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Australian Reinsurance Pool Corporation

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Cyclone Reinsurance Pool Premium Assessment

October 2025

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1: Executive summary

ARPC has analysed insurer quote data to assess the Cyclone Reinsurance Pool (cyclone pool) premiums against legislative objectives.

Average policyholder premiums for the highest cyclone risk bands decreased by 37 per cent from October 2022 (before the first insurers joined the cyclone pool) to July 2025. Quote success rates for policies with high cyclone risk have increased since insurers joined the pool. Our previous assessment was performed in January 2025. When considering the changes between January 2025 and July 2025, average Home policyholder premiums and quote success rates have generally remained stable in higher risk regions. The analysis suggests that the cyclone pool is improving insurance affordability and availability in high cyclone risk areas.

2: Purpose and approach

2.1 Purpose

The cyclone pool covers cyclone and cyclone-related flood damage to insured residential (Home), strata (Strata), and small business (SME) properties. The cyclone pool is designed to improve insurance affordability and availability in areas with medium to high cyclone risk. Cyclone pool premium rates are set by ARPC, in line with the four legislative objectives specified in the *Terrorism and Cyclone Insurance Act 2003* (TCI Act):

1. Over the longer term, premiums are sufficient to cover or offset claims and expenses including any payments funded by the Commonwealth guarantee
2. In medium to high cyclone risk areas, to keep the premiums as low as possible
3. In lower cyclone risk areas, to keep premiums at levels comparable to what would be charged by other reinsurers
4. Maintaining incentives to reduce and mitigate the risk of eligible cyclone claims.

This report analyses online insurer quote data¹ to assess the extent to which cyclone pool premium rates are meeting objectives two and three, and if there are any improvements in insurance affordability and availability in cyclone risk areas. The analysis in this report will also provide valuable input into future cyclone pool pricing reviews.

2.2 Approach

The insurer quote data captures online insurer premiums using a consistent set of risk profiles each quarter. Sums insured are not inflated between quote collection periods. Quotes are analysed for Home (Buildings only) and SME new business quotes. Online quote information is not readily available for Strata policies as these are generally distributed through intermediaries like brokers.

The analysis uses two key metrics to assess the impact of the cyclone pool:

- change in average policyholder premium, and
- change in quote success rate.

The metrics are analysed using data from before insurers joined the cyclone pool and compared to the most recent data available. The analysis was previously completed using data from January 2025. Comparisons are made to the previous analysis to consider the change in the metrics over the six months.

¹ Quote data collection commenced in October 2022 for Home, and July 2023 for SME.

Seven major insurers are represented in the analysis, with one brand included per insurer. One insurer withdrew from Home quote monitoring from July 2025, with April 2025 being the last quarter of data where all insurers are represented. For exhibits comparing pre-pool to post-pool metrics (i.e. Figure 1 and Figure 3), we have used data to April 2025 with all seven insurers to aid comparability. Figure 2, which tracks changes over time, includes data to July 2025 to show more recent trends.

Results are aggregated giving equal weight to each insurer. Quotes are analysed in groups according to the ARPC Wind Risk Band² (risk band). Table A in Appendix A maps CRESTA zones to ARPC Wind Risk Bands. All the insurers included in the analysis had joined the cyclone pool prior to January 2024.

Table 1 provides a snapshot of in-force cyclone premium by class and cover. More than three quarters (78 per cent) of in-force cyclone pool premium is currently made up of Home Buildings, with smaller proportions for other classes and covers.

