Australian Government

Australian Reinsurance Pool Corporation

ARPC Annual Report 2025–26

Australian Government

Australian Reinsurance Pool Corporation

17 September 2026

The Hon Dr Daniel Mulino 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 2026. 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

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

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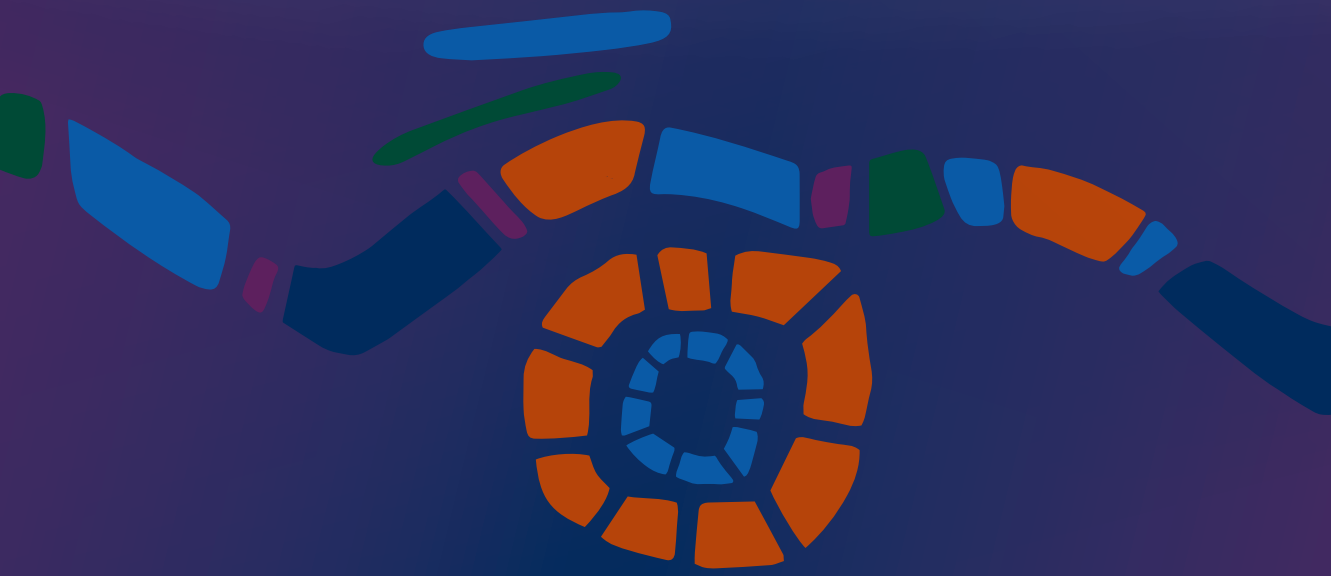
Acknowledgment of Country

Australian Reinsurance Pool Corporation (ARPC) acknowledges the Traditional Custodians of Country throughout Australia and their connections to land, sea, and community. We pay respects to their Elders, past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today. ARPC offices are located on the land of the Gadigal people of the Eora Nation.



Commonwealth of Australia 2026

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

Overview

From the Chair

> During the financial year, ARPC continued to deliver on our purpose, to provide public reinsurance to improve the accessibility and affordability of insurance for the Australian community for terrorism and cyclone risks.

Julie-Anne Schafer | Chair

I am pleased to present ARPC's Annual Report for 2025–26.

During the financial year, ARPC continued to deliver on our purpose, to provide public reinsurance to improve the accessibility and affordability of insurance for the Australian community for terrorism and cyclone risks.

This was an important year for us. The 2025-26 year was the most active cyclone season since the cyclone pool's establishment. The terrorism pool was also brought into focus, with 2 terrorism incidents declared during the reporting period, the first declarations since the Lindt Café incident in 2014.

Bondi Beach Declared Terrorism Incident

On behalf of the Board, I acknowledge the deeply tragic terrorist attack that occurred at Bondi Beach on 14 December 2025. Our thoughts remain with the victims, their families, the Jewish community, the Bondi community, and all those affected.

The attack was declared a terrorism incident for insurance purposes under the *Terrorism and Cyclone Insurance Act 2003* (TCI Act). ARPC worked with insurers and relevant stakeholders following the declaration to assess potential claims by businesses.

We do not expect losses to the terrorism pool from this Declared Terrorism Incident (DTI) as the losses remain within the insurer retentions. The event was, however, a solemn reminder of why the terrorism reinsurance pool exists – to support the continued availability of eligible insurance cover and to safeguard the Australian insurance market from the financial impact of terrorism events.

Delivering on our Corporate Plan

ARPC met the 5 performance measures outlined in our 2025–29 Corporate Plan:

- Measure 1 – Cyclone pool premium effectiveness and affordability
- Measure 2 – Share data and insights
- Measure 3 – Financial resilience
- Measure 4 – Operational efficiency
- Measure 5 – Insurer customer satisfaction.

The continued effectiveness of the cyclone pool was demonstrated through our Premium Assessment Report, published in May 2026. The report showed that average home insurance premiums in the highest cyclone risk areas had fallen by 37% since the pool was introduced.

The Australian Competition and Consumer Commission's final insurance monitoring report released in June, also found that the cyclone pool had led to lower premiums in cyclone-affected communities. The report noted that the largest premium reductions were in areas facing the highest cyclone risk, with average home and contents premiums per $100,000 sum insured falling by up to 25% after implementation of the pool. While insurance affordability remains a

significant challenge for many households and businesses, these findings provide important independent evidence that the pool is delivering its greatest benefits to those facing the greatest cyclone risk.

During the financial year, ARPC continued to share insights from the cyclone pool, including through our quarterly Cyclone Reinsurance Pool Statistics reports on premiums, exposures, coverage and claims. We also shared aggregated and de-identified data and technical insights with Australian Government agencies to support work on insurance affordability, natural hazard risk and resilience.

