-executive employees

ARPC's Enterprise Agreement 2024-27 (the Agreement) came into effect on 2 April 2024. It sets out terms and conditions for non-executive employees. Non-executive employees receive a 15.4 per cent super contribution on top of their base salary.

**Figure 6.3:** Remuneration for other highly paid non-executive employees

Total remuneration bands	Number of other highly paid staff	Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration
\$250,000-\$270,000	1	\$ 224,854	-	-	\$33,730	\$6,127	-	-	\$264,711
\$270,001-\$295,000	2	\$ 240,901	-	\$ 710	\$34,739	\$7,470	-	-	\$283,820
\$295,001-\$320,000	2	\$ 258,181	-	-	\$37,731	\$6,809	-	-	\$302,721
\$320,001-\$345,000	1	\$ 294,680	-	\$ 680	\$42,633	\$6,716	-	-	\$344,709

## A learning and development organisation

ARPC is committed to providing all employees with technical and professional development to expand their capability and knowledge. This is offered via a blend of on-the-job learning, exposure and experience, and formal learning. This year, employees attended programs including:

- ACSC Ransomware exercise (JCSC Sydney)
- Security & Risk Management Summit (Gartner)
- CIO Summit (Gartner)
- Global InsurTech Summit (FinTech Global)
- RISC Reinsurance International Study Course – ANZIIF
- Writing for the Board – externally facilitated in-house training
- Australian Institute of Management Government Writing for Impact
- ANZIIF Diversity and Inclusion seminar
- Women in Public Sector Leadership summit
- ANZIIF Understanding Reinsurance self-paced study unit
- National Institute of Dramatic Art (NIDA) Public Speaking Training: NIDA Presenting with Confidence
- PRINCE 2 certification
- ANZIIF General Insurance Essentials self-paced online unit of study
- Prosci Change Management Training and Certification
- Fundamentals of Insurance and Reinsurance – externally facilitated in-house training
- Introduction to weather course: Bureau of Meteorology
- Tropical Cyclone awareness: Early Warning Network.

## Study assistance

Ongoing employees enrolled in education that supports ARPC's core business can access the study assistance program, which includes financial assistance and paid study days. This year assistance was provided for:

- Practising Certificate, Australian Human Resources Institute
- Graduate Diploma, Organisational Coaching and Leadership
- Bachelor of Social Research and Policy
- Graduate Diploma of Applied Corporate Governance and Risk Management
- Diploma in Law
- Bachelor of Cyber Security/  
Bachelor of Laws
- Bachelor of Business
- Bachelor of Business/Bachelor of Laws.

## Safety and Wellbeing

Every week, work, health, and safety (WHS) incidents and identified hazards are provided to the SES. The Board also receives regular reports. Comcare was notified of one reportable incident in 2023-24.

ARPC appoints, and formally trains, first aid representatives and emergency wardens. It also does the following to provide a safe working environment:

- uses strong, protective physical security, including air locks, alarms, and access controls
- ergonomic assessments and training
- takes appropriate precautions for preventing slips, trips and falls
- inspects and tags electronic devices
- inspects and tests fire mitigation systems and equipment
- hazard awareness training and promotion of a safety conscious culture
- an annual office inspection by employee representatives
- annual harassment, bullying and discrimination training
- emergency warden training and participation in building evacuation exercises.

## Wellbeing Committee

An employee-led Wellbeing Committee coordinates quarterly activities to support physical, emotional, and mental wellbeing. With ARPC's expanded remit, the Wellbeing Committee focused on supporting employees to build internal relationships and helped foster a sense of belonging.

## Reconciliation Action Plan (RAP)

ARPC developed its Reflect RAP, following guidance from Reconciliation Australia. The focus of a Reflect RAP is to scope and develop relationships with Aboriginal and Torres Strait Islander stakeholders, decide on ARPC's vision for reconciliation and explore our sphere of influence. ARPC's RAP working group consists of First Nations and non-First Nations employees and is sponsored by a senior executive. The working group developed acknowledgement of country protocols for ARPC and coordinated Reconciliation Week and NAIDOC Day events.

## Lifestyle payment

Through the Agreement, non-executive employees can access an annual payment towards positive lifestyle expenses.





Brisbane City



# 7 Financial Statements







Townsville home damaged by Cyclone Kirrily

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## Certification

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### Primary financial statement

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  - Statement of Financial Position
  - Statement of Changes in Equity
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## INDEPENDENT AUDITOR'S REPORT

### To the Assistant Treasurer and Minister for Financial Services

#### Opinion

In my opinion, the financial statements of the Australian Reinsurance Pool Corporation (the Entity) for the year ended 30 June 2024:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2024 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2024 and for the year then ended:

- Statement by the Accountable Authority, Chief Executive and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising material accounting policy information and other explanatory information.

#### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and their delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Board is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the rules made under the Act. The Board is also responsible for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

### **Auditor's responsibilities for the audit of the financial statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Mark Vial  
Executive Director

Delegate of the Auditor-General

Canberra

19 September 2024



Perth City

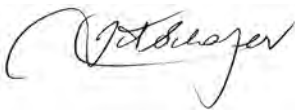
## Statement by the Accountable Authority, Chief Executive and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2024 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Reinsurance Pool Corporation will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Members.

Signed for and on behalf of and in accordance with a resolution of the Members.



Ms Julie-Anne Schafer  
Chair

19 September 2024



Dr Christopher Wallace  
Chief Executive

19 September 2024



Mr Scott Unterrheiner  
Chief Financial Officer

19 September 2024

## Statement of Comprehensive income

for the period ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Premium revenue	1.1A	973,747	394,303
Outwards retrocession premium expense	1.1A	(65,733)	(65,643)
Commonwealth guarantee fee	1.1A	(55,000)	(55,000)
<b>Net premium revenue</b>		<b>853,014</b>	273,660
Claims expense	1.2A	(154,941)	(110)
Outwards retrocession premium expense	1.2A	-	-
<b>Net claims expense</b>		<b>(154,941)</b>	(110)
Management expenses	1.2B	(28,500)	(24,694)
Movement in deferred acquisition costs	2.1D (iii)	(20)	1,947
<b>Underwriting result</b>		<b>669,553</b>	250,803
Investment income	1.2B	75,743	29,791
Finance costs	1.2F	(242)	(6)
<b>Operating result before capital fee</b>		<b>745,054</b>	280,588
Capital holding fee		(35,000)	(35,000)
<b>Underwriting result</b>		<b>710,054</b>	245,588

The above statement should be read in conjunction with the accompanying notes.

## Statement of Financial Position

as at 30 June 2024

	Notes	2024 \$'000	2023 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2.1A	21,202	5,598
Trade and other receivables	2.1B	268,434	188,186
Investments	2.1C	1,930,551	1,030,100
Deferred insurance assets	2.1D	35,858	35,968
<b>Total financial assets</b>		<b>2,256,045</b>	1,259,852
<b>Non Financial assets</b>			
Leased premises	2.2A	9,733	422
Plant and equipment	2.2A	649	234
Intangibles	2.2A	44	89
Other non-financial assets	2.2B	1,316	311
<b>Total non-financial assets</b>		<b>11,742</b>	1,056
<b>Total assets</b>		<b>2,267,787</b>	1,260,908
<b>LIABILITIES</b>			
<b>Insurance liabilities</b>			
Unearned premium liability	2.3A	419,979	270,500
Gross outstanding claims	2.3B	138,576	99
<b>Total insurance liabilities</b>		<b>558,555</b>	270,599
<b>Payables</b>			
Suppliers	2.4A	34,497	34,444
Other payables	2.4B	513	298
<b>Total payables</b>		<b>35,010</b>	34,742
<b>Provisions</b>			
Employee provisions	3.1A	1,836	1,076
Other provisions	2.5A	448	914
<b>Total provisions</b>		<b>2,284</b>	1,990
<b>Interest bearing liabilities</b>			
Leases	2.6A	8,650	343
<b>Total interest bearing liabilities</b>		<b>8,650</b>	343
<b>Total liabilities</b>		<b>604,499</b>	307,674
<b>Net assets</b>		<b>1,663,288</b>	953,234
<b>EQUITY</b>			
Accumulated reserves		-	-
Asset revaluation reserve		60	60
Claims handling reserve		91,012	67,200
Reserve for claims		1,572,216	885,974
<b>Total equity</b>		<b>1,663,288</b>	953,234