Table 1 – Cyclone pool in-force premium by class and cover as at 30 June 2025

		Proportion of in-force cyclone pool premium as at 30-Jun-2025
Class	Cover	
Home	Buildings	77.6%
	Contents	9.8%
SME	Buildings	2.3%
	Contents	0.6%
	Business Interruption	0.8%
Strata	Buildings	8.8%

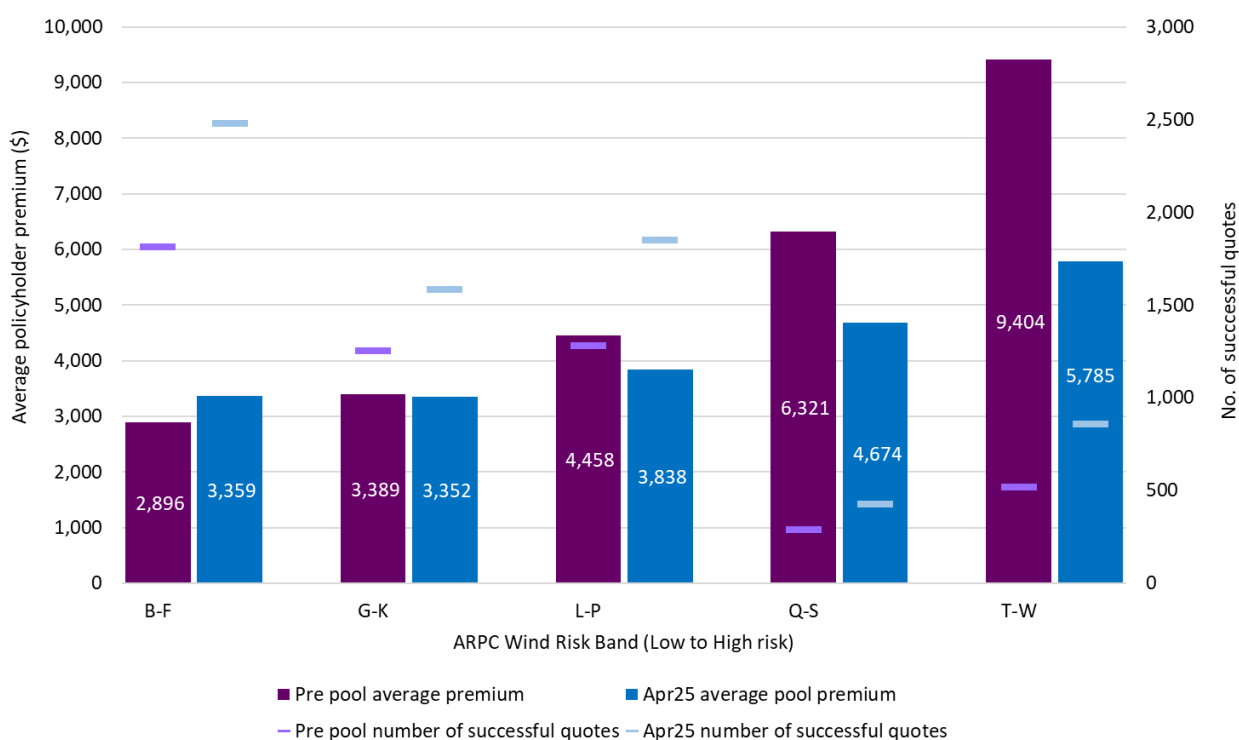
3: Home insurance

3.1 Policyholder premium impacts

Two key legislative objectives for cyclone pool premiums are to reduce premiums for medium and high-risk properties and to maintain premiums at a level comparable to the private market for low-risk properties. Figure 1 shows the average Home policyholder premium by risk band and compares insurance premiums prior to cyclone pool entry³ with premiums quoted in April 2025. The figure uses data to April 2025, as this is the last quarter of data available which includes the original mix of insurers.

² ARPC Wind Risk Bands have been grouped into five categories (B-F, G-K, L-P, Q-S, T-W) for the purpose of this analysis.

³ Insurers joined the cyclone pool at different dates, but all large insurers joined by 31 December 2023. 'Pre-cyclone pool' metrics are derived from data aggregated across multiple time periods.