For insurer customer satisfaction, 99% of insurers described their working relationship with ARPC as being either good or very good.

Financial and operational performance

Although the cyclone pool started the reporting period in a financial deficit position owing to losses arising from Tropical Cyclone (TC) Alfred, assets had reached near break-even by the end of the financial year. This demonstrated the cyclone pool's ability to absorb short-term volatility and return towards a cost neutral position.

The cyclone pool is designed to manage volatility through ARPC's net assets and the Commonwealth guarantee, while setting reinsurance premiums to achieve a cost neutral outcome to the Commonwealth over the long term.

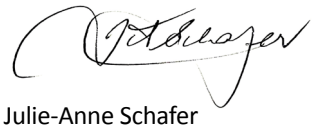
In summary, both pools continued to operate as legislatively intended during the financial year. We met our claims liabilities, maintained liquidity, supported insurers and delivered against the performance measures set out in our 2025–29 Corporate Plan.

Looking ahead

This financial year, the Board approved ARPC's 2026–30 strategy, which provides the foundations for continued delivery of our legislative objectives.

In the year ahead, the Board will continue to oversee the sustainable operation of the terrorism and cyclone reinsurance pools, ARPC's financial resilience, its risk management settings, and investment in the capability of its people and systems.

I thank my fellow Board Members and, on their behalf, I thank Chief Executive Dr Christopher Wallace, his leadership team and all ARPC colleagues for their commitment to the operation of the pools and to the communities we serve.



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

> The cyclone pool is designed to manage volatility through ARPC's net assets and the Commonwealth guarantee, while setting reinsurance premiums to achieve a cost neutral outcome to the Commonwealth over the long term.

From the CEO

> ARPC's work matters. Through the reinsurance we provide, we support insurance availability and affordability in areas of risk that are difficult for the private market to manage alone. That purpose remains central to everything we do.

Dr Christopher Wallace | CEO

I am pleased to report on ARPC's performance and progress against our strategic priorities for 2025–26.

Over the past financial year, both the terrorism and cyclone reinsurance pools operated as intended. Through the reinsurance we provided, ARPC continued to support the accessibility and affordability of insurance for terrorism and cyclone risks.

Across both pools, we continued to meet our obligations, support insurers, provide certainty to the market and deliver on our public purpose.

Terrorism incidents declared

The responsible Minister declared 2 terrorism incidents in 2025–26.

The terrorist attack at Bondi Beach on 14 December 2025 brought into stark focus the impact terrorism has on people and communities. Nothing can make up for the human loss experienced that day. We continue to think of all those impacted by the attack.

ARPC does not currently expect losses from the Bondi Beach DTI. However, the declaration demonstrated the important role of the terrorism pool in providing certainty to the insurance market when rare but severe terrorism events occur.

No losses were associated with the second incident, which occurred in Perth on Australia Day 2026.

2025–26 cyclone season

The cyclone pool experienced its busiest season since commencement, with 9 Declared Cyclone Events (DCEs) contributing to losses during the reporting period.

Ultimate incurred losses are estimated at approximately $252 million, comprising a central estimate of $203 million and a risk margin of $49 million.

This followed TC Alfred, which was the cyclone pool's largest loss event to date and occurred in the previous financial year. During 2025–26, the cyclone pool also reached the significant milestone of having paid more than $1 billion in claims since it was established in 2022.

Despite the active cyclone season, losses remained within expectations. The pool continued to provide certainty of cover, support insurers and contribute to improved insurance affordability for communities in cyclone-prone regions across Australia.

Making better use of our data

ARPC holds and generates unique data insights through the operation of the terrorism and cyclone pools. These insights can support government, insurers and other stakeholders to better understand risk, inform policy and respond to extreme weather events.

During the financial year, we progressed investment into an enterprise data management and analytics platform. This added capability will bring together reinsurance data under clear governance arrangements and support timelier, trusted and useful insights.

Engaging with stakeholders and raising awareness of risk mitigation discounts

We continued to engage with stakeholders across cyclone-prone regions of Australia, including visiting stakeholders in Townsville, Mackay, Darwin and Broome.

We also launched our first public awareness campaign to promote cyclone mitigation discounts available through participating insurers. The campaign featured advertising in local print media outlets and online channels in cyclone-prone regions.

During the financial year, we continued to build strong relationships across the insurance and government sectors through consultations, engagement and industry events.

We held our annual Terrorism Risk Insurance Seminar, and, for the first time since 2016, hosted the International Forum for Terrorism Risk (Re) Insurance Pools (IFTRIP) Conference. These events brought together Australian and international experts to discuss terrorism risk and the evolving risk environment.

We also worked closely with Australian Government agencies to share data and insights and operational experience from the terrorism and cyclone pools.

> ARPC holds and generates unique data insights through the operation of the terrorism and cyclone pools.

Statutory review of the TCI Act

During the reporting period, Treasury undertook the 5-yearly statutory review of the TCI Act.

The review considered whether the terrorism and cyclone pools should continue and whether any changes would be required to support their ongoing operation.

Their findings and recommendations had not been released at the time of publication of this report. ARPC will work with government on any recommendations arising from the review.

Our people

Our Chief Underwriting Officer (CUO), Michael Pennell PSM, will retire in November 2026.

Michael has made a significant and longstanding contribution to ARPC. He has played a central role in the development and operation of our underwriting capability and helped build the strong foundations we have today.

Cameron Hick has been appointed CUO Designate and will work closely with Michael to ensure a smooth transition before formally assuming the role. Cameron brings deep experience and is well positioned to lead the underwriting function into its next phase.

More broadly, our team brings together expertise across actuarial services, finance, claims management, governance, risk, reinsurance, stakeholder engagement, data, technology and operations.

