Cyclone Reinsurance Pool Premium & Exposure Statistics as at 30 June 2024

December 2024

Contents

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1: Introduction to Cyclone Reinsurance Pool

1.1 Background

ARPC commenced the operation of the Cyclone Reinsurance Pool (cyclone pool) on 1 July 2022 under the amended *Terrorism and Cyclone Insurance Act 2003*. The cyclone pool covers cyclone and cyclone-related flood damage to insured residential (Home), strata (Strata), and small business (SME) properties.

The cyclone pool operates Australia wide, but targets support to cyclone-prone areas and provides reinsurance for insurers operating in those areas. The cyclone pool is intended to be cost neutral to the government over the long term and is supported by an annually reinstated $10 billion Commonwealth guarantee.

2: Summary Statistics

2.1 Summary by class of business

Tables 1 and 2 show cyclone pool premium and exposure metrics as at 30 June 2024 by class of business. The cyclone pool covers over 3.1 million buildings against financial loss from cyclones with an aggregate building exposure of just under $2.10 trillion.

Table 1: Cyclone pool premium metrics by class of business (as at 30 June 2024)

Metric	Home	Strata	SME
Aggregate annual cyclone pool premium ($m)	519.30	52.25	23.53
Average annual cyclone pool premium ($ per risk)	176	671	256
Combined Rate on Line (per $100 sum insured)	2.54%	1.83%	1.91%

Table 2: Cyclone pool exposure metrics by class of business (as at 30 June 2024)

Metric	Home	Strata	SME
Number of insurers*	15	9	9
Count of Buildings risks	2,932,891	77,838	89,531
Count of Contents risks	3,067,780	-	157,123
Count of Business Interruption risks	-	-	73,965
Aggregate Buildings sum insured ($m)	1,742,557	286,181	70,820
Aggregate Contents sum insured ($m)	298,106	-	26,973
Aggregate Business Interruption sum insured ($m)	-	-	25,344
Average Buildings sum insured ($)	594,143	3,676,621	791,012
Average Contents sum insured ($)	171,669	-	171,669
Average Business Interruption sum insured ($)	-	-	342,647

Note: *All metrics exclude properties which fall in CRESTA zones with nil cyclone risk (as defined by ARPC's premium formula). Metric definitions are provided in the Appendix.*

**Number of insurers only includes those who have transferred risks into the cyclone pool as at 30 June 2024*

2.2 Average cyclone pool premiums

The cyclone pool's premium rates online have remained stable since the pool's inception in 2022. Changes to average premiums over time are largely due to changes in sums insured and a changing mix of risks covered as insurers have progressively transferred risk to the cyclone pool.

Table 3: Home Buildings exposure metrics (as at 30 June 2024)

CRESTA Name	CRESTA Zone	Average buildings annual cyclone pool premium	Count of building risks	Combined Rate on Line (per $100 sum insured)
Gold Coast	1	$197	136,007	2.9%
Brisbane	2	$129	652,437	2.1%
Sunshine Coast	3	$210	123,449	3.2%
Wide Bay	4	$168	103,049	3.3%
Rockhampton	5	$337	44,484	6.6%
Marlborough	6	$357	22,096	6.5%
Mackay	7	$800	38,757	15.1%
Proserpine and Offshore Islands	8	$998	10,457	16.6%
Townsville	9	$644	59,645	12.6%
Ingham	10	$451	13,532	9.5%
Cairns	11	$477	60,801	9.0%
Cape York	12	$381	3,379	8.3%
Fair Cape	13	$402	929	6.1%
Gulf	14	$391	317	8.6%
Inland QLD	15	$63	186,587	1.2%
North NT	16	$178	8,645	2.7%
Darwin	17	$608	23,979	8.5%
Remainder NT	18	$4	6,287	0.1%
Kununurra-Broome	19	$1,026	3,044	17.1%
Pilbara	20	$2,157	9,689	35.7%
Geraldton Central Coast	21	$336	26,197	6.7%
Perth	22	$110	662,802	1.9%
Albany-Bunbury	23	$100	102,550	1.9%
Remainder WA	24	$62	32,257	1.3%
South-West NSW	38	$0.1	308,322	0.0%
Northern Slopes	47	$6	81,624	0.1%
Mid-North coast	48	$13	81,729	0.2%
Far North coast	49	$125	129,840	1.9%
Total		**$156**	**2,932,891**	**2.6%**

