



Australian Government  
Australian Reinsurance Pool Corporation

# UNDER THE COVER

NEWSLETTER | OCTOBER 2024 | WINTER / SPRING



## A message from our CEO

Welcome to our latest update for Under the Cover newsletter for Winter/Spring for 2024. It's a time of significant change for ARPC and this issue highlights some of the important work for our team.

Over the past quarter, ARPC has published its 2024 Annual Report, Financial Outlook Report and Corporate Plan. These documents are important in detailing how ARPC is delivering on its purpose to, through reinsurance, improve the accessibility and affordability of insurance for the Australian community for terrorism and cyclone risk.

For the cyclone pool ARPC has published revised premium rates which will be effective from 1 April 2025.

Moving onto the terrorism pool, I'm pleased to share that our underwriting system PACE is now available for our terrorism pool cedants. We have just received our first premiums in PACE for the terrorism pool so I thank the teams involved in this project for their hard work and commitment in reaching this milestone.

We are also holding our annual Terrorism Risk Insurance Seminar on 20 November and I hope to see our terrorism pool stakeholders there.

Finally, I am pleased to announce new team appointments including Karin Rathbone as Chief Risk Officer and Cameron Hick as Head of Technical Underwriting.

For any questions, please contact us at:  
[enquiries@arpc.gov.au](mailto:enquiries@arpc.gov.au)

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## ACCC report finds the cyclone pool is delivering savings

ARPC welcomes the release of ACCC's third insurance monitoring report, which found the Cyclone Reinsurance Pool (cyclone pool) has begun delivering lower premiums in regions facing higher risk of cyclones.

The ACCC's report recognised that the cyclone pool has resulted in some cost savings for insurers writing policies in higher cyclone risk regions and, that insurers are making changes to allow savings they have received from the cyclone pool to better flow through to consumers.

The report also noted that economic and environmental factors beyond the cyclone pool are influencing the overall premiums facing consumers.

[Read more](#)

## Update for cyclone pool customers

Cyclone pool participation is mandatory for Australian general insurers with eligible cyclone pool insurance contracts.

Large general insurers have now joined the cyclone pool.

Small insurers, defined as those with GWP of less than \$300 million in householders' insurance, have until 31 December 2024 to reinsure all eligible cyclone risk with ARPC.

If you are interested in joining the cyclone pool, we would be pleased to meet with your team to discuss the joining process, the Reinsurance Agreement and your eligible brands and classes.



## Why did Australia's terrorism threat level change?

On 5 August, the Australian Government announced that Australia's national terrorism threat level has been raised from 'possible' to 'probable'. The threat level had been sitting at 'probable' since November 2015, before being downgraded to 'possible' in 2022.

### What has changed?

During an August [press conference in Parliament House](#), the Director-General of Security at ASIO, Mike Burgess AM outlined that the threat assessment reflects a degrading security environment – both globally and locally.

The [threat level being changed to 'probable'](#) indicates a greater than 50 per cent chance of an onshore attack or attack being planned in the next 12 months. These are specific parameters defined by [The National Terrorism Threat Advisory System](#), which provides advice about the likelihood of an act of terrorism in Australia. It also informs what safety measures authorities and individuals need to take considering the increased threat.

[Read more](#)



## Update for terrorism pool customers

Terrorism pool premium submissions and payments for the first quarter (1 July – 30 September) of the 2024-25 Financial Year are now finalised.

All terrorism pool premium submissions, including nil submissions, must now be lodged.

ARPC is also moving to a new system: PACE. If you have made the transition to PACE for the terrorism pool, please no longer submit quarterly returns into the RISE system. If you haven't been onboarded onto PACE yet, premium submissions for Quarter 1 can still be made in RISE and our Underwriting Team will be in contact in the coming weeks to guide you through the transition to PACE.

## Revised premium rates for the cyclone pool

ARPC has published revised premium rates for the cyclone pool. The new premium rates will be effective from 1 April 2025 and will replace premium rates v2.0 (effective since 1 October 2022).

### 2024 Pricing Review scope

The 2024 Pricing Review of the cyclone pool premium rates targeted the following:

- Ensure premium rates are still meeting legislative objective for the policies that are now reinsured by the cyclone pool.
- Introduction of premium discounts for strata properties that have undertaken risk mitigation activities.
- Maintenance of the pricing algorithm to:
  - Rate for new addresses registered since the previous review.
  - Address insurer feedback to make the pricing algorithm more consistent with market practice.

## Ask an expert...

### Q: Can you pay ARPC in different currency?

A: All submissions must be made in AUD; however, payments may be made in any currency if the amount received by ARPC after conversion matches the amount submitted.

## Cyclone season is here

The 'official' 2024-25 tropical cyclone season begins on 1 November 2024 and will run through to 30 April 2025.