I am grateful for the professionalism and commitment of our people. During the financial year, we continued to invest in leadership development, professional capability and initiatives to strengthen our culture.

Financial and operational position

The financial resilience of the cyclone pool was also tested during the financial year, with 9 DCEs, following TC Alfred, the cyclone pool's largest loss event to date which occurred in the previous financial year. We met our claims liabilities and managed our cash flow and liquidity as required, as outlined in the Financial Statements on pages 69 to 109.

Outlook for 2026–27

Looking ahead, we will remain focused on strengthening the operation of both pools and delivering our objectives for the Australian community.

Our priorities for 2026–27 include continuing to work closely with insurers and government, improving the use of our data and analytics, supporting awareness of cyclone mitigation discounts, and maintaining the operational and financial resilience of the terrorism and cyclone pools.

We will also continue to invest in our people, systems and organisational capability so that ARPC is well positioned to meet current and future demands.

I would like to thank our Board for its guidance and oversight, and my executive team and other colleagues for their contribution during the financial year.

ARPC's work matters. Through the reinsurance we provide, we support insurance availability and affordability in areas of risk that are difficult for the private market to manage alone. That purpose remains central to everything we do.

Dr Christopher Wallace

BEc (Hons), PhD (Econ), AMP (INSEAD), ANZIIF (Fellow), CIP, GAICD

Chief Executive

> Our team brings together expertise across actuarial services, finance, claims management, governance, risk, reinsurance, stakeholder engagement, data, technology and operations.

Report of operations declaration

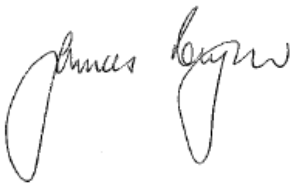
The Board Members of ARPC are pleased to present their Annual Report on the operations of the Corporation for the financial year ended 30 June 2026. This report is made in accordance with a resolution of the Members.

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

17 September 2026



Fran Raymond
FCA, FAICD, BCom, MBA, Grad Dip in Public Policy
Member and Chair of the Audit Committee

17 September 2026

Our 2025–29 strategy

ARPC has 4 strategic priorities aligned to our purpose and role. Our focus is administering the pools, leveraging our unique data and insights, supporting risk mitigation to put downward pressure on cyclone insurance premiums, and strengthening our customer and risk-focused culture.

Purpose

ARPC's purpose is to provide public reinsurance to improve the accessibility and affordability of insurance for the Australian community for terrorism and cyclone risks.

Role

ARPC's role is to administer the terrorism and cyclone reinsurance pools as legislated.

Strategic priorities

Deliver efficient, effective, and sustainable reinsurance to insurers.

Doing this well means we optimise the performance of the 2 pools for the benefit of the Australian community.

Build and share data, analytics, and insights to support understanding of terrorism and cyclone risk.

Doing this well means stakeholders across the government and the insurance industry can leverage the data and insights shared by us for the benefit of the Australian community.

Within our functions and powers, support risk mitigation initiatives to put downward pressure on cyclone premiums and support a disaster-resilient Australia.

Doing this well means we will make valuable contributions through data sharing, insights, collaboration, education and research. This will enhance the understanding of terrorism and cyclone risk, supporting disaster risk mitigation initiatives undertaken by other government agencies, industry and community. In turn, this will improve Australia's resilience to catastrophic events and hazards, and reduce claims costs and impact on the community over the long term.

Continue to build capability and a customer and risk-focused culture to drive ongoing improvements in performance.

Doing this well means that we sustain and strengthen our commitment to our customers by operating the pools efficiently and effectively, through investment in our people, processes and systems.

Corporate values

Integrity | Respect | Service | Wellbeing

Key activities

The 2025-2029 Corporate Plan sets out the following strategic priorities and key activities ARPC will undertake to deliver them.

Strategic priorities – Key activities

1. Deliver efficient, effective and sustainable reinsurance to insurers.

- Efficiently and effectively collect premiums, pay claims, and manage pool assets and the risks affecting the reinsurance pools.
- Work with insurers to ensure compliance with the legislation, regulations and reinsurance agreement.
- Purchase terrorism retrocession based on modelled realistic disaster scenarios.
- Maintain and develop our terrorism catastrophe modelling for use in response to a DTI.

2. Build and share data, analytics and insights to support understanding of terrorism and cyclone risk.

- Continue to develop our modelling and data analytic capabilities to generate insights to assess the impact and support future enhancements of the pools.
- Share aggregated and de-identified data, collaborate and provide technical support across government agencies.
- Partner with organisations to understand current and emerging trends in terrorism and cyclone risk.
- Publish the Financial Outlook Report and other data insights, and take action to improve pool performance.

3. Within our functions and powers, support risk mitigation initiatives to put downward pressure on cyclone premiums and support a disaster-resilient Australia.

- Enable a better understanding of risk and insurance affordability across government through sharing de-identified and aggregated data with government agencies, to support disaster risk mitigation activities.
- Collaborate and support government policy development aiming to enhance resilience and reduce the impact of future events.
- Develop terrorism and cyclone risk insights. This includes hosting the annual terrorism risk and cyclone risk seminars where insights are presented.
- Develop risk mitigation discounts for small and medium-sized enterprises, and continue to improve on reflecting flood mitigation and other community-level mitigation in our pricing.
- Support effective and efficient delivery of risk mitigation activities through the claims process and relevant government departments, global networks and forums.
- Promote community awareness of effective mitigation support and available discounts through our website, statistical publications, and stakeholder forums, as part of education and awareness efforts.

4. Continue to build capability and a customer and risk focused culture to drive ongoing improvements in performance.

- Optimise processes and systems to manage the pools efficiently and effectively.
- Continue to invest in the professional development of our people, with a focus on leadership development across the organisation.
- Continue to build risk capabilities and mature our risk management framework.