Figure 1 – Average Home policyholder premium by risk band (pre-cyclone pool vs April 2025)⁴**Table 2 – Change in average Home policyholder premium by risk band from pre-cyclone pool to latest data (current vs previous analysis)**

	B-F	G-K	L-P	Q-S	T-W
Pre-cyclone pool to Apr-25 (% Change)	16%	-1%	-14%	-26%	-38%
Pre-cyclone pool to Jan-25 (prev % Change)	15%	-1%	-15%	-26%	-39%
Change in average premium Jan-25 to Apr-25	1%	0%	1%	0%	0%

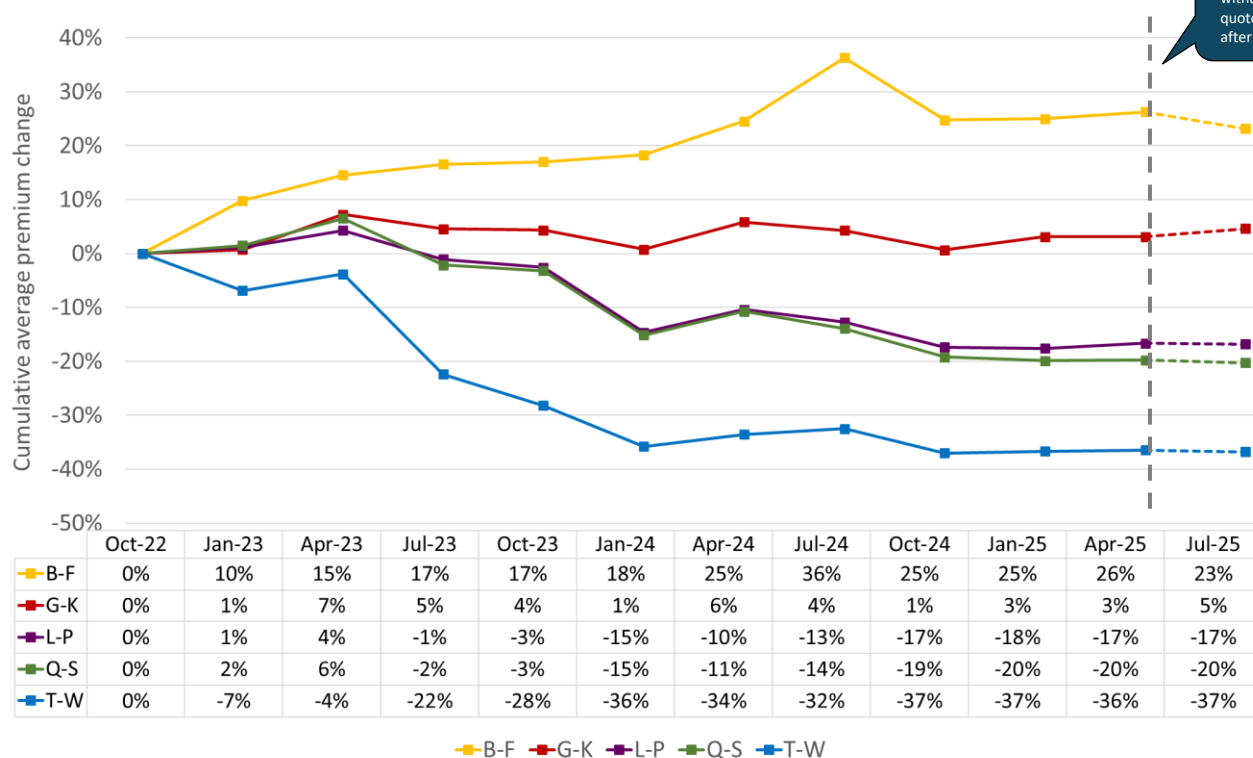
Source: Quote data provided by Finity Consulting

This analysis shows that there has been a significant reduction in average policyholder premiums for the highest risk bands following entry to the cyclone pool. By contrast, sample quotes in the lowest risk bands increased 16 per cent over the period. This increase reflects broader market movements in Home insurance rates over the past two to three years and is not attributable to the introduction of the cyclone pool.