The above statement should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

for the period ended 30 June 2024

	Accumulated reserves		Asset revaluation reserve		Claims handling reserve		Reserve for claims		Total equity	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Opening balance at 1 July	-	-	60	60	67,200	39,064	885,974	668,522	953,234	707,646
<b>Income and expenses</b>										
Net operating result	710,054	245,588	-	-	-	-	-	-	710,054	245,588
<b>Total income and expenses</b>	<b>710,054</b>	<b>245,588</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>710,054</b>	<b>245,588</b>
Asset revaluation reserve	-	-	-	-	-	-	-	-	-	-
<b>Transfers between equity components</b>										
Transfer to reserves	(710,054)	(245,588)	-	-	23,812	28,136	686,242	217,452	-	-
<b>Transactions with owners</b>										
Distributions to owners	-	-	-	-	-	-	-	-	-	-
<b>Closing balance at 30 June</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>60</b>	<b>91,012</b>	<b>67,200</b>	<b>1,572,216</b>	<b>885,974</b>	<b>1,663,288</b>	<b>953,234</b>

The above statement should be read in conjunction with the accompanying notes.

## Accounting Policy

### *Transactions with Government as owners*

Pursuant to section 38(3)(a) of the *Terrorism and Cyclone Insurance Act 2003* (TCI Act), the Minister may give written direction to require ARPC to make payments to the Commonwealth designed to ensure that sections 35 and 36 do not result in a competitive advantage for ARPC. Pursuant to section 38(3)(b) of the TCI Act, the Minister may give written direction to require ARPC to make payments to the Commonwealth in the nature of dividends. A direction was given by the Minister on 21 March 2024, to pay to the Commonwealth a sum of \$90 million in the nature of a combined fee (\$55 million Commonwealth guarantee fee and \$35 million capital holding fee) (s.38(3)(a)). ARPC made these payments to the Commonwealth during 2024 totalling \$90 million (2023: \$90 million).

### Reserves

The intention of the Government in establishing ARPC was that premiums would be used to accumulate reserves for future claims. The reserve for claims has been created to enable ARPC to build up the required pool.

## Cash Flow Statement

for the period ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Premiums		1,143,963	451,736
Interest		72,742	17,863
<b>Total cash received</b>		<b>1,216,705</b>	469,599
<b>Cash used</b>			
Retrocession payments		67,326	67,265
Claim payments		16,464	12
Employees		13,335	9,640
Suppliers		14,010	13,138
Government		91,192	90,836
Net GST paid		95,582	28,598
Interest payments on lease liabilities		229	4
<b>Total cash used</b>		<b>298,138</b>	209,493
<b>Net cash from/(used by) operating activities</b>		<b>918,567</b>	260,106
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from maturities of term deposits		2,105,100	1,189,200
<b>Total cash received</b>		<b>2,105,100</b>	1,189,200
<b>Cash used</b>			
Placement of term deposits		3,005,551	1,445,100
Purchase of property, plant and equipment		1,761	189
<b>Total cash used</b>		<b>3,007,312</b>	1,445,289
<b>Net cash from/(used by) investing activities</b>		<b>(902,212)</b>	(256,089)
<b>FINANCING ACTIVITIES</b>			
<b>Cash used</b>			
Principal payments of lease liabilities		751	922
<b>Total cash used</b>		<b>751</b>	922
<b>Net cash used by financing activities</b>		<b>(751)</b>	(922)
<b>Net increase in cash held</b>		<b>15,604</b>	3,095
Cash and cash equivalents at the beginning of the reporting period		5,598	2,503
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period			
<b>Cash and cash equivalents at the end of the reporting period</b>	2.1A	<b>21,202</b>	5,598

The above statement should be read in conjunction with the accompanying notes.





Sydney City

## Overview

### Objectives of Australian Reinsurance Pool Corporation

Australian Reinsurance Pool Corporation (ARPC) is a Commonwealth corporate entity established under the Terrorism and Cyclone Insurance Act 2003 (TCI Act). It is wholly owned by the Commonwealth of Australia (Commonwealth). ARPC's vision is to be an effective provider of terrorism and cyclone risk reinsurance that facilitates private participation, supports national resilience and reduces losses arising from catastrophic events caused by terrorism and cyclones.

ARPC provides reinsurance for commercial property and associated business interruption losses arising from a Declared Terrorism Incident (DTI). The TCI Act renders terrorism exclusion clauses in eligible insurance contracts ineffective to the extent that the loss or liability is an eligible terrorism loss arising from a DTI.

ARPC also operate a reinsurance pool for cyclones and cyclone related flood damage under the TCI Act. The cyclone pool opened to insurers on 1 July 2022. The cyclone pool is designed to reduce insurance premiums for homes (including strata) and small businesses with high risk of damage arising from a Declared Cyclone Event (DCE), which is a significant cost component of premiums for these policies.

The ARPC Board is the accountable authority for the purposes of the Public Governance, Performance and Accountability Act 2013 (PGPA Act). ARPC has the power to do all things necessary in connection with the performance of its functions. The continued existence of ARPC in its present form and with present scope is dependent upon Government policy.

### The basis of preparation

The financial statements are general purpose financial statements and are required by section 42 of the PGPA Act 2013. The financial statements have been prepared in accordance with:

- a. *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b. the Australian Accounting Standards and Interpretations – including Simplified disclosures for Tier 2 entities under AASB1060, issued by the Australian Accounting Standards Board that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value, and claims reserves measured per requirements of *AASB 1023 General Insurance Contracts*. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise stated.

The financial statements have been prepared on the basis that ARPC is a going concern.

## New accounting standards

Consistent with Government policy, no accounting standard has been adopted earlier than the application date as stated in the standard. All new, revised, amending and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have an impact on the entity's financial statements.

### Standards not yet effective

#### **AASB 17 – Insurance contracts**

AASB 17 Insurance Contracts will replace AASB 4 Insurance Contracts, which currently permits a wide variety of insurance accounting practices.

In July 2020, AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts deferred the AASB 17 effective date to 1 January 2023. In December 2022, AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments further deferred the mandatory application date of AASB 17 for public sector entities to annual periods beginning on or after 1 July 2026.

AASB 17 impacts on the measurement and disclosure requirements for all insurers. AASB 17 is not expected to have significant measurement impacts for ARPC, as under the amendments noted above, ARPC will be eligible to apply the premium allocation approach (PAA) which is similar to the measurement model for general insurance entities under AASB 1023.

ARPC will continue to apply AASB 4 and AASB 1023 General Insurance Contracts to annual periods beginning on or after 1 January 2023 but before 1 July 2026.

#### **AASB 18 – Presentation and Disclosure in Financial Statements**

AASB 18 will replace AASB 101 Presentation of Financial Statements. As a result, the requirements in AASB 101 will be:

- a. replaced by new requirements in AASB 18;
- b. transferred to AASB 18 with only limited wording changes, or
- c. moved to AASB 108 Basis of Preparation of Financial Statements<sup>1</sup> or AASB 7 Financial Instruments: Disclosures with only limited wording changes.

AASB 18 has also introduced changes to AASB 107 Statement of Cash Flows, AASB 133 Earnings per Share and AASB 134 Interim Financial Reporting.

AASB 18 applies to annual reporting periods beginning on or after 1 January 2027.

## Taxation

ARPC is exempt from income tax by virtue of section 36 of the TCI Act. ARPC is subject to Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses, and assets are recognised net of the amount of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), or
- for receivables and payables.

## Insurance

ARPC has insured its operating risks with a number of leading insurers, with coverage including Directors and Officers Liability, Public and Products Liability, Group Journey Injury Insurance, Corporate Travel Insurance, Cyber Liability Insurance and Business Package Insurance. Workers Compensation is insured through Comcare Australia.

### Assets backing general insurance liabilities

With the exception of property, plant and equipment and intangibles, ARPC has determined that all assets are held to back general insurance liabilities.