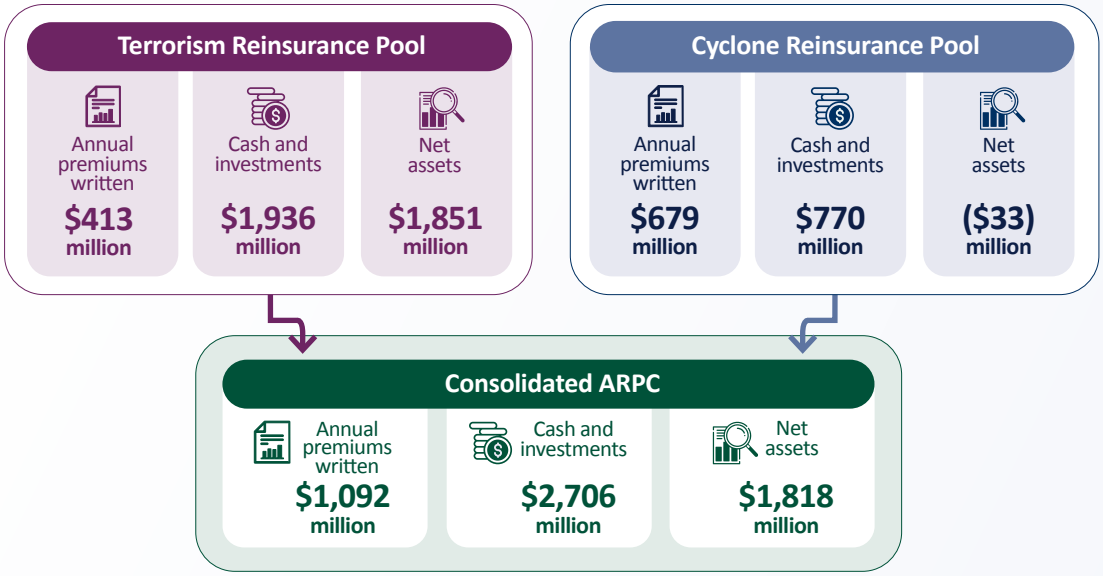
Our performance

ARPC met all targets set in our 2025–29 Corporate Plan and annual performance measures, as summarised below. For full details on each measure and target, see Chapter 4.

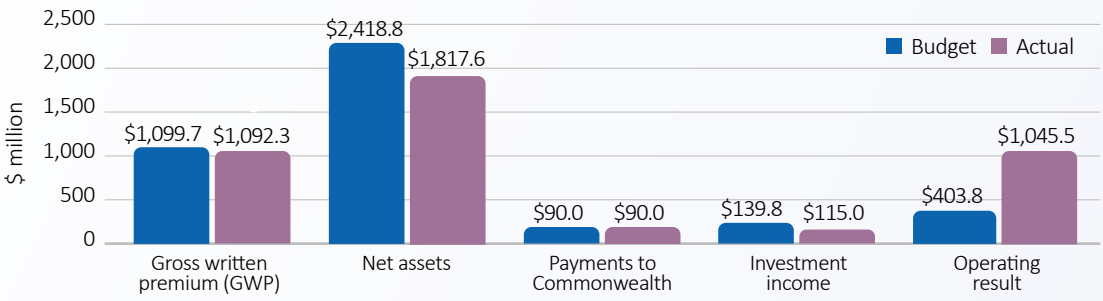
Performance measures

Measure	Target	Result
1	Cyclone pool premium effectiveness and affordability	Met
2	Share data and insights	Met
3	Financial resilience	Met
4	Operational efficiency	Met
5	Insurer customer satisfaction	Met

Financial snapshot as at 30 June 2026



Performance against budget for the year ended 30 June 2026



Our history

The Australian Government established ARPC in 2003 to administer the terrorism pool under what is now the TCI Act. Since then, we have strengthened our technical, financial and modelling capability. We engaged with Geoscience Australia to develop 3D terrorism catastrophe models in 2008, purchased our first retrocession program the following year, and began returning fees and dividends to the Australian Government in 2012.

We expanded our leadership role in Australia and internationally and hosted the inaugural IFTRIP Conference in Canberra, held the IFTRIP Presidency and contributed to global thinking on terrorism, cyber terrorism and risk mitigation. In March 2026, we hosted our second IFTRIP Conference, this time in Sydney.

The terrorism pool continued to evolve in response to changing risks. In 2017, it expanded to include high-value residential buildings, mixed-use buildings and biochemical attacks. We also developed geospatial catastrophe modelling to support risk assessment across mainland Australia.

A new chapter began for ARPC in 2021 when the Australian Government announced that it would create the cyclone pool, which came into effect under the TCI Act on 1 July 2022. We began accepting risk from insurers in January 2023, paid our first cyclone pool claim in mid-2023 in the aftermath of TC Gabrielle, and started sharing cyclone pool data with other government agencies the following year.

We successfully handled our first major loss event with TC Alfred in 2025, and in 2025–26 managed our busiest cyclone season yet. At the same time, our claim payments surpassed one billion dollars. Two terrorism incidents were declared in the reporting period, the first since 2014.

Across more than 2 decades, our story is one of adapting to emerging risks, building specialist capability, supporting government policy, and working with partners to help protect Australian communities, businesses and the economy.

> A new chapter began for ARPC in 2021 when the Australian Government announced that it would create the cyclone pool, which came into effect under the TCI Act on 1 July 2022.

Australian Government
Australian Reinsurance Pool Corporation

1 About ARPC

1 About ARPC

ARPC's role and responsibilities

ARPC is a 'public reinsurer' owned by the Commonwealth whose purpose is to provide public reinsurance to improve the accessibility of terrorism and cyclone insurance and, for cyclone risk, to improve affordability for the Australian community.