Table 4: Home Contents exposure metrics (as at 30 June 2024)

CRESTA Name	CRESTA Zone	Average contents annual cyclone pool premium	Count of contents risks	Combined Rate on Line (per $100 sum insured)
Gold Coast	1	$24	205,268	2.6%
Brisbane	2	$17	749,542	1.7%
Sunshine Coast	3	$25	152,507	2.7%
Wide Bay	4	$21	95,933	2.5%
Rockhampton	5	$42	40,383	5.3%
Marlborough	6	$44	20,337	5.2%
Mackay	7	$97	36,387	13.2%
Proserpine and Offshore Islands	8	$110	11,199	15.5%
Townsville	9	$85	59,764	12.2%
Ingham	10	$57	11,016	8.5%
Cairns	11	$63	60,193	9.4%
Cape York	12	$49	2,569	7.4%
Fair Cape	13	$33	854	5.3%
Gulf	14	$42	248	6.7%
Inland QLD	15	$9	171,420	1.0%
North NT	16	$20	7,780	2.2%
Darwin	17	$62	30,408	8.2%
Remainder NT	18	$0.4	6,725	0.0%
Kununurra-Broome	19	$107	2,633	16.8%
Pilbara	20	$228	9,767	34.7%
Geraldton Central Coast	21	$44	23,690	5.4%
Perth	22	$14	673,818	1.3%
Albany-Bunbury	23	$13	96,189	1.4%
Remainder WA	24	$10	28,450	1.2%
South-West NSW	38	$0	286,002	0.0%
Northern Slopes	47	$1	71,525	0.1%
Mid-North coast	48	$1	81,646	0.1%
Far North coast	49	$20	131,527	2.1%
Total		**$20**	**3,067,780**	**2.1%**

Table 5: Strata buildings exposure metrics (as at 30 June 2024)

Region	Average building annual cyclone pool premium	Count of building risks	Combined Rate on Line (per $100 sum insured)
Northern NSW	$224	14,708	1.0%
South East and Mid Coast QLD	$750	34,469	1.5%
Inland QLD	$72	2,923	0.5%
Far North QLD	$2,298	4,346	7.9%
NT	$2,274	2,254	4.7%
Northern WA	$5,118	396	16.0%
Southern WA	$307	18,742	1.0%
Total	**$671**	**77,838**	**1.8%**

Note: *Average premiums shown are per building and have not been normalised for the number of lots per building.*

Table 6: SME buildings exposure metrics (as at 30 June 2024)

Region	Average building annual cyclone pool premium	Count of building risks	Combined Rate on Line (per $100 sum insured)
Northern NSW	$29	24,385	0.4%
South East and Mid Coast QLD	$176	24,066	1.9%
Inland QLD	$46	8,423	0.7%
Far North QLD	$707	6,964	8.9%
NT	$380	2,475	4.1%
Northern WA	$884	3,246	13.8%
Southern WA	$47	19,972	0.6%
Total	**$167**	**89,531**	**2.1%**

Table 7: SME contents exposure metrics (as at 30 June 2024)

Region	Average contents annual cyclone pool premium	Count of contents risks	Combined Rate on Line (per $100 sum insured)
Northern NSW	$9	32,400	0.5%
South East and Mid Coast QLD	$24	60,541	1.3%
Inland QLD	$11	9,536	0.7%
Far North QLD	$96	9,833	6.2%
NT	$44	4,189	2.3%
Northern WA	$148	3,660	10.7%
Southern WA	$6	36,964	0.4%
Total	**$24**	**157,123**	**1.4%**

Table 8: SME business interruption exposure metrics (as at 30 June 2024)

Region	Average business interruption annual cyclone pool premium	Count of business interruption risks	Combined Rate on Line (per $100 sum insured)
Northern NSW	$16	15,517	0.6%
South East and Mid Coast QLD	$68	28,500	1.8%
Inland QLD	$23	4,778	0.7%
Far North QLD	$275	4,973	8.9%
NT	$175	2,028	4.7%
Northern WA	$358	1,304	12.5%
Southern WA	$20	16,865	0.5%
Total	**$65**	**73,965**	**1.9%**