### Events after the reporting period

ARPC is not aware of any significant events that have occurred since reporting date which warrant disclosure in these financial statements.

# 1 Financial performance

This section analyses the financial performance of ARPC for the financial year ended 30 June 2024.

## 1.1 Revenue

1.1A: Net premium revenue	2024 \$'000	2023 \$'000
Gross written premium	1,123,226	524,142
Movement in unearned premium reserve	(149,479)	(129,839)
<b>Total premium revenue</b>	<b>973,747</b>	394,303
Outwards retrocession premium expense	(65,733)	(65,643)
Commonwealth guarantee fee	(55,000)	(55,000)
<b>Net premium revenue</b>	<b>853,014</b>	273,660

## Accounting policy

### 1. Terrorism pool

#### Premium revenue

Premium revenue comprises amounts charged to insurers, excluding taxes collected on behalf of third parties. The earned portion of premiums received and receivable, including accrued premium, is recognised as revenue in the Statement of Comprehensive Income. Premiums are recognised as earned based on time from the date of attachment of risk. The proportion premium received, or receivable but not earned at the reporting date is recognised in the Statement of Financial Position as unearned premium.

The unearned premiums are released to the Statement of Comprehensive Income using the one eighth method, a fractional method of calculation of the balance. This method is driven by the assumption that the risk attached to the revenue ceded expires evenly over each quarter of the financial year.

Premiums are received quarterly in arrears from insurers. Premiums not yet received at the reporting date are recognised as premium receivable in the Statement of Financial Position. Premium receivable is brought to account by estimating the premium due but not yet received based on historical experience with due allowance made for any changes in the pattern of new business and renewals.

#### Retrocession premium expense

Amounts paid to retrocessionaires are recorded as an outwards retrocession premium expense and are recognised in the Statement of Comprehensive Income from the attachment date over the contract indemnity period. This is in accordance with the expected pattern of the incidence of risk ceded.

### Commonwealth guarantee fee

Pursuant to section 38(3)(a) of the TCI Act, the Minister may give written direction to require ARPC to make payments to the Commonwealth designed to ensure that sections 35 and 36 do not result in a competitive advantage for ARPC. A direction was given by the Minister on 21 March 2024, to pay to the Commonwealth a sum of \$55 million in the nature of a Commonwealth guarantee fee for the Terrorism Pool. The guarantee is an unlimited solvency guarantee, but the reduction percentage mechanism is designed to limit the guarantee to \$10 billion.

## 2. Cyclone pool

### Premium revenue

Premium revenue is accounted for based on insurer returns received which are submitted a quarter in arrears. For periods where insurer returns are not yet received, ARPC estimates premium using provisional insurer data.

Premiums are released to the Statement of Comprehensive Income based on the pattern of risk transfer assumed from the cedant to the reinsurer (ARPC). For the Cyclone Reinsurance Pool, the seasonal nature of cyclone risk means the earnings are more substantial through the November to April periods. To find the correct earning patterns, commensurate with risk transfer, ARPC reviewed historical frequency and severity of cyclone events and mirrored a monthly earning pattern.

### Retrocession premium expense

ARPC does not have retrocession cover for the cyclone pool with claims to be funded via premium receipts. In the event that funds received do not cover the cost of claims, ARPC will use funds received from the terrorism pool and look to cover any further shortfall by calling on the government guarantee.

1.1B: Investment income	2024 \$'000	2023 \$'000
Cash at bank	11,615	2,218
Term deposits	64,128	27,573
<b>Total investment income</b>	<b>75,743</b>	29,791

### Accounting policy

Interest revenue is recognised using the effective interest method.



## 1.2 Expenses

1.2A: Net claims expense	2024 \$'000	2023 \$'000
Gross claims paid	16,464	11
Movement in net discounted central estimate	112,620	68
Movement in claims handling expenses	418	-
Movement in risk margin	25,439	31
<b>Total claims expense</b>	<b>154,941</b>	110
Retrocession and other recoveries revenue	-	-
Recoveries revenue from Commonwealth guarantee	-	-
<b>Net claims expense</b>	<b>154,941</b>	110

### Accounting policy

Net claims expense is the difference between the net outstanding claims liability is described in Note 2.3) at the beginning and the end of the financial year plus any claims payments made net of reinsurance and other recoveries received during the financial year.

There were five cyclone events declared for the purpose of the *Terrorism and Cyclone Insurance Act 2003* during the reporting period. \$16.5 million in claims were paid and \$138.6 million outstanding claims liability were taken up as at 30 June 2024 (as described in Note 2.3).

There were no declared terrorist incidents during the reporting period.

1.2B: Management expenses	Notes	2024 \$'000	2023 \$'000
Employee benefits	1.2C	14,310	10,076
Suppliers	1.2D	12,860	13,341
Depreciation and amortisation	1.2E	1,402	1,183
(Reversal of impairment)/impairment loss on financial instruments		(73)	94
Losses from asset sales		1	-
<b>Total management expenses</b>		<b>28,500</b>	24,694

1.2C: Employee benefits	2024 \$'000	2023 \$'000
Wages and salaries	11,094	7,867
Superannuation:		
Defined contribution plans	1,716	1,153
Defined benefit plans	6	4
Leave and other entitlements	1,266	888
Separation and redundancies	228	164
<b>Total employee benefits</b>	<b>14,310</b>	10,076

### Accounting policy

Accounting policies for employee related expenses are contained in the People and Relationships section.



1.2D: Suppliers	2024 \$'000	2023 \$'000
<b>Goods and services supplied or rendered</b>		
Consultants	5,231	8,442
Reinsurance broker services	450	338
External audit service	160	115
Internal audit fee	286	129
Fee for services	1,345	158
Information and Communication Technology Services (ICT Services)	2,856	1,750
Shared services	92	83
Legal fees	189	343
Staff development and training	413	265
Travel	352	356
Other	1,404	1,339
<b>Total goods and services supplied or rendered</b>	<b>12,778</b>	13,318
Goods supplied	369	163
Services rendered	12,409	13,155
<b>Total goods and services supplied or rendered</b>	<b>12,778</b>	13,318
<b>Other supplier expenses</b>		
Workers compensation insurance	55	23
Low value leases	27	-
<b>Total other supplier expenses</b>	<b>82</b>	23
<b>Total supplier expenses</b>	<b>12,860</b>	13,341

ARPC has low value lease commitment of \$272,238 (2023: \$16,721) as at 30 June 2024.

### Accounting policy

The Entity has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000 per asset). The entity recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

<b>1.2E: Depreciation and amortisation</b>	<b>2024 \$'000</b>	2023 \$'000
<b>Depreciation</b>		
Leasehold improvements	<b>146</b>	182
Property, plant and equipment	<b>153</b>	159
<b>Total depreciation</b>	<b>299</b>	341
<b>Amortisation</b>		
Intangibles – computer software	<b>45</b>	43
Right-of-use asset – office lease	<b>1,051</b>	799
Right-of-use asset – equipment lease	<b>7</b>	-
<b>Total amortisation</b>	<b>1,103</b>	842
<b>Total depreciation and amortisation</b>	<b>1,402</b>	1,183

### Accounting policy

Accounting policies for depreciation and amortisation are contained in the non-financial assets section.

<b>1.2F: Finance costs</b>	<b>2024 \$'000</b>	2023 \$'000
Bank charges	<b>3</b>	2
Interest on lease liabilities	<b>229</b>	4
Unwinding of discount	<b>10</b>	-
<b>Total finance costs</b>	<b>242</b>	6

### Accounting policy

All finance charges are expensed as incurred.

## 2 Financial position

This section analyses ARPC's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

### 2.1 Financial Assets

2.1A: Cash and cash equivalents	2024 \$'000	2023 \$'000
Cash on hand or on deposit	21,202	5,598
<b>Total cash and cash equivalents</b>	<b>21,202</b>	5,598

#### Accounting policy

Cash and cash equivalents include notes and coins held and any deposits in bank accounts with an original maturity of three months or less and subject to insignificant risk of valuation changes. Cash is recognised at the nominal amount.