Our role is to administer the terrorism and cyclone pools as set out in the TCI Act. We aim to act as an efficient and effective administrator that provides insurance coverage for eligible losses in defined catastrophic circumstances, a DTI or DCE.

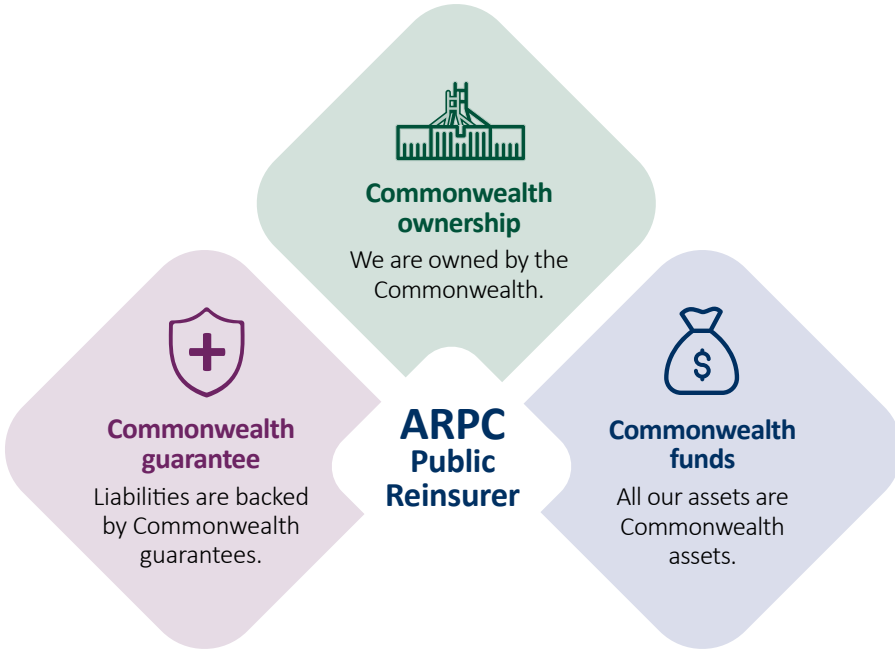
Legislative functions

ARPC is a Corporate Commonwealth Entity and public financial corporation within the Treasury portfolio. Our statutory functions and powers under section 10 of the TCI Act are:

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

We also operate under the PGPA Act and are subject to its financial and non-financial reporting requirements. Additionally, we must deliver on our legislative obligations in an efficient and effective manner, with care and diligence for the proper use and management of public resources, to promote the achievement of our purpose, and to cooperate with others to achieve common objectives.

Figure 1.1: What it means for ARPC to be a 'Public Reinsurer'



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[1] confirmed that a partial market failure remained and recommended the then *Terrorism Insurance Act 2003* (superseded by the TCI Act) and terrorism pool remain in place. The estimated global commercial market capacity available for Australian terrorism reinsurance is not sufficient to cover potential large, but plausible terrorism incidents.

Terrorism threat landscape

The Australian Government's general terrorism threat level informs the public about the likelihood of a terrorist attack in Australia and is currently at a PROBABLE threat level. 'Probable' means there is a greater than 50% chance of an onshore attack or attack being planned within the next 12 months. The Australian Security Intelligence Organisation raised Australia's National Terrorism Threat Level from POSSIBLE to PROBABLE in August 2024, due to anticipated exposures in politically motivated violence across various ideological spectrums.

For more information on Australia's threat level, visit the National Security website. Chapter 2 contains a full report on the terrorism pool.

Cyclone pool addresses availability and affordability

Due to cyclone risk in northern Australia, insurance has been less available and more expensive than in many other regions. The cyclone pool commenced in July 2022 to lower insurance premiums by reducing reinsurance costs for cyclone risks in those areas, a significant contributor to higher insurance premiums.

The cyclone pool reinsures insurers for losses under eligible household, strata and small business policies arising from cyclones and cyclone-related flooding for DCEs. This includes the related wind, rain, rainwater, run-off, storm surge and riverine flood damage where it occurs during a declared cyclone period and within 48 hours of the cyclone being downgraded.

All eligible insurers joined the cyclone pool prior to 31 December 2024 as required by the TCI Act.

Cyclone outlook

The Australian tropical cyclone season runs from 1 November to 30 April each year and the Bureau of Meteorology issues seasonal outlooks each October. On average, 11 tropical cyclones form in a season in the Australia region, with 4 typically crossing the Australian coast, since reliable records began in 1969–70.[2] A full report on the cyclone pool, including the 2025–26 cyclone season, is provided in Chapter 3.

[1] Treasury reviews the TCI Act 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 5 years.

[2] Bureau of Meteorology, Australian cyclone season long-range forecast for 2023 to 2024, 9 October 2023.

Working with stakeholders

ARPC regularly engages with communities in cyclone-affected areas, industry and government to share information and collect feedback from these key stakeholders.

Engaging with communities

During 2025–26, ARPC engaged with a broad range of stakeholders, including local government representatives, chambers of commerce, Aboriginal land councils, economic development agencies and consumer advocacy groups. These discussions provided valuable insights into local insurance challenges and opportunities, while increasing awareness of the cyclone pool and its benefits. We visited communities across northern Australia, including Townsville, Mackay, Darwin and Broome.

Raising awareness of risk mitigation discounts

Where policyholders have made certain improvements to enhance the cyclone resilience of their property, ARPC can provide mitigation discounts to participating insurers under the cyclone pool. This further reduces the insurance premium for policyholders.

To raise awareness of these discounts, we launched our first public awareness campaign in late 2025. Advertisements appeared in selected media outlets in Broome, Darwin, Townsville and Cairns, encouraging residents to tell their insurer about eligible mitigation measures already in place, or to consider measures to strengthen the resilience of their property, such as improvements to roofs, windows and roller doors.