ARPC is ready to assist cedants for the season ahead. If you have any questions, or require any information on the claims process, please contact the claims team at [claims.enquiries@arpc.gov.au](mailto:claims.enquiries@arpc.gov.au) or on +61 8223 6777.

## ARPC publishes modelling of cyclone pool coverage period

At the request of the Assistant Treasurer, ARPC has commissioned analysis and released an actuarial report modelling the impacts from a change to the coverage period for the cyclone pool.

ARPC's role is to administer the cyclone pool as defined in the Terrorism and Cyclone Insurance Act 2003 and does not have the authority to make changes to the coverage period.

The cyclone pool currently covers cyclone and related flood damage arising during a declared cyclone event, which lasts from the time a cyclone begins until 48 hours after the cyclone ends. The report explores the impacts of extending the current 48-hour cyclone coverage period to 168-hours (7 days) based on modelling provided by Finity Consulting and Risk Frontiers.

[Read more](#)



## Recent ARPC Publications

### [ARPC 2023-24 Annual Report](#)

ARPC has published its Annual Report for the 2023-24 financial year. “During the period, ARPC has experienced a period of rapid growth having successfully operationalised the cyclone pool, while continuing to deliver the terrorism pool and improving our efficiency and effectiveness,” said Dr Christopher Wallace, ARPC CEO.

ARPC had 225 insurer terrorism pool customers, with premiums paid to ARPC for the terrorism pool of \$407 million covering commercial property and business interruption. Eighteen insurers had joined the cyclone pool, as at 30 June 2024, reinsuring 98 per cent of insured Home, close to 100 per cent of insured Strata and 87 per cent of insured small to medium enterprises (SME). The cyclone pool received \$717 million from insurers for the cyclone reinsurance as of 30 June 2024.

### [ARPC 2024 Financial Outlook Report](#)

ARPC released its 2024 Financial Outlook Report. As at 30 June 2024, the cyclone pool was close to having full coverage of eligible insured properties, reinsuring 98 per cent of Home, close to 100 per cent of Strata, and 87 per cent of small to medium enterprises (SME) properties. Coverage will reach 100 per cent with the final remaining eligible insurers joining by 31 December 2024.

The Financial Outlook Report provides a view of recent and projected financial outcomes, assesses the adequacy of premium rates and of reserves, and offers observations on capital management and on broader risks affecting the pool’s financial outlook. The overall financial outlook for the pool remains consistent with what was expected when it commenced.

### [ARPC 2024-28 Corporate Plan](#)

ARPC has published its latest Corporate Plan which outlines how it will strengthen the efficiency and effectiveness of both the terrorism pool and the cyclone pool over the next four years.

The updated plan provides an overview of ARPC’s operating environment, key priorities, activities and risks, capabilities, and how it will measure performance. With the cyclone pool now covering most of the northern Australian market, ARPC’s priorities in the 2024-28 Corporate Plan are:

- deliver sustainable reinsurance for eligible terrorism and cyclone events to enable insurers to deliver insurance coverage
- optimise the pools to enhance effectiveness and affordability
- build our data analytics and insights capability to support risk mitigation and enhance accessibility and affordability of insurance
- continue to build capability and a customer and risk-focused culture to drive ongoing improvements in performance.

### [ARPC releases cyclone statistical report](#)

The cyclone pool has reached close to 99 per cent market coverage of the eligible insured population in northern Australia by sum insured or premium.

ARPC, which operates the cyclone pool, announced the milestone in the Cyclone Reinsurance Pool Premium & Exposure Statistics Report. The report draws on data generated by the cyclone pool, which was established on 1 July 2022, under the amended *Terrorism and Cyclone Insurance Act 2003* (the Act).

## ARPC appoints new Chief Risk Officer and Head of Technical Underwriting



### Chief Risk Officer

In July, ARPC announced the appointment of Karin Rathbone as Chief Risk Officer.

Karin brings extensive experience in risk management gained through a blend of consulting and corporate roles held within the financial services and consulting sectors.

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



### Head of Technical Underwriting

Cameron Hick also joined ARPC in August as the Head of Technical Underwriting.

Cameron brings extensive experience in underwriting, client, and portfolio management, having worked across multiple geographies in the reinsurance sector.

Cameron joins ARPC from Aon, where he served as senior treaty broker from September 2023 to June 2024. In this role, he was responsible for the proactive management and development of the broking team, implementing business strategies, identifying new opportunities, and maintaining strong relationships with key clients and markets.



### Reinsurance Business' Rising Star of 2024

Congratulations to ARPC's Jessie Khan, Manager, Reinsurance Claims Operation, on being named as a Reinsurance Business Rising Star 2024 by Insurance Business magazine.

This accolade is for young professionals in the reinsurance sector who have been recognised globally as having proved their worth and expertly navigating a range of challenging market conditions.

Jessie is an experienced ARPC team member, and this award recognises the work Jessie has not only done within ARPC, but across the Australian industry.

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