Figure 1: Home Buildings Rate on Line by CRESTA zone

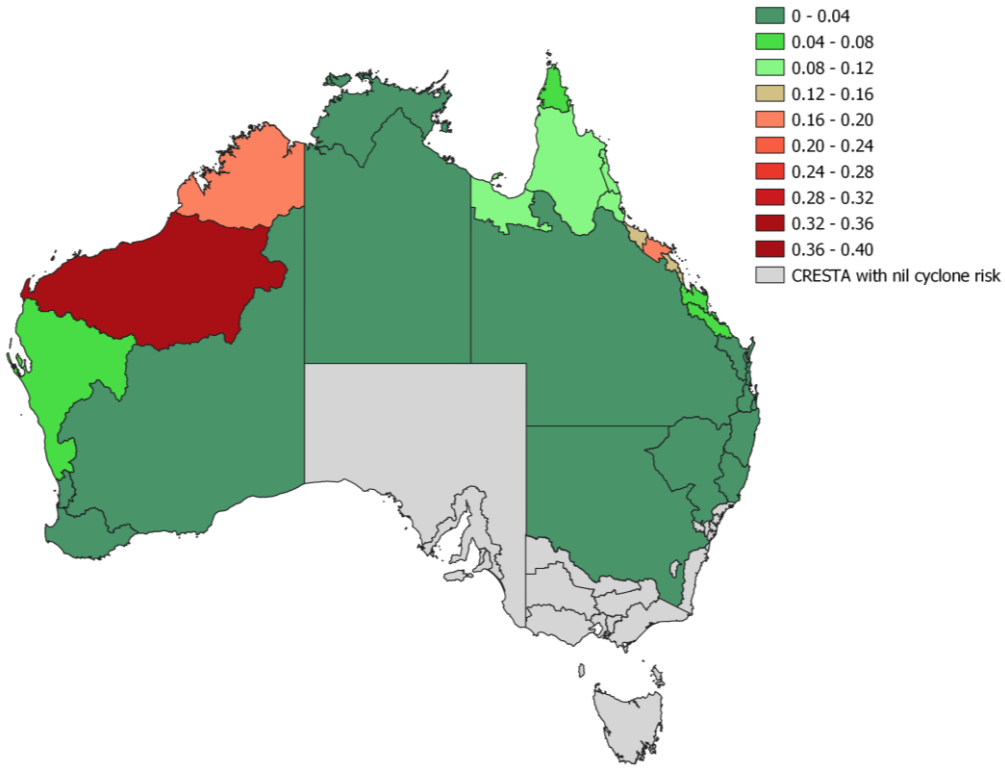
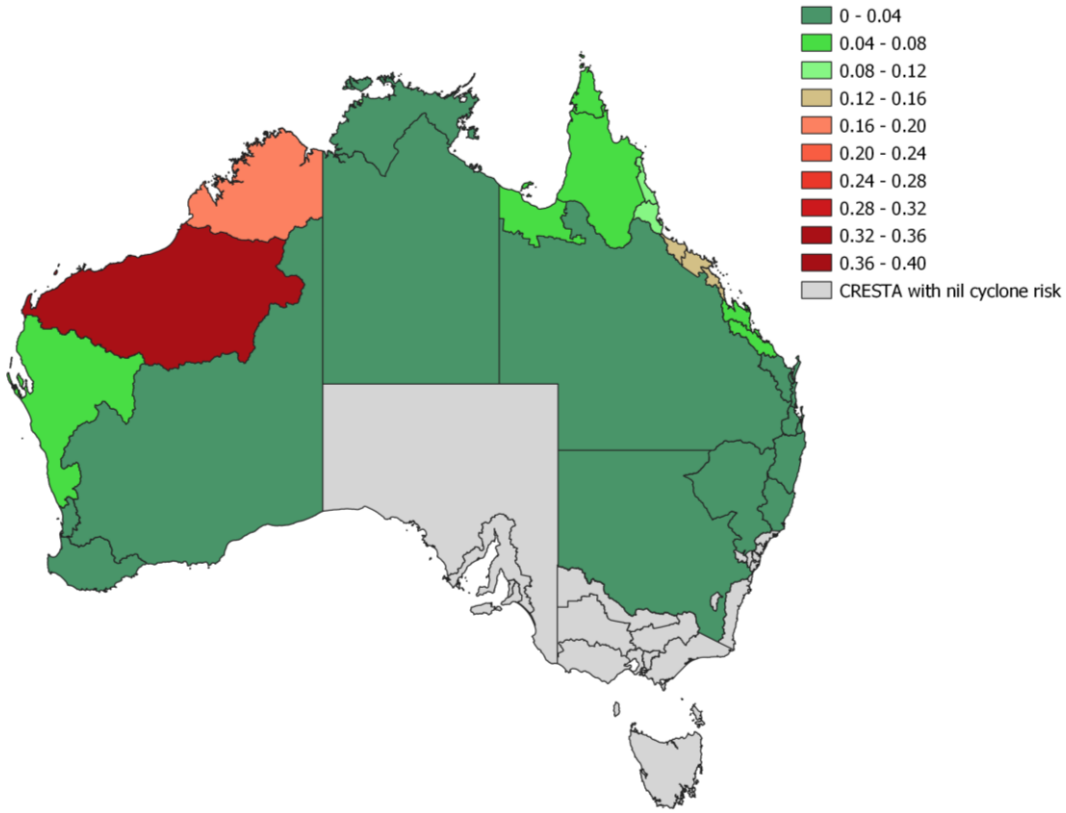