2.1B: Trade and other receivables	2024 \$'000	2023 \$'000
Premium receivable	251,205	174,036
Interest receivable	17,102	14,101
GST receivable from the Australian Taxation Office	148	143
<b>Total trade and other receivables (gross)</b>	<b>268,455</b>	188,280
Less expected credit loss allowance	(21)	(94)
<b>Total trade and other receivables (net)</b>	<b>268,434</b>	188,186

Credit terms are net 30 days (2023: 30 days). Trade debtors are non-interest bearing.

#### Interest receivable

Effective interest rates on cash and term deposits range from 4.05% to 5.52% (2023: 0.25% to 5.52%) and the frequency of payment is monthly for cash accounts and on maturity for term deposits.

#### Accounting policy

Amounts due from policyholders and intermediaries are initially recognised at fair value, being the amounts due. They are subsequently measured at fair value, which is approximated by taking the initially recognised amount and reducing it for impairment, as appropriate.

For premium receivable, a provision for impairment is established when there is objective evidence that ARPC will not be able to collect all amounts due according to the original terms of the receivables. The remainder of ARPC's receivables are assessed for impairment based on expected credit losses. Any increase or decrease in the provision for impairment is recognised in the Statement of Comprehensive Income.

2.1C: Investments	2024 \$'000	2023 \$'000
Fixed interest term deposits	1,930,551	1,030,100
<b>Total investments</b>	<b>1,930,551</b>	<b>1,030,100</b>

Term deposits at balance date are held with Authorised Deposit-Taking Institutions regulated by the Australian Prudential Regulation Authority (APRA). These deposits earned an effective rate of interest of 4.33% over the year (2023: 3.06%). Interest is payable on maturity for all term deposits. Terms are between 91 and 366 days (2023: 91 and 365 days).

### Accounting policy

Fixed interest deposits are carried at the face value of the amounts deposited, which reflects the fair value. The interest due on maturity is accrued as a receivable.

2.1D: Deferred insurance assets	Notes	2024 \$'000	2023 \$'000
<b>(i) Deferred insurance assets</b>			
Deferred retrocession premium	2.1D(ii)	33,001	33,091
Deferred acquisition costs	2.1D(iii)	2,857	2,877
<b>Total deferred insurance assets</b>		<b>35,858</b>	<b>35,968</b>
<b>(ii) Deferred retrocession premium</b>			
Deferred retrocession premium as at 1 July		33,091	33,065
Retrocession premium deferred		33,001	33,091
Amortisation charged to expense		(33,091)	(33,065)
<b>Deferred retrocession premium as at 30 June</b>		<b>33,001</b>	<b>33,091</b>
<b>(iii) Deferred acquisition costs</b>			
Deferred acquisition costs as at 1 July		2,877	930
Capitalised acquisition costs		5,668	7,675
Amortisation charged to expense		(5,688)	(4,168)
Write-down of deferred acquisition costs		-	(1,560)
<b>Deferred acquisition costs as at 30 June</b>		<b>2,857</b>	<b>2,877</b>
Deferred acquisition costs at the beginning of the reporting period		2,877	930
Deferred acquisition costs at the end of the reporting period		2,857	2,877
<b>Movement in deferred acquisition costs</b>		<b>(20)</b>	<b>1,947</b>

## Accounting policy

### Deferred acquisition costs

Acquisition costs are incurred in obtaining and recording policies of insurance. They include legal, advertising, risk assessment and other administrative costs.

A portion of acquisition costs relating to unearned premium revenue is deferred in recognition in that it represents future benefits to ARPC, where they can be reliably measured and where it is probable that they will give rise to premium revenue that will be recognised in the Statement of Comprehensive Income in subsequent reporting periods. Deferred acquisition costs are measured at the lower of cost and recoverable amount. These costs are amortised on the same basis as the earning pattern of the corresponding premium revenue.

### Deferred retrocession premium

Deferred retrocession premiums are recognised as part of deferred insurance assets. The amortisation of deferred retrocession premiums is in accordance with the pattern of retrocession benefit received. The amount deferred represents the future economic benefit to be received from the retrocession contracts.

## 2.2 Non-Financial Assets

2.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles  
Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2024.

	Leased premises \$'000	Plant and equipment \$'000	Intangibles – computer software purchased \$'000	Total \$'000
<b>As at 1 July 2023</b>				
Gross book value	3,464	630	2,361	6,455
Accumulated depreciation, amortisation and impairment	(3,042)	(396)	(2,272)	(5,710)
<b>Total as at 1 July 2023</b>	<b>422</b>	<b>234</b>	<b>89</b>	<b>745</b>
<b>Additions</b>				
Purchase	1,055	542	-	1,597
Right-of-use assets	9,087	34	-	9,121
Depreciation and amortisation expense	(146)	(153)	(45)	(344)
Amortisation on right-of-use assets	(1,051)	(7)	-	(1,058)
Other movements	428	-	-	428
Other movements of right-to-use assets	(62)	-	-	(62)
<b>Disposals</b>				
Asset disposal	(3,418)	(73)	-	(3,491)
Accumulated depreciation on asset disposal	3,418	72	-	3,490
<b>Total as at 30 June 2024</b>	<b>9,733</b>	<b>649</b>	<b>44</b>	<b>10,426</b>

	Leased premises \$'000	Plant and equipment \$'000	Intangibles – computer software purchased \$'000	Total \$'000
<b>Total as at 30 June 2024</b>				
Gross book value	10,554	1,133	2,361	14,048
Accumulated depreciation, amortisation and impairment	(821)	(484)	(2,317)	(3,622)
<b>Total as at 30 June 2024</b>	<b>9,733</b>	<b>649</b>	<b>44</b>	<b>10,426</b>
<b>Carrying amount of right-of-use assets included in the total above</b>	<b>8,321</b>	<b>27</b>	<b>-</b>	<b>8,348</b>

No indicators of impairment were found for property, plant and equipment and intangibles (2023: Nil). At the time of preparing the prior year financial statements, there were no plans to dispose any material assets within the next 12 months.



## Accounting policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Assets acquired at no cost or for nominal consideration are initially recognised as assets and income at their fair value at the date of acquisition.

### Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is also relevant to make good provisions in property leases taken up by ARPC where there exists an obligation to restore the property back to its original condition. These costs are included in the value of ARPC's leasehold improvements with a corresponding provision for the make good recognised.

### Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright but included in the same column as where the corresponding underlying assets would be presented if they were owned.

An impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Leased ROU assets continue to be measured at cost after initial recognition.

### Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to ARPC using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2024	2023
Leasehold improvements	Lease term	Lease term
Plant and equipment	3 to 8 years from purchase date	3 to 8 years from purchase date

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

## Impairment

All assets were assessed for impairment at 30 June 2024. Where indications of impairment exist, the asset's recoverable amount is estimated, and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset.

## Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

## Intangibles

Software development expenditure that meets the criteria as an intangible asset is capitalised in the Statement of Financial Position and amortised over its expected useful life, subject to impairment testing. Costs incurred in researching and evaluating a project up to the point of formal project commitment are treated as research costs and are expensed as incurred.

ARPC's intangibles comprise purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of ARPC's software assets are 4 to 5 years (2023: 4 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2024.

2.2B: Other non-financial assets	2024 \$'000	2023 \$'000
Prepayments	1,316	311
<b>Total other non-financial assets</b>	<b>1,316</b>	311

## 2.3 Insurance Liabilities

2.3A: Unearned premium liability	Notes	2024 \$'000	2023 \$'000
Unearned premium liability	2.3A(i)	419,979	270,500
<b>Total unearned premium liability</b>		<b>419,979</b>	270,500
(i) Unearned premium liability as at 1 July		270,500	140,661
Deferral of premiums on contracts written in the reporting period		419,979	270,500
Earning of premiums written in the previous reporting periods		(270,500)	(140,661)
<b>Unearned premium liability as at 30 June</b>		<b>419,979</b>	270,500
2.3B: Gross outstanding claims		2024 \$'000	2023 \$'000
Gross outstanding claims		138,576	99
<b>Total gross outstanding claims</b>	2.3B(i)	<b>138,576</b>	99
Gross discounted central estimate		113,809	68
Risk margin		24,767	31
Gross outstanding claims		138,576	99
Reinsurance and other recoveries on outstanding claims		-	-
<b>Net outstanding claims</b>		<b>138,576</b>	99
(i) Reconciliation of movement in net discounted outstanding claims liability			
Outstanding claims liability as at 1 July		99	-
Increase in gross central estimate- excluding claims handling expenses		133,021	82
Movement in claims handling expenses		418	-
Movement in risk margin		25,439	31
Movement in discounting		(3,937)	(3)
Claims paid, net of reinsurance and other recoveries		(16,464)	(11)
<b>Outstanding claims liability as at 30 June</b>		<b>138,576</b>	99

## Accounting policy

### Gross discounted central estimate of outstanding claims

The gross discounted central estimate is the present value of the expected future payments for claims incurred prior to the reporting date and includes estimated claims handling costs.