The campaign was a success, generating click-through rates to ARPC's website of 0.14%, compared with a typical digital display advertising benchmark of 0.03% to 0.05%.[3]

Industry engagement

ARPC risk insurance seminars

Our industry seminars are well regarded and provide a valuable opportunity to inform our stakeholders about what we do, present research and network. The seminars attract stakeholders from industry, government and academia.

Our Terrorism Risk Insurance Seminar took place on 24 November 2025. It focused on terrorism and security trends and analyses of various threat scenarios. Guest speakers included senior representatives of Global Risk Analysis, Geoscience Australia, the Defence Science and Technology Group and ARPC. The next Cyclone Risk Insurance Seminar will be held in November 2026.

Insurer review program, retrocession and industry consultation

Our insurer review program informs and educates insurers about the terrorism and cyclone pools and compliance requirements. We held terrorism retrocession renewal discussions with our

> To raise awareness of these [risk mitigation] discounts, we launched our first public awareness campaign in late 2025.

[3] Industry benchmark refers to the average click-through rate for standard digital display advertising campaigns, which typically ranges from 0.03% to 0.05%.

reinsurer partners regarding Australia's terrorism risk and shared our portfolio risk analysis. We also held a Cyclone Pricing Review and Insurer Consultation Briefing on 14 August 2025 to seek feedback on proposed changes to premium rates.

Insurer perceptions of ARPC

Results of our annual survey of pool insurer perceptions continued to be very positive with an Overall Stakeholder Perception Index (OSPI) score of 82%. Nearly all respondents (99%) described their working relationship with us as either 'good' or 'very good'. More information on the survey can be found in Chapter 4.

Participating in industry events

We engage with the insurance and reinsurance industries by attending and participating in events to raise awareness of the pools, and to deliver updates on issues of interest to stakeholders. During 2025–26, we attended several industry events. These included the Australian and New Zealand Institute of Insurance and Finance (ANZIIF) Reinsurance Rendezvous, the Catastrophe and Reinsurance Symposium, the Insurance Council of Australia Annual Conference, Hazards Insurance Partnership meetings and the Financial Protection Against Catastrophic Risks: Floods, Fires and Other Major Risks meeting.

Collaborating with global reinsurance pools

ARPC is a founding member of IFTRIP, a key forum for global terrorism pools. We hosted the IFTRIP Conference in Sydney in March 2026. The conference theme was "Terrorism Risk and Resilience for the Pacific Rim in an Unpredictable Era". IFTRIP welcomed delegates and speakers from other government-backed terrorism reinsurance pools, the global and Australian insurance and reinsurance sectors, other Australian government agencies and academia.

As a member of the World Forum of Catastrophe Programmes, we attended the annual forum in September 2025, which brought together 26 representatives from 16 organisations worldwide. The forum enabled members to share updates on their schemes, exchange knowledge and experience, and discuss developments in catastrophe risk management. Our engagement extends beyond the annual forum, with ongoing collaboration and dialogue throughout the year supporting the exchange of insights and international best practice.

Engagement across government

Working within government

We worked with a range of Australian Government entities to share data and insights that support cyclone risk mitigation. Key agencies that ARPC partners with include Treasury, Australian Competition and Consumer Commission, Australian Prudential Regulation Authority, Australian Bureau of Statistics, the Bureau of Meteorology, Geoscience Australia, Australian Climate Service and the National Emergency Management Agency.

Statutory review of the TCI Act

Treasury undertakes statutory reviews of the TCI Act to consider changes and enhancements to the reinsurance schemes and to assess if they continue to be required. The latest review began in 2025, and had not been released at the time of publication of this report.

Past reviews in 2006, 2009, 2012, 2015, 2018 and 2021 found that there was insufficient terrorism insurance available commercially on reasonable terms and, as a result, both the TCI Act and ARPC should continue.

The next statutory review of the TCI Act will be held in 2030 and every 5 years following that.

Australian Government
Australian Reinsurance Pool Corporation

2 The Terrorism Reinsurance Pool

2 The Terrorism Reinsurance Pool

Strong terrorism pool participation with stable tier rates

The terrorism pool was established on 1 July 2003, and through reinsurance contracts provides insurers with terrorism reinsurance cover for any DTI. Under the TCI Act, insurers have 3 options for the terrorism exposure in the insurance they provide to their policyholders, to:

- carry the underwritten risk of terrorism losses following a DTI
- reinsure the risk through the commercial reinsurance market
- reinsure the risk with ARPC by entering a reinsurance contract and paying terrorism reinsurance premiums.

ARPC provides terrorism reinsurance aligned to our legislative functions by:

- maintaining private sector involvement as far as possible
- charging reinsurance premiums (as approved by the Minister) to compensate the Australian Government for any risk transferred to it, allowing for the re-emergence of commercial markets for terrorism risk cover.

Terrorism dashboard

The key metrics of the terrorism pool are (as received by 31 August 2026):

Figure 2.1: Terrorism pool snapshot

Metric	Value
Number of terrorism pool insurers (signed agreements)	226
Number of terrorism pool risks	889,854
Total sum insured exposure	$5,472,751,694,185
Premium revenue	$413,237,265
Average annual Tier A premium per risk	$5,275
Average annual Tier B premium per risk	$591
Average annual Tier C premium per risk	$220

> Joining the terrorism pool is voluntary and only insurers reinsured with us receive cover from the terrorism pool.