Figure 2: Home Contents Rate on Line by CRESTA zone



3: Mitigation Statistics

3.1 Mitigation summary by CRESTA zone

ARPC's premium formula provides discounts for Home properties with the following risk mitigation measures in place:

- Roller door bracing
- Window protection measures
- Tied down roof
- New/replaced roof
- Elevated ground floor

The mitigation rating factors, and their associated discounts are shown in Table 6. Mitigation discounts on roller doors and roof upgrades are only applicable to properties built prior to 2012 and 1982 respectively. Properties built after this are not eligible for additional mitigation discounts as risk reduction through building code enhancements is accounted for in the construction year rating factor.

Table 9 shows the proportion of Home Buildings reinsured by the cyclone pool that are eligible for mitigation discounts. Based on data captured by insurers and reported to ARPC, a small proportion of Home Buildings reinsured by the cyclone pool have completed mitigation and are accessing the cyclone pool premium discount allowances. Over time, ARPC expects these figures to increase as insurers underwriting approaches increase their collection of mitigation data and as policyholders are incentivised by cyclone pool premiums to implement mitigation measures.

Table 9: Proportion of Buildings in the cyclone pool eligible for mitigation discount by region (as at 30 June 2024)

Region	Roller door bracing	Window protection	Roof tied down	New roof	Ground floor elevated >1m
Northern NSW	0.0%	0.0%	0.0%	0.0%	0.8%
South East and Mid Coast QLD	1.6%	0.6%	0.8%	0.9%	2.1%
Inland QLD	0.9%	0.3%	0.3%	0.4%	2.0%
Far North QLD	8.8%	5.7%	7.2%	6.2%	3.6%
NT	0.3%	1.7%	0.2%	0.2%	0.2%
Northern WA	0.8%	2.5%	0.7%	0.6%	0.4%
Southern WA	0.0%	0.0%	0.0%	0.0%	0.1%
Total	**1.1%**	**0.6%**	**0.7%**	**0.7%**	**1.3%**