Expected future payments for claims incurred on the cyclone pool are based on loss modelling of declared cyclone events and actuarial development of reported claims. Claims handling costs for the cyclone pool are based on internal estimates of cost required to managing claims to runoff for ARPC.

The gross discounted central estimate of outstanding claims on the terrorism pool is nil based on the absence of declared terrorism events prior to the balance date.

### Incurred claims

Expected future payments for claims incurred on the cyclone pool are based on loss modelling of declared cyclone incidents and actuarial development of reported claims. Actuarial development factors are set based on industry benchmarks and applied to claims incurred to date.

### Reinsurance and other recoveries on outstanding claims

There is currently neither reinsurance nor any other recoveries on ARPC's outstanding claims for the cyclone pool. Reinsurance recoveries are also nil on the terrorism pool in the absence of any gross claims.

### Risk margin

AASB 1023 General Insurance Contracts requires an entity to adopt a risk margin on outstanding claims liability that relates to the inherent uncertainty in the central estimate. Whilst having discretion on the level of sufficiency, ARPC has elected to include a risk margin on outstanding claims liability at 75% probability of sufficiency (PoS) for comparability with the PoS used by private insurers for regulatory purposes. The risk margin on outstanding claims liability is calculated based on the distribution of simulated losses (from catastrophe risk models) for each declared cyclone event (DCE).

### Discount rate used to determine the outstanding claims liability

AASB 1023 General Insurance Contracts requires that the net central estimate is discounted to reflect the time value of money using risk-free rates. These rates are derived from market yields on government securities.

### Claims development table

Claims often take more than a year to settle from the date the original loss occurred, particularly for losses arising from larger cyclones or terrorism events. The following table shows the development of the net undiscounted ultimate claims estimate for the current and previous financial year since the cyclone pool commenced and a reconciliation to the net discounted outstanding claims liability. The table informs the user how ARPC's estimates of claims liabilities have evolved over time.

	2023 \$'000	2024 \$'000	Total \$'000
<b>Net ultimate claim payments</b>			
Development			
At end of year	82	133,046	
At end of event year	58	-	
<b>Current estimate of net ultimate claim payments</b>	58	133,046	<b>133,104</b>
Less: Cumulative payments made	58	16,418	<b>16,476</b>
<b>Net discounted outstanding claims liability to date</b>	-	116,628	<b>116,628</b>
Discount to present value	-	( 3,940)	<b>( 3,940)</b>
<b>Net discounted outstanding claims liability</b>	-	112,688	<b>112,688</b>
Claims handling expenses			<b>418</b>
Risk margin			<b>25,470</b>
<b>Net outstanding claims liability</b>			<b>138,576</b>

### Liability adequacy test

AASB 1023 General Insurance Contracts requires the application of a liability adequacy test (LAT) upon unearned premiums. Where this test indicates that ARPC's unearned premiums are insufficient to cover the premium liability, being the valuation of future cash flows relating to claims under the policies associated with those premiums, the difference is recognised in the Statement of Comprehensive Income as an Unexpired Risk Liability. This test is performed at a portfolio of contracts level using contracts that are subject to broadly similar risks and managed together as a single portfolio, which means that the test is performed separately for the terrorism pool and the cyclone pool. Results of the LAT are shown in the table below.

	Cyclone Pool (\$'000)	Terrorism Pool (\$'000)	Total \$'000
Premium liability (central estimate valuation of future cash flows)	211,992	45,584	<b>257,576</b>
Risk margin on premium liability	7,491	9,117	<b>16,608</b>
Premium liability inclusive of risk margin	219,483	54,701	<b>274,184</b>
Unearned premium	223,516	196,462	<b>419,978</b>
Less: Deferred retrocession costs	0	33,001	<b>33,001</b>
Net unearned premium	223,516	163,461	<b>386,977</b>
Less: Deferred acquisition costs (net of write-down)	1,551	1,306	<b>2,857</b>
Premium deficiency (unearned premium less deferred acquisition costs less premium liability inclusive of risk margin)	-	-	-
Unexpired risk liability	-	-	-

For purposes of the LAT, the premium liability (central estimate valuation of future cash flows) is calculated as the unearned premium multiplied by a loss ratio. The loss ratio assumptions for the cyclone pool are based on pricing loss ratios at the class of business level. A loss ratio of 40% is used for the terrorism pool based on industry benchmarks for low frequency and high severity classes of business. The premium liability loss ratios have been set at a level which allows for discounting at risk free rates and include allowances for claims handling expenses and policy administration expenses.

ARPC has elected to use a risk margin set at a 65% level of sufficiency on the premium liabilities, to recognise the inherent uncertainty in the central estimate of premium liabilities. This results in a risk margin of 3.5% for the cyclone pool (calculated based on the distribution of simulated losses from catastrophe loss models) and 20.0% for the terrorism pool (based on industry benchmarks of low frequency and high severity classes of business).

The LAT results indicate that unearned premiums less DAC (net of write-downs where applicable) are sufficient to cover premium liabilities on unexpired policies at 30 June 2024 for both pools and as such, ARPC has an unexpired risk liability of nil.

## 2.4 Payables

2.4A: Supplier payables	2024 \$'000	2023 \$'000
Retrocession payable	32,821	32,821
Trade creditors	-	92
Accruals	1,676	1,531
<b>Total supplier payables</b>	<b>34,497</b>	34,444

### Retrocession payable:

In accordance with ARPC's retrocession treaty expiring 31 December 2024, the retrocession premium is paid quarterly in advance. Settlement is made net 30 days.

### Trade creditors:

Settlement is made net 30 days.

All of ARPC's liabilities are guaranteed by the Commonwealth by virtue of section 35 of the TCI Act.

### Accounting policy

Financial liabilities are classified as financial liabilities measured at amortised cost. Financial liabilities are recognised and derecognised upon 'trade date'. They represent trade creditors, accruals and leases and are recognised at the amounts at which they are expected to be settled. Financial liabilities are recognised to the extent that the goods or services have been received (irrespective of having been invoiced).

All payables are unsecured and are paid within credit terms.

2.4B: Other payables	2024 \$'000	2023 \$'000
Salaries and wages	332	260
Superannuation	181	38
<b>Total other payables</b>	<b>513</b>	298

### Accounting policy

Accounting policies for employee related payables are contained in the People and Relationships section.



## 2.5 Other Provisions

2.5A: Other provisions	Provision for restoration \$'000	Other provisions \$'000	Total \$'000
Carrying amount as at 1 July 2022	181	951	1,132
Additional provisions made	-	-	-
Amounts used	-	(218)	(218)
<b>Amounts owing at 30 June 2023</b>	<b>181</b>	<b>733</b>	<b>914</b>
Additional provisions made	428	-	428
Amounts used	(26)	(611)	(637)
Unused amounts reversed	(145)	(122)	(267)
Unwinding of discount	10	-	10
<b>Amounts owing at 30 June 2024</b>	<b>448</b>	<b>-</b>	<b>448</b>

Provisions noted in Other provisions relate to future premium refunds payable.

ARPC currently has two (2023: three) agreements for the leasing of premises which has a provision requiring ARPC to restore the premise to their original condition at the conclusion of the lease. ARPC has made a provision to reflect the present value of this obligation.