Figure 2 shows the cumulative average premium change by risk band from before any insurers joined the cyclone pool (October 2022) up to the most recent data collection (July 2025). The percentage change in premiums up to April 2025 reflects the average of the original seven insurer brands, while changes from July 2025 onward exclude the insurer that has withdrawn from the monitoring.

⁴ The number of quotes has increased between the pre-cyclone pool period and April 2025 as quote samples changed. The total number of quotes in the new sample is larger.

Figure 2 – Cumulative average Home premium change by risk band (October 2022 to July 2025)



Source: Quote data provided by Finity Consulting

Since October 2022, insurance premiums for policyholders in high-risk bands have fallen significantly, with premiums for the highest risk bands decreasing by 37 per cent on average.

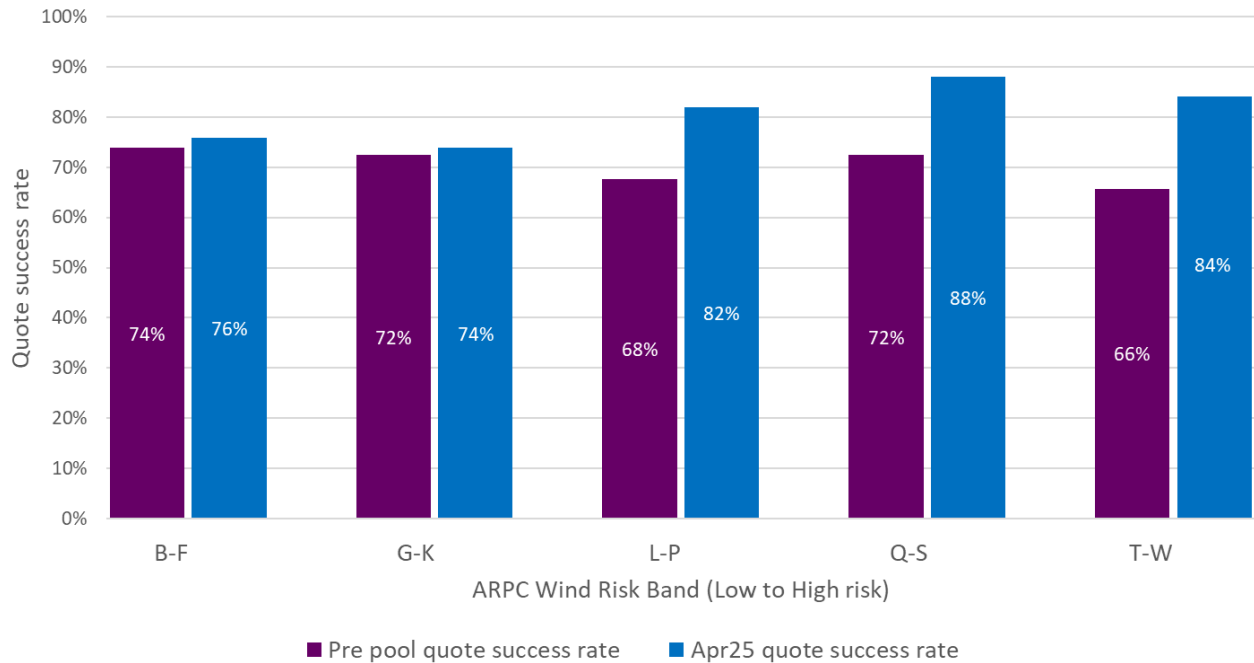
Premiums for the lowest risk bands increased by 23 per cent on average over the same period.⁵

The observed outcomes provide a meaningful signal that cyclone pool premium rates are achieving their intended objectives and leading to significant premium reductions for medium and high-risk policyholders. Increases for low-risk policyholders likely reflect broader market movements which are unrelated to the cyclone pool. This suggests that premium reductions for medium and high-risk policyholders may have been even greater if the introduction of the cyclone pool had not occurred in a high inflation environment with increasing reinsurance costs. Importantly ARPC's cyclone premiums have remained stable over time.