3.2 Risk mitigation discounts

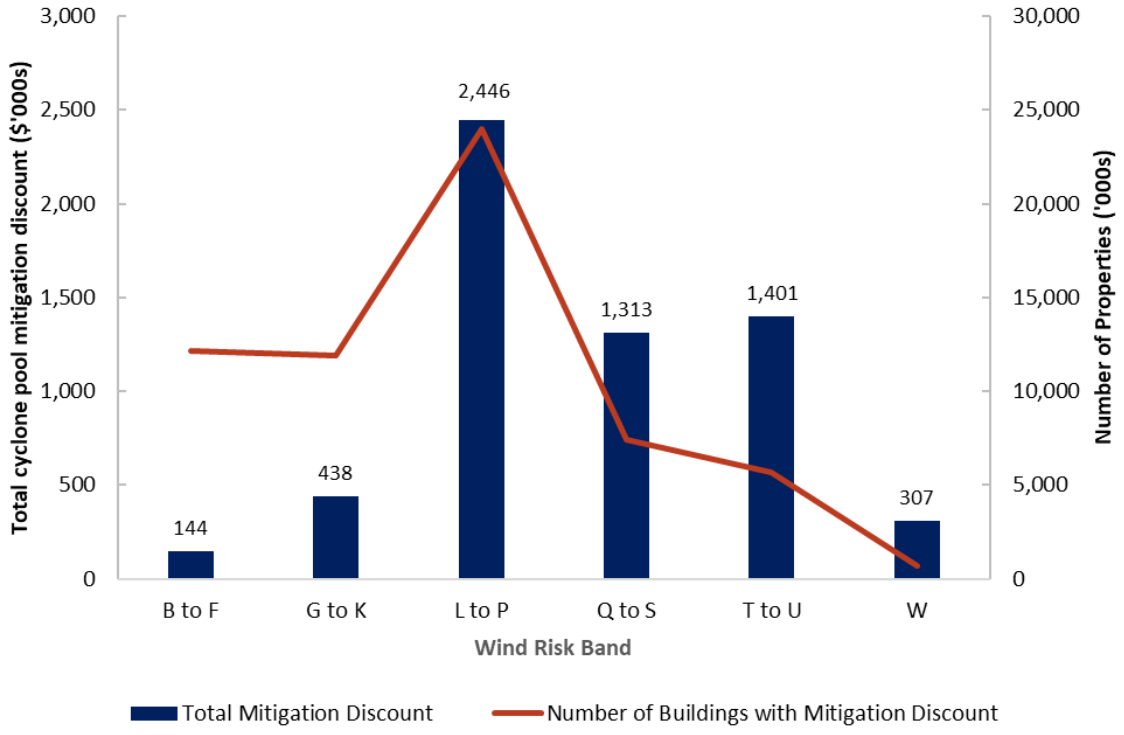
The cyclone pool supports Home premium discounts for risk mitigation activities. The magnitude of the discounts was informed by research assessing the resilience or reduction in risk achieved through each activity. Over time, additional discount factors may be added to reflect new research relating to mitigation against cyclone risk.

Table 10: Premium discount per mitigation measure

Mitigation activity	Wind premium discount
Roller door bracing upgrade or retrofit replacement of roller door (compliant with AS 4505:2012) – on homes built pre-2012	8%
Window protection to all windows (e.g. cyclone shutters)	10%
Roof structure tie-down upgrades (e.g. over-batten roof system) – on homes built pre-1982	20%
Complete roof replacement and structure tie-down upgrades to current standards - on homes built pre-1982	30%

The total discount for mitigation applied to in-force premiums as at 30 June 2024 is $6.0 million. Discounts applied over time will be tracked to assess whether the cyclone pool premium discounts are encouraging mitigation and their recording by insurers. Figure 3 provides the breakdown of the premium discounts applied by wind risk band.

Figure 3: Breakdown of total premium discount by wind band



An increased premium discount for higher wind risk properties is expected as the relative benefit for risk reduction is higher. Wind Risk Band ‘W’ (containing more exposure in north-west Western Australia) has lower rates of discount take-up than ‘L’ to ‘U’. Bands ‘L’ to ‘U’ have a greater proportion of policies in Queensland. The higher discount in these areas shows the benefit of the Queensland Household Resilience Program, which offers up to $11,250 in funding for qualifying mitigation. The cyclone pool premium discounts align with the activities funded by this program.

4: Coverage Statistics

4.1 Coverage summary by CRESTA zone

The cyclone pool provides reinsurance coverage for wind, riverine flood (as defined in the Terrorism and Cyclone Insurance Regulations 2003), and storm surge risk where these perils are insured in the underlying insurance policy. Tables 11 to 16 show the proportion of risks reinsured by the cyclone pool by class of business, cover type and peril.