## 2.6 Interest Bearing Liabilities

2.6A: Leases	2024 \$'000	2023 \$'000
<b>Lease liabilities</b>		
Office lease	<b>8,623</b>	343
Equipment lease	<b>27</b>	-
<b>Total leases</b>	<b>8,650</b>	343
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Within 1 year	<b>1,062</b>	450
Between 1 to 5 years	<b>4,939</b>	-
More than 5 years	<b>4,333</b>	-
<b>Total leases</b>	<b>10,334</b>	450

Total cash outflows for leases for the year ended 30 June 2024 was \$980,109 (2023: \$837,833)

The above lease disclosures should be read in conjunction with the accompanying Notes 2.2A and 2.6A.

### Accounting policy

For all new contracts entered into, ARPC considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

## 3 People and Relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

### 3.1 Employee Provisions

3.1A: Employee provisions	<b>2024</b> <b>\$'000</b>	2023 \$'000
Leave	<b>1,718</b>	1,076
Separations and redundancies	<b>118</b>	-
<b>Total employee provisions</b>	<b>1,836</b>	1,076

#### Accounting policy

##### Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave, as all sick leave is non-vesting and the average sick leave taken in future years by employees of ARPC is estimated to be less than the annual sick leave entitlement.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken. This includes ARPC's employer superannuation contribution rates and other employee benefits to the extent that the leave is likely to be taken during service, rather than being paid out on termination.

The liability for long service leave is the present value of employee entitlements based on the Australian Government shorthand method as per the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

##### Superannuation

Superannuation guarantee contributions are made by ARPC for employees and Members.

The liability for superannuation recognised as at 30 June 2024 represents the outstanding contributions for the final fortnight of the year.

### 3.2 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of ARPC, directly or indirectly, including any director (whether executive or otherwise) of ARPC. ARPC has determined the key management personnel to be the Responsible Minister, ARPC's Board Members, the Chief Executive Officer, the Chief Claims Officer, the Chief Governance Officer, the Chief Underwriting Officer, the Chief Operating Officer, the Chief Financial Officer, and the Chief Risk Officer.

Key management personnel remuneration is reported in the table below:

	2024 \$	2023 \$
Short-term employee benefits	2,673,309	2,370,850
Post-employment benefits	295,929	234,190
Other long-term employee benefits	73,235	74,883
Termination benefits	220,630	86,222
<b>Total key management personnel remuneration expense</b>	<b>3,263,103</b>	2,766,145

The total number of key management personnel that are included in the above table are 17 (2023: 20).

The above key management personnel remuneration excludes the remuneration and other benefits of the Responsible Minister. The Responsible Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by ARPC.

### 3.3 Related Party Disclosures

Members of ARPC at 30 June 2024 were:

Ms Julie-Anne Schafer	Ms Evelyn Horton
Ms Elaine Collins	Ms Eilis Hurley
Mr Jan van der Schalk	Ms Fran Raymond
Mr Greg Nucifora	Mr Oscar Shub
Mr Rod Whithear	

Changes in membership during the year:

- Mr Greg Nucifora was appointed effective 7 July 2023 for a 3-year term.
- Mr Rod Whithear was appointed effective 7 July 2023 for a 3-year term.
- Ms Elaine Collins term ended 30 June 2024.
- Mr Jan van der Schalk's term ended 30 June 2024.

Other than where noted, Members held their positions for the full year. Key management personnel employed by ARPC at 30 June 2024 were:

- Dr Christopher Wallace – Chief Executive Officer.
- Mr Jason Flanagan – Chief Claims Officer.
- Ms Samantha Lawrence – Chief Governance Officer.
- Mr Michael Pennell PSM – Chief Underwriting Officer.
- Ms Victoria Simpson – Chief Operating Officer.
- Mr Scott Unterrheiner – Chief Financial Officer.
- Mr James Chong – Acting Chief Risk Officer (acting period: 20 February 2024 to 30 June 2024).

#### Related party relations:

ARPC is an Australian Government controlled entity established by section 9 of the TCI Act. ARPC is only authorised to transact business and carry out functions as provided in the TCI Act or as approved or directed by the Minister. ARPC's liabilities are guaranteed by the Commonwealth by virtue of section 35 of the TCI Act. Related parties to ARPC are the Members, Key Management Personnel including the Responsible Minister and Cabinet, and other Australian Government entities.

#### Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. These transactions are disclosed in the table below. Apart from the items disclosed in the table below and in Note 3.2 relating to the remuneration and expenses of key management personnel during the year, there were no further related party transactions.

The following transactions with related parties occurred during the year.

		2024	2023
		\$	\$
<b>Related party - Owner</b>	<b>Purpose</b>		
The Treasury	Commonwealth guarantee fee	<b>55,000,000</b>	55,000,000
The Treasury	Capital holding fee	<b>35,000,000</b>	35,000,000
The Treasury	Provision of corporate support services to ARPC	<b>94,581</b>	102,813
The Treasury	Provision of actuarial services to ARPC	<b>37,337</b>	66,449
The Treasury	Provision of recruitment services to ARPC	<b>102,000</b>	-
Australian Government Solicitor	Provision of legal services to ARPC	<b>95,568</b>	261,340
Comcare	Workers compensation insurance premiums	<b>56,406</b>	23,465
Artbank	Office artwork	<b>6,493</b>	4,563
Geoscience Australia	Maintenance of loss estimate model	<b>632,000</b>	351,500
Dept of Employment and Workplace Relations	Onboarding consulting	<b>10,700</b>	10,587
The Bureau of Meteorology	Provision of consultative services to ARPC	<b>138,809</b>	-
<b>Total related party transactions</b>		<b>91,173,894</b>	90,820,717

## 4 Managing uncertainties

This section analyses how ARPC manages risks within its operating environment.

### 4.1 Risk Management

Under section 16 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), ARPC must establish and maintain appropriate systems of risk oversight, management, and internal control.

ARPC maintains risk management related documents to support the effective operation of the Risk Management Framework. The key documents include and are not limited to the following:

- Risk Management Policy
- Risk Appetite Statement
- Fraud and Corruption Control Policy
- Business Continuity Policy
- Conflicts of Interest Policy.

ARPC's risk management process align to recognised professional standards in AS/NZS ISO 31000:2018 Risk Management. This includes the steps of risk identification, risk assessment, risk mitigation, risk reporting, and risk monitoring.

ARPC maintains and updates its Enterprise Risk Register on a regular basis to reflect the latest operating environment. This enables ARPC to focus efforts on managing the highest rated risks. The risks within the Enterprise Risk Register are classified under the following categories:

- strategic risk
- financial risk
- insurance risk
- operational risk.

ARPC is exposed to financial risks such as capital risk, market risk, credit risk, and liquidity risk. It seeks to minimise potential adverse effects on its financial performance through its risk management framework. The key objectives are capital stability, accessibility, and rate of return.

### Capital risk

ARPC's capital structure to cover claims from declared terrorist incidents and declared cyclone incidents are outlined below:

- ARPC has access to its reserve for claims in cash and investments of \$1.663 billion (2023: \$953 million);
- In the event of a DTI, ARPC would be required to pay \$225 million (2023: \$225 million) before claiming on its retrocession program;
- In the event of a DTI, ARPC has access to a \$3.475 billion retrocession program in excess of the \$225 million retention (2023: \$3.475 billion retrocession program, in excess of \$225 million);
- ARPC has access to a Commonwealth guarantee for the due payment of money that may become payable by ARPC to any person other than the Commonwealth. If a DTI occurs, the Minister must specify a pro rata (percentage) reduction in claims to be paid out by insurers if, in the absence of such a reduction percentage, the total amounts payable by the Commonwealth might exceed \$10 billion (2023: \$10 billion); and
- In the event of a DCE, ARPC has access to the annually reinstated \$10 billion Commonwealth guarantee, which covers any shortfalls from ARPC. If the guarantee is likely to be exceeded by a single cyclone event, or series of cyclone events within a single year, the Commonwealth will increase funding to meet its obligations.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Market risk comprises two types of risk:

- interest rate risk (owing to fluctuations in market interest rates); and
- pricing risk (owing to fluctuations in market prices).

### Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial instruments with floating rate interest expose ARPC to cash flow interest rate risk, whereas fixed interest rate instruments expose ARPC to fair value interest rate risk.