During the 2025–26 reporting period:

- 226 (30 June 2025: 231) terrorism insurers paid $413.2 million (30 June 2025: $413.4 million).
- There were 2 DTIs, one at Bondi Beach in Sydney on 14 December 2025 and one in the Perth Central Business District (CBD) on 26 January 2026. We did not pay terrorism reinsurance claims related to these incidents during 2025–26.
- Prices are reducing in the Industrial Special Risks and large corporate segments, with increased capacity resulting in flat premium income to ARPC. However, these conditions are not being felt uniformly across all segments or at the same pace. Sums insured being provided are increasing, which is partially offsetting pricing reductions resulting in flat premium income. These movements flow through to ARPC as our terrorism reinsurance premium rates are a percentage of the underlying insurance premiums charged to policyholders.
- The premium submissions are broadly in line with projections, with premium income driven by inflationary increased exposures offset by price reductions. Most of our premium is Tier B (metro locations) and Tier C (regional and rural), which is less influenced by the market cycles, supporting a relatively stable premium outlook.
- The portfolio is mature and stable with insurer participation, geographic spread between states, class of business and premium tier splits relatively consistent year-on-year.

Administering the terrorism pool

Premiums

ARPC's reinsurance premiums and investment income are used to:

- build a reserve to meet our future claims
- fund our operations
- purchase terrorism retrocession cover
- pay any fees and dividends to the Australian Government.

Ministerial Direction determines the reinsurance premiums charged which are summarised in Figure 2.2. The amount that an insurer pays us for reinsurance is calculated as a percentage of the premiums received by that insurer for eligible insurance contracts.

Figure 2.2: 2025–26 Tier rates and broad geographical location

Tier	Current rate	Geographical location
Tier A	16% of premium income	Major CBD areas of Australian cities as listed by postcode
Tier B	5.3% of premium income	Urban areas of all Australian state and territory cities with a population usually exceeding 100,000 as listed by postcode
Tier C	2.6% of premium income	Australian postcodes not allocated to either Tier A or B and representing a physical premium address, as well as any property not on mainland Australia or Tasmania, but within the coastal sea of Australia

Reinsurance agreements

Joining the terrorism pool is voluntary and only insurers reinsured with us receive cover from a DTI. When a DTI is declared, eligible insurance contracts as defined in the TCI Act receive terrorism reinsurance cover. Claims against the terrorism pool can only be met once insurer retentions (deductibles or excesses) are exhausted.

Funding for terrorism claims and reduction percentage

Eligible terrorism claims are funded through insurer retentions, ARPC's assets, retrocession and, if required, the Commonwealth guarantee.

Under the TCI Act the Minister must specify a reduction percentage if they consider that without it, total amounts paid or payable by the Commonwealth under section 35 of the TCI Act would be more than $10 billion. The reduction percentage reduces the amount ARPC would otherwise pay under eligible insurance contracts for the relevant DTI. In this case, insurers may pay eligible policyholders less than the full amount of their insured loss.

The Minister may later vary the reduction percentage, but only by making it smaller. The percentage may be varied more than once. Any reduction in the reduction percentage would increase the amount payable to eligible policyholders. Insurers that are not reinsured with ARPC are not protected by the scheme and remain liable for claims in accordance with the policy terms, conditions and limits.

Coverage and exclusions

The terrorism pool covers the following property types:

- commercial
- construction
- high-value residential
- industrial
- farms with business interruption coverage.

The following are examples of cover that are excluded from the terrorism pool:

- radiological
- nuclear
- computer crime
- government property
- residential property
- marine
- machinery breakdown
- workers' compensation.

Insurer review program

We regularly review insurers to assist them to comply with the legislation, regulations and ARPC's reinsurance agreement obligations, to ensure appropriate reinsurance premiums are being collected. During 2025–26, we conducted 22 reviews of insurers with terrorism reinsurance agreements, representing $47 million of total premium.

Retrocession program maintained

Subject to annual assessment (including value for money), we place an annual terrorism retrocession program which protects our assets against possible large losses. The retrocession program also reduces the likelihood of drawing on the $10 billion Commonwealth guarantee.

In 2025–26, the retrocession cover was successfully negotiated with a term of up to 3 years with a limit of $2 billion (2024–25: $2.15 billion), with an increased deductible of $500 million (2024–25: $350 million). This reflects ARPC's current assessment of portfolio risk, prevailing reinsurance market conditions and the protection provided by the Commonwealth guarantee under the TCI Act.

The structure of the retrocession program will be reviewed in 2026–27, and a decision will be made to either continue the current program, cancel and replace it, or cancel it.

The current program has an aggregate deductible of $500 million for each annual period commencing 1 January. The retrocession premium expense for the year ended 30 June 2026 was $46.7 million (30 June 2025: $59.6 million) owing to favourable market conditions and the reduced limit.

Reinsurance partners

In 2025–26, the retrocession program had 46 participants from the Australian, Lloyd's, European, Bermudian and Asian markets. Figure 2.3 splits retrocessionaires by their S&P Global Ratings and/or AM Best credit rating.

Models developed to estimate DTI losses

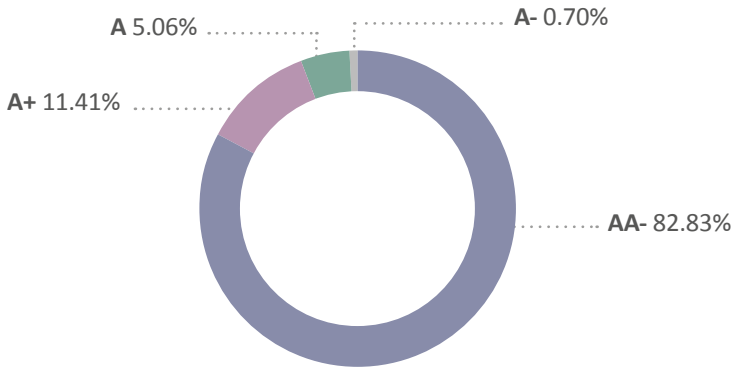
In the event of a DTI, ARPC provides advice to the responsible Minister on the estimated reinsurance losses incurred by the terrorism pool. This estimate informs the Minister's calculation of an appropriate reduction percentage, if required. To support this process, we use our modelling capabilities to:

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

Specialised models

We use various loss exposure models to assess the impacts of terrorist attacks across Australia. These include a 3D blast model for detailed analysis of explosions in major urban centres, a plume model for biological and chemical agent releases, and a geospatial blast model that estimates building damage, contents losses and business interruption nationwide.