3.2 Insurance availability

An objective of the cyclone pool is to increase insurance availability by encouraging insurer entry and participation in northern Australia. Figure 3 shows the number of successful quotes and the quote success rate, comparing the pre-cyclone pool metric to April 2025. The figure uses data to April 2025, as this is the last quarter of data available which includes the original mix of insurers. Since January 2025, there have been slight decreases in availability in lower risk regions, with availability stable in higher risk regions.

⁵ The total cumulative premium increase over this period is different to the premium increase seen in Figure 1, as it includes aggregated rate changes for all insurers since October 2022. Some rate changes may have been applied during the window prior to some insurers joining the cyclone pool, so are not captured in Figure 1.

Figure 3 – Quote success rate by risk band (pre-cyclone pool vs April 2025)**Table 3 – Quote success rate by risk band (current vs previous analysis)**

	B-F	G-K	L-P	Q-S	T-W
Quote success rate Apr-25 (%)	76%	74%	82%	88%	84%
Quote success rate Jan-25 (prev %)	77%	77%	83%	89%	84%
Change in quote success rate Jan-25 to Apr-25	-2%	-4%	-2%	-1%	0%

Source: Quote data provided by Finity Consulting

4: SME insurance

4.1 Policyholder premium impacts

Buildings and Contents

Figure 4 shows the average SME Buildings and Contents policyholder premium by risk bands, comparing premiums prior to cyclone pool entry⁶ with premiums quoted in July 2025.

Figure 4 – Average SME (Buildings and Contents) policyholder premium by risk band (pre-cyclone pool vs July 2025)