The policy notes ARPC must comply with the requirements of the PGPA Act. Section 59(1)(b) of the PGPA Act provides that a corporate Commonwealth entity may invest surplus money:

- i. on deposit with a bank, including a deposit evidenced by a certificate of deposit; or
- ii. in securities of, or securities guaranteed by, the Commonwealth, a State or a Territory; or
- iii. in any other form of investment authorised by the Finance Minister in writing; or
- iv. in any other form of investment prescribed by the rules; or
- v. for a government business enterprise – in any other form of investment that is consistent with sound commercial practice.

ARPC actively manages portfolio duration. The maturity profile of ARPC's interest bearing financial assets, the exposure to interest rate risk and the effective weighted average interest rate is listed below.

	Notes	Floating interest rate	Fixed interest rate maturing in			Total
		1 year or less	1 year or less	1 to 5 years	> 5 years	
		2024 \$'000	2024 \$'000	2024 \$'000	2024 \$'000	2024 \$'000
Interest bearing financial assets						
Cash and cash equivalents	2.1A	21,202	-	-	-	21,202
Fixed term deposits	2.1C	-	1,930,551	-	-	1,930,551
<b>Total</b>		<b>21,202</b>	<b>1,930,551</b>	<b>-</b>	<b>-</b>	<b>1,951,753</b>
<b>Weighted average interest rate</b>		<b>4.13%</b>	<b>5.14%</b>	<b>-</b>	<b>-</b>	<b>5.13%</b>

	Notes	Floating interest rate	Fixed interest rate maturing in			Total
		1 year or less	1 year or less	1 to 5 years	> 5 years	
		2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000
Interest bearing financial assets						
Cash and cash equivalents	2.1A	5,598	-	-	-	5,598
Fixed term deposits	2.1C	-	1,030,100	-	-	1,030,100
<b>Total</b>		<b>5,598</b>	<b>1,030,100</b>	<b>-</b>	<b>-</b>	<b>1,035,698</b>
<b>Weighted average interest rate</b>		<b>3.62%</b>	<b>4.66%</b>	<b>-</b>	<b>-</b>	<b>4.65%</b>

For sensitivity assessments, the Department of Finance deemed a 136-basis point change to be reasonably possible and ARPC has considered the implied financial impact of the deemed 136 basis point change (2023: 104-basis point change). The table below details the interest rate sensitivity analysis of ARPC's financial assets at the reporting date, holding all other variables constant.

	Movement in variable		Financial impact			
			Profit/Loss		Equity	
	2024 %	2023 %	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Interest rate movement						
- Interest bearing	<b>+1.36</b>	+1.04	<b>26,544</b>	10,771	<b>26,544</b>	10,771
Financial assets	<b>-1.36</b>	-1.04	<b>(26,544)</b>	(10,771)	<b>(26,544)</b>	(10,771)

### Pricing risk

Pricing risk is the risk that the fair value of a financial instrument's future cash flows will fluctuate because of market price changes, other than those arising from interest rate or currency risk. These changes can be caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar, financial instruments traded on the market.



### Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge a financial obligation. The following policies and procedures are in place to mitigate ARPC's credit risk:

- premium debtors in respect of credit risk are monitored monthly; and
- an approved investment management policy document. Compliance with the policy is monitored and reported monthly.

The following table provides information regarding the aggregate credit risk exposure to ARPC in respect of financial assets. The table classifies the assets according to Standard and Poor's counterparty credit ratings.

		Credit rating						Total
		AAA	AA-	A+	A	A-	Unrated	Total
Notes		2024 \$'000	2024 \$'000	2024 \$'000	2024 \$'000	2024 \$'000	2024 \$'000	2024 \$'000
ARPC								
Cash and cash equivalents	2.1A	21,202	-	-	-	-	-	21,202
Receivables	2.1B	365	13,325	1,787	1,050	575	251,332	268,434
Fixed term deposits	2.1C	-	1,496,551	234,000	100,000	100,000	-	1,930,551
<b>Total</b>		<b>21,567</b>	<b>1,509,876</b>	<b>235,787</b>	<b>101,050</b>	<b>100,575</b>	<b>251,332</b>	<b>2,220,187</b>

		Credit rating						Total
		AAA	AA-	A+	A	A-	Unrated	Total
Notes		2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000
ARPC								
Cash and cash equivalents	2.1A	5,598	-	-	-	-	-	5,598
Receivables	2.1B	357	10,338	2,485	921	-	174,085	188,186
Fixed term deposits	2.1C	-	773,100	181,000	76,000	-	-	1,030,100
<b>Total</b>		<b>5,955</b>	<b>783,438</b>	<b>183,485</b>	<b>76,921</b>	<b>-</b>	<b>174,085</b>	<b>1,223,884</b>

The following table provides information regarding the carrying value of ARPC’s financial assets that have been impaired and the ageing of those that are past due but not impaired at the balance date.

	Notes	Not past due or impaired		Past due		Total	
		2024	2023	2024	2023	2024	2023
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>							
Premium receivables	2.1B	<b>249,918</b>	173,136	<b>1,266</b>	806	<b>251,184</b>	173,942
Interest receivable	2.1B	<b>17,102</b>	14,101	-	-	<b>17,102</b>	14,101
Net GST receivable	2.1B	<b>148</b>	143	-	-	<b>148</b>	143
<b>Total</b>		<b>267,168</b>	187,380	<b>1,266</b>	806	<b>268,434</b>	188,186

	Notes	Ageing of financial assets past due				
		0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
		2024	2024	2024	2024	2024
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>						
Premium receivables	2.1B	-	-	<b>519</b>	<b>747</b>	<b>1,266</b>
<b>Total</b>		-	-	<b>519</b>	<b>747</b>	<b>1,266</b>

	Notes	Ageing of financial assets past due				
		0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
		2023	2023	2023	2023	2023
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>						
Premium receivables	2.1B	1	-	546	259	806
<b>Total</b>		1	-	546	259	806

### Retrocession counterparty risk

ARPC purchases retrocession to protect capital, reduce exposure to DTI events and encourage commercial reinsurance capacity to return to the terrorism reinsurance market. ARPC's strategy for retrocession selection, approval and monitoring is addressed by:

- placing treaty retrocession in accordance with ARPC's retrocession management strategy requirements
- regularly reassessing retrocession arrangements based on current exposure information, and
- actively monitoring the credit quality of retrocessionaires.

Counterparty exposures and limits are reviewed by management on a regular basis. Retrocession is only placed with counterparties that have a Standard and Poor's credit rating of A minus and above and concentration risk is managed through counterparty limits. In the event of a DTI, at the second balance date after the loss, ARPC will receive recognised collateral from non-APRA authorised participants on the program.

### Liquidity risk

ARPC's financial liabilities are payables. Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities. ARPC has the internal policies and procedures in place such that there are sufficient resources to meet its financial obligations. ARPC's liquidity risk is also mitigated through the strategy of short-term investments that provides for ready access to assets.

The table below summaries the maturity profile of ARPC's financial liabilities. All liabilities are measured on an undiscounted cash flow basis given their short-term maturity.

	Notes	1 year or less		From 1-5 years		Total	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Financial liabilities							
Payables	2.4A	<b>34,497</b>	34,444	-	-	<b>34,497</b>	34,444
Total		<b>34,497</b>	34,444	-	-	<b>34,497</b>	34,444

## 4.2 Contingent Assets and Liabilities

### Quantifiable contingencies

As at 30 June 2024 ARPC had no quantifiable contingencies (2023: Nil).

### Unquantifiable contingencies

As at 30 June 2024 ARPC had no unquantifiable contingencies (2023: Nil).

### Accounting policy

#### Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured.

Contingent assets are reported when settlement is probable, but not virtually certain, and contingent liabilities are recognised when settlement is greater than remote.