Table 11: Proportion of Home Buildings with wind, flood and storm surge cover by CRESTA (as at 30 June 2024)

CRESTA Name	CRESTA Zone	Wind	Storm Surge	Flood
Gold Coast	1	100%	45%	82%
Brisbane	2	100%	51%	84%
Sunshine Coast	3	100%	50%	86%
Wide Bay	4	100%	54%	83%
Rockhampton	5	100%	54%	86%
Marlborough	6	100%	61%	89%
Mackay	7	100%	75%	96%
Proserpine and Offshore Islands	8	100%	77%	97%
Townsville	9	100%	75%	98%
Ingham	10	100%	55%	85%
Cairns	11	100%	71%	97%
Cape York	12	100%	60%	84%
Fair Cape	13	100%	67%	93%
Gulf	14	100%	28%	88%
Inland QLD	15	100%	45%	80%
North NT	16	100%	68%	94%
Darwin	17	100%	77%	100%
Remainder NT	18	100%	59%	95%
Kununurra-Broome	19	100%	26%	88%
Pilbara	20	100%	37%	92%
Geraldton Central Coast	21	100%	61%	88%
Perth	22	100%	74%	91%
Albany-Bunbury	23	100%	62%	88%
Remainder WA	24	100%	45%	79%
South-West NSW	38	100%	29%	82%
Northern Slopes	47	100%	30%	74%
Mid-North coast	48	100%	27%	81%
Far North coast	49	100%	31%	77%
Total		**100%**	**53%**	**85%**

Table 12: Proportion of Home Contents with wind, flood, and storm surge coverage by region (as at 30 June 2024)

CRESTA Name	CRESTA Zone	Wind	Storm Surge	Flood
Gold Coast	1	100%	54%	87%
Brisbane	2	100%	58%	87%
Sunshine Coast	3	100%	55%	89%
Wide Bay	4	100%	58%	86%
Rockhampton	5	100%	59%	89%
Marlborough	6	100%	65%	91%
Mackay	7	100%	77%	97%
Proserpine and Offshore Islands	8	100%	75%	97%
Townsville	9	100%	77%	98%
Ingham	10	100%	57%	87%
Cairns	11	100%	72%	97%
Cape York	12	100%	63%	87%
Fair Cape	13	100%	74%	97%
Gulf	14	100%	36%	89%
Inland QLD	15	100%	50%	83%
North NT	16	100%	70%	95%
Darwin	17	100%	78%	99%
Remainder NT	18	100%	61%	96%
Kununurra-Broome	19	100%	34%	90%
Pilbara	20	100%	48%	94%
Geraldton Central Coast	21	100%	63%	89%
Perth	22	100%	74%	92%
Albany-Bunbury	23	100%	64%	90%
Remainder WA	24	100%	47%	81%
South-West NSW	38	100%	32%	84%
Northern Slopes	47	100%	32%	77%
Mid-North coast	48	100%	29%	84%
Far North coast	49	100%	35%	81%
Total		**100%**	**57%**	**88%**

Table 13: Proportion of Strata Buildings with wind, flood and storm surge cover by region (as at 30 June 2024)

Region	Wind	Storm Surge	Flood
Northern NSW	100%	47%	79%
South East and Mid Coast QLD	100%	31%	66%
Inland QLD	100%	40%	81%
Far North QLD	100%	90%	92%
NT	100%	72%	81%
Northern WA	100%	48%	83%
Southern WA	100%	19%	81%
Total	**100%**	**36%**	**75%**

Note: *Coverage statistics shown are per building and have not been normalised for the number of lots per building.*

Table 14: Proportion of SME Buildings with wind, flood and storm surge cover by region (as at 30 June 2024)

Region	Wind	Storm Surge	Flood
Northern NSW	100%	64%	57%
South East and Mid Coast QLD	100%	66%	56%
Inland QLD	100%	73%	64%
Far North QLD	100%	84%	78%
NT	100%	85%	69%
Northern WA	100%	60%	69%
Southern WA	100%	52%	55%
Total	**100%**	**65%**	**59%**