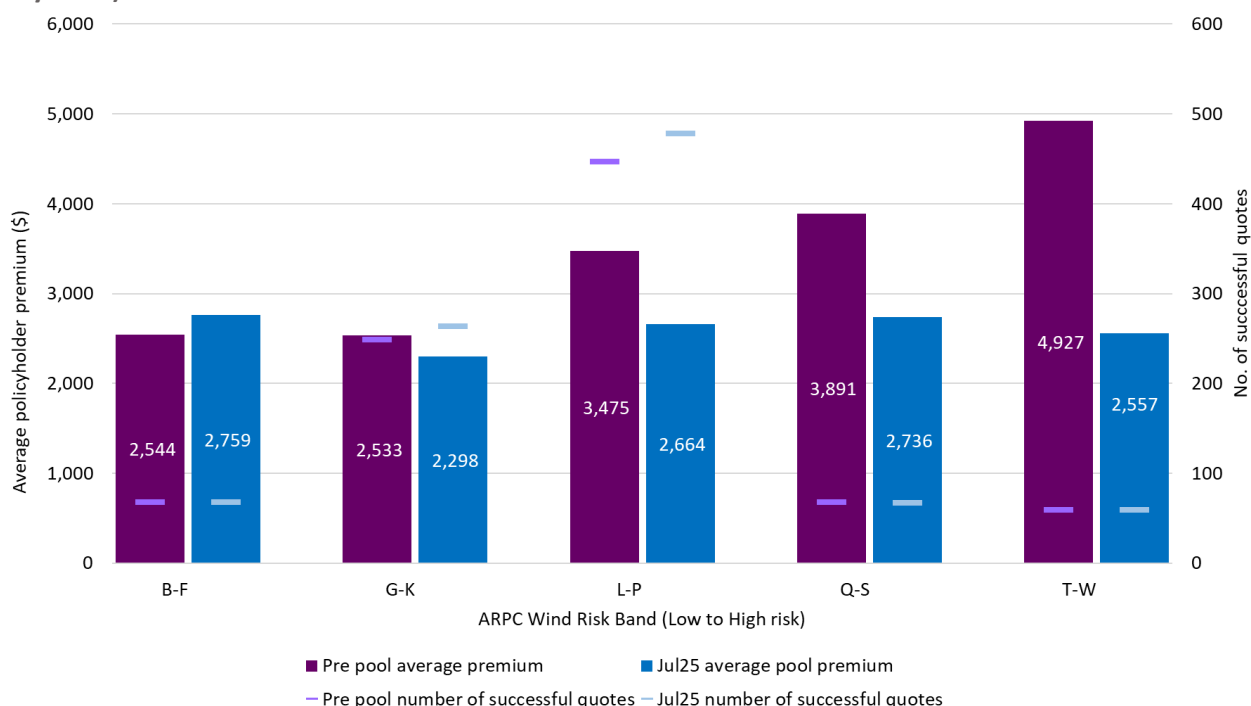


Table 4 – Change in average SME (Buildings and Contents) policyholder premium by risk band from pre-cyclone pool to latest data (current vs previous analysis)

	B-F	G-K	L-P	Q-S	T-W
Pre-cyclone pool to Jul-25 (% Change)	8%	-9%	-23%	-30%	-48%
Pre-cyclone pool to Jan-25 (prev % Change)	11%	-3%	-13%	-20%	-31%
Change in average premium Jan-25 to Jul-25	-3%	-7%	-12%	-12%	-25%

Source: Quote data provided by Finity Consulting

SME Buildings and Contents cover shows a similar distribution of policy premium changes as Home, with significant reductions observed across the highest risk bands following entry into the cyclone pool. There have been decreases to average SME Buildings and Contents premiums over the last six months across all cyclone risk bands, with a 25% reduction observed for the highest risk bands. The observed outcomes in high-risk areas suggest that the cyclone pool and the current premium rates are achieving their intended objectives for eligible SMEs.

⁶ Insurers joined the cyclone pool at different dates. 'Pre-cyclone pool' metrics are derived from data aggregated across multiple time periods.

Business Interruption

Figure 5 shows the average SME business interruption policyholder premium by risk band, comparing premiums prior to cyclone pool entry with premiums quoted in July 2025.

Figure 5 – Average SME (Business Interruption) policyholder premium by risk band (pre-cyclone pool vs July 2025)⁷