## 5 Other information

### 5.1 Current/non-current Distinction for Assets and Liabilities

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	<b>21,202</b>	5,598
Trade and other receivables	<b>268,434</b>	188,186
Investments	<b>1,930,551</b>	1,030,100
Deferred insurance assets	<b>35,858</b>	35,968
Other non-financial assets	<b>1,252</b>	311
<b>Total no more than 12 months</b>	<b>2,257,297</b>	1,260,163
More than 12 months		
Other non-financial assets	<b>64</b>	-
Leased premises	<b>9,733</b>	422
Property, plant and equipment	<b>649</b>	234
Intangibles	<b>44</b>	89
<b>Total more than 12 months</b>	<b>10,490</b>	745
<b>Total assets</b>	<b>2,267,787</b>	1,260,908
Liabilities expected to be settled in:		
No more than 12 months		
Unearned premium liability	<b>419,979</b>	270,500
Gross outstanding claims	<b>106,660</b>	99
Suppliers	<b>34,497</b>	34,444
Other payables	<b>513</b>	298
Employee provisions	<b>1,280</b>	782
Other provisions	<b>10</b>	914
Leases	<b>697</b>	343
<b>Total no more than 12 months</b>	<b>563,636</b>	307,380
More than 12 months		
Gross outstanding claims	<b>31,916</b>	-
Employee provisions	<b>556</b>	294
Other provisions	<b>438</b>	-
Leases	<b>7,953</b>	-
<b>Total more than 12 months</b>	<b>40,863</b>	294
<b>Total liabilities</b>	<b>604,499</b>	307,674







Constitution Bay, Hobart



# 8 Index



## Acronyms and abbreviations

Name	Position
AASB	Australian Accounting Standards Board
AGA	Australian Government Actuary
ANAO	Australian National Audit Office
ANZIIF	Australian and New Zealand Institute of Insurance and Finance
APRA	Australian Prudential Regulation Authority
APSC	Australian Public Service Commission
ARPC	Australian Reinsurance Pool Corporation
CBD	Central Business District
CEO	Chief Executive Officer
CCO	Chief Claims Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
CRGO	Chief Risk and Governance Officer
CRO	Chief Risk Officer
CUO	Chief Underwriting Officer
DCE	Declared Cyclone Event
DTI	Declared Terrorist Incident
GA	Geoscience Australia
GST	Goods and Services Tax
GWP	Gross Written Premium
HR	Human Resources
IPS	Information Publication Scheme
OECD	Organisation for Economic Co-operation and Development
PACE	ARPC's reinsurance system
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PID	<i>Public Interest Disclosure Act 2013</i>
PMS	Performance Management System
RISe	ARPC's reinsurance system for terrorism
S&P	Standard & Poor's
SES	Senior Executive Service (senior executive)
TCI Act	<i>Terrorism and Cyclone Insurance Act 2003</i>
WHS	Work, Health and Safety

## Glossary

Term	Description
Aggregate sum insured	The total of a cedant's property sum insured in a reporting zone, such as ARPC's tiers.
Calendar year	1 January to 31 December of a particular year.
Capacity	The ability of an insurer, reinsurer, syndicate, or market to absorb risk
Captive insurer	An insurance company wholly owned by one or more entities (parent organisations) and whose main purpose is insuring the parent company's risks.
Cedant	Insurer customer
Deductible	The loss the reinsured assumes for its own account in non-proportional reinsurance.
Financial year	1 July to 30 June of a particular year.
GWP	Gross Written Premium
Insurer customer	An insurer that transfers all or part of a risk to a ceding reinsurer.
Reinsurance	Reinsurance is insurance that is purchased by an insurance company from one or more insurance companies (the reinsurer/s) directly or through a broker as a means of risk management.
Retention	The amount retained by a reinsured after placing reinsurance.
Retrocession	Reinsurance purchased by reinsurance companies as a means of risk management.
Retrocessionaire	A reinsurer that accepts retrocession business, reinsuring reinsurers.
Triennial Review	A review which examines the need for the TCI Act to continue to operate. After the 2021 review this statutory review will take place every five years.
Underwriting year	An underwriting year includes all premiums for all policies commencing within the financial year.

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## List of requirements — Corporate Commonwealth Entities

Below is the table set out in Schedule 2A of the [PGPA Rule](#). Section 17BE(u) requires this table to be included in entities' annual reports.

PGPA Rule Reference	Part of Annual Report	Description	Requirement
17BE	Contents p10		
17BE(a)	Background p20	Details of the legislation establishing the body	Mandatory
17BE(b)(i)	Entity Functions p20	A summary of the objects and functions of the entity as set out in the legislation	Mandatory
17BE(b)(ii)	Background p20	The purposes of the entity as included in the entity's corporate plan for the reporting period	Mandatory
17BE(c)	Governance Framework p64	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period and the titles of those Responsible Ministers	Mandatory
17BE(d)	Compensating the Government p64  Transactions with the Government as owners p126	Directions given to the entity by the Minister under an Act or instrument during the reporting period	If applicable, mandatory
17BE(e)	Governance Framework Confirms no GPOs p64	Any government policy order (GPO) that applied in relation to the entity during the reporting period under section 22 of the Act	If applicable, mandatory
17BE(f)	NA	Particulars of non-compliance with: 1. a direction given to the entity by the Minister under an Act or instrument during the reporting period; or 2. a government policy order that applied in relation to the entity during the reporting period under section 22 of the Act	If applicable, mandatory
17BE(g)	Annual Performance Statement p50-61	Annual performance statements in accordance with 39(1)(b) of the Act and section 16F of the rule	Mandatory
17BE(h), 17BE(i)	NA	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance	If applicable, mandatory
17BE(j)	Board Members p65-69	Information on the accountable authority or each member of the accountable authority, of the entity during the reporting period	Mandatory

PGPA Rule Reference	Part of Annual Report	Description	Requirement
17BE(k)	Organisational Chart p73	Outline of the organisational structure of the entity (Including any subsidiaries of the entity)	Mandatory
17BE(ka)	ARPC's People p82-91	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: 1. statistics on full-time employees; 2. statistics on part-time employees; 3. statistics on gender; 4. statistics on staff location	Mandatory
17BE(l)	ARPC's story p8 and APRC's people p82	Outline of the location (whether or not in Australia) of major activities or facilities of the entity	Mandatory
17BE(m)	Governance p64-77	Information relating to the main corporate governance practices used by the entity during the reporting period	Mandatory
17BE(n), 17BE(o)	Financial Statements p93-136	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions is more than \$10,000 (inclusive of GST): a) the decision-making process undertaken by the accountable authority to approve the entity paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate value of the transactions	If applicable, mandatory
17BE(p)	The Cyclone Reinsurance Pool p.40-47	Any significant activities and changes that affected the operation and structure of the entity during the reporting period	If applicable, mandatory
17BE(q)	NA	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of an entity	If applicable, mandatory
17BE(r)	NA	Particulars of any reports on the entity given by: a) the Auditor General (other than a report under section 43 of the Act); or b) a Parliamentary Committee; or c) the Commonwealth Ombudsman; or d) the Office of the Australian Information Commissioner	If applicable, mandatory

PGPA Rule Reference	Part of Annual Report	Description	Requirement
17BE(s)	NA	An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the annual report	If applicable, mandatory
17BE(t)	Board oversight of risk p74	Details of any indemnity that applied during the reporting period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs)	If applicable, mandatory
17BE(taa)	Governance p71-72	The following information about the audit committee for the entity: a) a direct electronic address of the charter determining the functions of the audit committee b) the name of each member of the audit committee c) the qualifications, knowledge, skills or experience of each member of the audit committee d) information about each member's attendance at meetings of the audit committee e) the remuneration of each member of the audit committee	Mandatory
17BE(ta)	Key management personnel remuneration p89	Information about executive remuneration	Mandatory
17BF	N/A	Disclosure requirements for government business enterprises	
17BF(1)(a)(i)	N/A	An assessment of significant changes in the entity's overall financial structure and financial conditions	If applicable, mandatory
17BF(1)(a)(ii)	N/A	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial conditions	If applicable, mandatory
17BF(1)(b)	N/A	Details of any community service obligations the government business enterprise has including: a) an outline of actions taken to fulfil those obligations; and b) an assessment of the cost of fulfilling those obligations	If applicable, mandatory
17BF(1)(c)	N/A	Information on dividends paid or recommended	If applicable, mandatory
17BF(2)	N/A	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise	If applicable, mandatory







**Australian Government**  
**Australian Reinsurance Pool Corporation**