Table 15: Proportion of SME Contents with wind, flood and storm surge cover by region (as at 30 June 2024)

Region	Wind	Storm Surge	Flood
Northern NSW	100%	63%	49%
South East and Mid Coast QLD	100%	58%	43%
Inland QLD	100%	72%	54%
Far North QLD	100%	80%	65%
NT	100%	82%	62%
Northern WA	100%	62%	70%
Southern WA	100%	59%	53%
Total	**100%**	**62%**	**50%**

Table 16: Proportion of SME Business Interuption with wind, flood and storm surge cover by region (as at 30 June 2024)

Region	Wind	Storm Surge	Flood
Northern NSW	100%	64%	67%
South East and Mid Coast QLD	100%	59%	62%
Inland QLD	100%	71%	74%
Far North QLD	100%	83%	86%
NT	100%	83%	65%
Northern WA	100%	68%	69%
Southern WA	100%	57%	65%
Total	**100%**	**63%**	**66%**

Appendix A: Glossary of key terms and metrics

Term	Definition
Aggregate Annual Premium	Total cyclone pool premium that would be paid on properties reinsured by the cyclone pool for a full annual policy term.
Aggregate Buildings / Contents / Business Interruption Sum Insured	Total sum insured for properties reinsured by the cyclone pool. Rateable sum insured is defined by ARPC and is an input to the cyclone pool premium calculation.
Average Annual Premium	Sum of annual cyclone pool premium for properties reinsured by the cyclone pool / count of properties with cyclone risk reinsured by the cyclone pool.
Average Sum Insured	Aggregate Sum Insured for properties reinsured by the cyclone pool / count of properties with cyclone risk reinsured by the cyclone pool.
Combined Rate on Line	Cyclone premium rate per $100 sum insured. Sum of annual cyclone pool premium for properties reinsured by the cyclone pool / aggregate Sum Insured.
Count of Properties with Cyclone Risk	Count of properties in CRESTA zones with cyclone risk (as defined by ARPC's premium formula) that are reinsured by the cyclone pool.
CRESTA	CRESTA (Catastrophe Risk Evaluating and Standardising Target Accumulations) zones are part of an international geographic zoning system which helps brokers and reinsurers manage natural hazard risk.
Declared Cyclone Event	Refers to when ARPC declares a cyclone under the *Terrorism and Cyclone Insurance Act 2003*, upon notification from the Bureau of Meteorology (the Bureau). The Bureau forms a view on a cyclone event using climate criteria outlined in the legislation and ARPC has 24 hours to officially declare the cyclone.
Annual Cyclone Pool Premium	Total annual cyclone pool premium paid on properties reinsured by the cyclone pool as at 30 June 2024.

** All metrics exclude properties which fall in CRESTA zones with nil cyclone risk (as defined by ARPC's premium formula).*

Appendix B: CRESTA to Region Mapping

Cresta Name	Cresta Zone	Region
Gold Coast	1	South East and Mid Coast QLD
Brisbane	2	South East and Mid Coast QLD
Sunshine Coast	3	South East and Mid Coast QLD
Wide Bay	4	South East and Mid Coast QLD
Rockhampton	5	South East and Mid Coast QLD
Marlborough	6	South East and Mid Coast QLD
Mackay	7	South East and Mid Coast QLD
Proserpine and Offshore Islands	8	Far North QLD
Townsville	9	Far North QLD
Ingham	10	Far North QLD
Cairns	11	Far North QLD
Cape York	12	Far North QLD
Fair Cape	13	Far North QLD
Gulf	14	Far North QLD
Inland QLD	15	Inland QLD
North NT	16	NT
Darwin	17	NT
Remainder NT	18	NT
Kununurra-Broome	19	Northern WA
Pilbara	20	Northern WA
Geraldton Central Coast	21	Northern WA
Perth	22	Southern WA
Albany-Bunbury	23	Southern WA
Remainder WA	24	Southern WA
South-West NSW	38	Northern NSW
Northern Slopes	47	Northern NSW
Mid-North coast	48	Northern NSW
Far North coast	49	Northern NSW