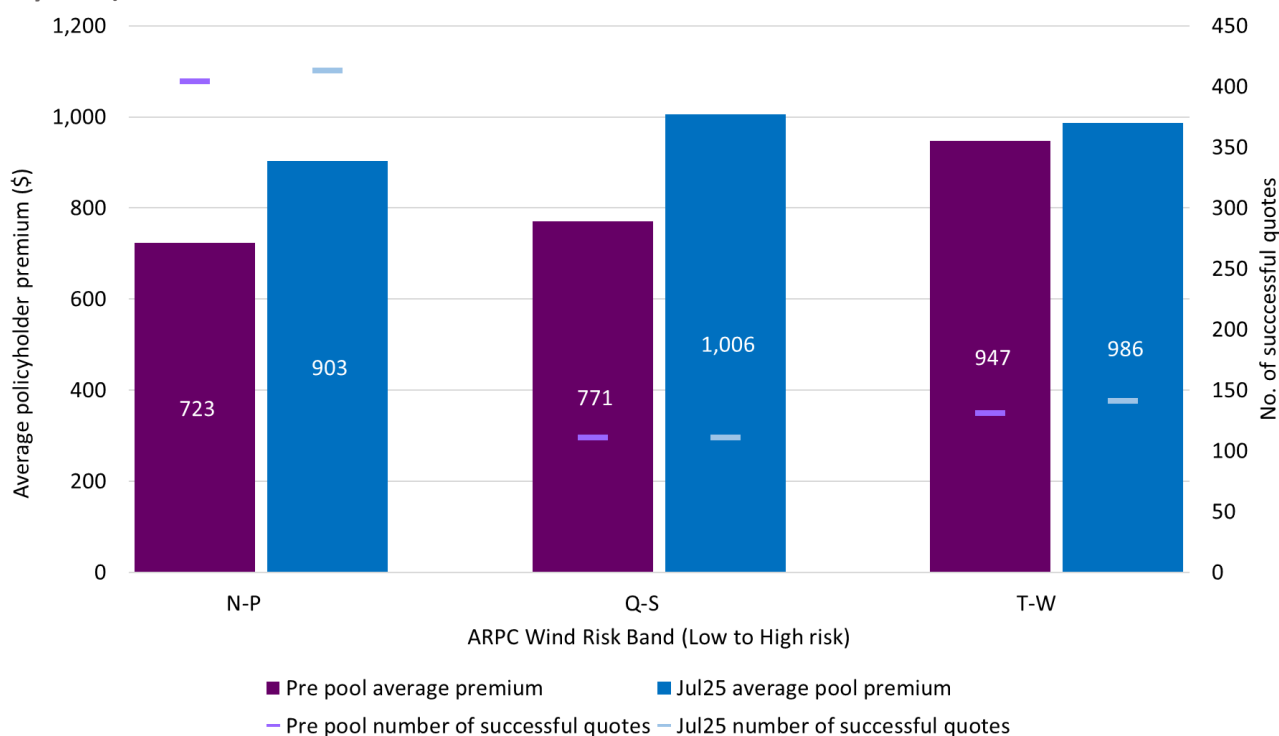


Table 5 – Change in average SME (Business Interruption) policyholder premium by risk band from pre-cyclone pool to latest data (current vs previous analysis)

	N-P	Q-S	T-W
Pre-cyclone pool to Jul-25 (% Change)	25%	30%	4%
Pre-cyclone pool to Jan-25 (prev % Change)	39%	47%	33%
Change in average premium Jan-25 to Jul-25	-10%	-11%	-22%

Source: Quote data provided by Finity Consulting

Average Business Interruption premiums in July 2025 are higher than pre-pool premiums across all risk bands, with a 4 per cent increase for the highest risk bands. Impacts for individual insurers are mixed, with some insurers implementing price increases, and some implementing price decreases on joining the cyclone pool. Over the last six months, reductions in Business interruption premiums can be observed across all risk bands.

SME Business Interruption premiums make up a relatively small (0.8 per cent) proportion of the in-force cyclone premium pool.

⁷ ARPC Wind Risk Bands have been grouped into three categories (N-P, Q-S and T-W) as Business Interruption quotes were not collected for all risk bands and time periods.

5: Limitations

There are approximately 750 Home quotes collected from each insurer each quarter prior to April 2023 and 1,500 quotes from April 2023 onwards. There are approximately 3,000 quotes collected each quarter for SME. The rating inputs used to generate the quotes for each sample record are consistent for each collection, for a given profile.

The quote samples consist of risk profiles and are designed to represent a broad range of cyclone risk and rating characteristics. The quotes:

- may not provide a comprehensive view of premiums in each ARPC Wind Risk Band
- do not proportionally represent the exposure in each risk band. Exposure decreases as cyclone risk increases, as fewer people live in high cyclone risk areas.

Table 6 – Number and proportion of policies in-force by risk band as at 30 June 2025

ARPC Wind Risk Band	Count of Home Building Policies ('000s)	Proportion of Policies
B-F	1,652.6	64.8%
G-K	608.5	23.9%
L-P	207.0	8.1%
Q-S	42.3	1.7%
T-W	40.1	1.6%
Total	2,550.5	100%

Other limitations noted relating to the data and approach include:

- The quote risk profiles were re-designed during the April 2023 quarter. Quotes were collected for both the old and new samples for three quarters from April 2023. The relevant period for this analysis is from October 2022 (before the first insurer joined the cyclone pool) to July 2025. To analyse data across this period, we were required to use old and new samples. Premium data from the old samples have been scaled for comparability with the new samples. This process means that the metrics do not perfectly represent the raw quote data.
- The quotes are consistent over time so that outputs are comparable quarter on quarter; sums insured are not adjusted for inflation over time. Policy sums insured are typically inflation adjusted on renewal, and premium changes year on year will reflect this. The impact of inflation is not captured in this analysis.
- Our analysis compares quotes collected across multiple periods. We are assuming that the quotes are generated using the same inputs and therefore the outputs are directly comparable. This may not always be the case, as the process involves the use of fuzzy matching algorithms.
- This analysis only provides a view on new business premiums. Premium quotes for renewals on existing policies may differ from those quoted online for new business.
- Only some SME policies are sold directly to policyholders, with many policies sold through intermediaries. This analysis only offers information about premiums on policies sold directly, which may differ from intermediated premiums.
- Insurers only provide online quotes for a narrow range of SME policies, as they require the customer to contact the insurer to receive a valid premium for policies with certain risk characteristics or coverage. This analysis may not capture premium movements for policies that require contacting the insurer for a quote.

- One insurer withdrew from Home quote monitoring from July 2025, with April 2025 being the last quarter of data available. Figures including data from July 2025 exclude this insurer, and reflect the movements in premiums for the remaining insurers.



Appendix A: Exposure by Wind Band and CRESTA

Table A – Home Buildings policies in-force as at 30 June 2025 in each Wind Band by CRESTA zones

		In-force Home Buildings policies by CRESTA and Wind Band				
CRESTA	CRESTA Name	B-F	G-K	L-P	Q-S	T-W
1	Gold Coast					
2	Brisbane					
3	Sunshine Coast					
4	Wide Bay					
5	Rockhampton					
6	Marlborough					
7	Mackay					
8	Proserpine and Offshore Islands					
9	Townsville					
10	Ingham					
11	Cairns					
12	Cape York					
13	Fair Cape					
14	Gulf					
15	Inland QLD					
16	North NT					
17	Darwin					
18	Remainder NT					
19	Kununurra-Broome					
20	Pilbara					
21	Geraldton Central Coast					
22	Perth					
23	Albany-Bunbury					
24	Remainder WA					
47	Northern Slopes					
48	Mid-North coast					
49	Far North coast					

Yellow cells indicate that more than 5% of the in-force policies in the CRESTA fall into the Wind Band.

Appendix B: Glossary

Term	Definition
ARPC Wind Risk Band	The risk band is a premium rating factor developed by ARPC for the calculation of cyclone pool premiums, with bands running from A (nil cyclone premium) to W (highest risk). The risk bands give some indication to the relative level of risk but are not a pure risk measure.
Average policyholder premium	The average quoted premium returned for successful quotes (including taxes and government charges).
Average quote success rate	The number of successful quotes as a percentage of the total quotes attempted.
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.
Cyclone related flooding	Cyclone related flooding can be split into two broad categories: • Pluvial flooding (incorporating surface flooding and flash flooding) which can occur anywhere high rainfall occurs, such as the path of a cyclone. • Fluvial flooding (riverine) occurs when water in a river, lake or other water body overflows onto the surrounding banks and land.
Home	A standalone residential property that is not a Strata policy.
In-force	An insurance policy that is active and paid up.
Large insurers	Large insurers have more than \$10 million of premium income eligible for the cyclone pool. These insurers were required to join the cyclone pool prior to 31 December 2023.
New business	A new business policy is one that is incepting for the first time. Insurers may provide quotes for new business policies on their websites, generated using data entered by prospective policyholders.
Rating characteristics	Attributes of a risk or policy that may impact the premium, e.g. sum insured, construction type, year of construction.
Renewal	A renewal policy is one that is renewing using the same (or similar) conditions as the previous policy year. Insurers may reach out to their customers directly to provide quotes for renewal policies.
Residential	Refers to a policy where the property is used wholly or mainly for residential purposes.
Risk profiles	A set of defined risk characteristics used to generate an insurance premium.
SME	Refers to a policy where the property is used mainly for commercial purposes and is not classified as Strata.
Strata	Refer to the definitions set out in items 4A (1) and (2), (3), or (4) of the Terrorism Insurance Amendment Regulations.
Sum insured	The insured value of a property defined by the policyholder or insurer, typically an input to determine premium.