Figure 2.3: Retrocession program counterparty credit rating for the 2026 calendar year



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3 The Cyclone Reinsurance Pool

3 The Cyclone Reinsurance Pool

Operating as designed and reducing premiums

The cyclone pool commenced operations on 1 July 2022. It applies Australia-wide with premium reductions targeted in cyclone-prone areas – mainly northern Australia. Under the TCI Act, participation is mandatory for Australian general insurers with eligible cyclone pool insurance contracts and premium income above the minimum threshold. The premiums ARPC charges to insurers include risk mitigation discounts for individual properties that have taken out remediation works, and their insurers have reported this to ARPC.

Insurer participation

All 22 insurers who met the mandated premium thresholds joined the cyclone pool ahead of the 31 December 2024 deadline. We continue to work with insurers below the thresholds where participation is optional, to onboard them if they elect to join.

Cashflow positive

The operating result of the cyclone pool was $701.1 million during the 2025–26 financial year, due to prior year reserve releases and lower than priced cyclone events during this year's season. As TC Alfred increased towards our central reserve estimate, additional reserves held for uncertainty (risk margin) were released. The cyclone pool presented a negative accumulated asset position of $33.1 million at the end of the 2025–26 financial year and remains cashflow positive. It has adequate liquidity to cover all expected future claims from past DCEs.

The design of the cyclone pool is such that the accumulated asset position will oscillate between surplus and deficit over time due to the volatility in cyclone events. Claims costs are expected to be below premium earned in approximately 4 out of 5 years, but significantly above the premium earned in one out of 5 years. We expect the pool to be in a deficit position as frequently as it will be in a surplus position. This is consistent with the design of the pool absorbing short-term volatility and being cost neutral over the long term.

Pricing stable

We published updated cyclone pool premium rates on 30 September 2025, and they became effective on 1 April 2026. Average premium rates remain largely unchanged. At the same time, risk mitigation discounts have been extended to Small and Medium Enterprises (SME) properties, where insurers have reported completed risk mitigation activities to ARPC. Similar discounts were introduced for Home and Strata properties in previous reporting periods.

Cyclone pool premiums in line with projections

Premium revenue for the year ended 30 June 2026 was $679.1 million. This is materially in line with budgeted premiums of $672.3 million.

> The design of the cyclone pool is such that the accumulated asset position will oscillate between surplus and deficit over time due to the volatility in cyclone events.

Insurance premiums falling

We published analysis[4] in May 2026 showing Home insurance premiums were lower and insurance was easier to access in high cyclone risk areas due to the introduction of the cyclone pool:

- Insurers active in regional centres like Broome (WA), Townsville, Proserpine, and Mackay (Qld) generated quotes for Home insurance up to 39% lower in January 2026 than before the cyclone pool began in 2022.
- Small business insurance quotes for the same areas reported average premium reductions of 34% over the same time period.
- Parts of Cairns, Ingham and Cape York reported quotes where average reductions were as high as 27% for Home insurance and 16% for SME cover, depending on the level of wind risk.

Figure 3.1: Average Home policyholder premium by risk band (pre-cyclone pool versus January 2026)

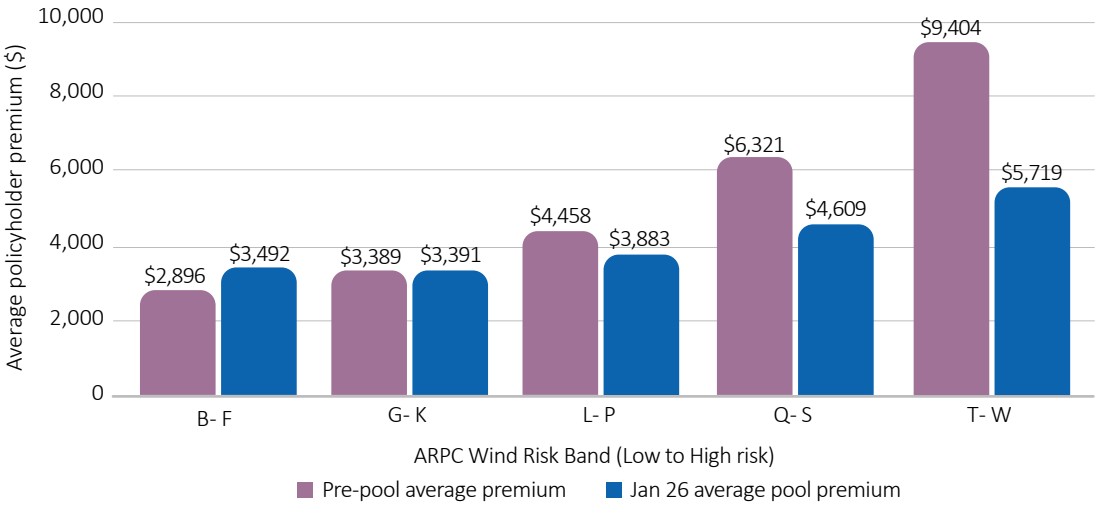


Figure 3.2: Change in average Home policyholder premium by risk band (pre-cyclone pool versus January 2026)

	B-F	G-K	L-P	Q-S	T-W
Pre-cyclone pool to January 2026 (% change)	21%	0%	-13%	-27%	-39%

[4] Based on insurer quote information provided by Finity Consulting from ARPC Cyclone Pool Premium Assessment May 2026.

Cyclone pool dashboard

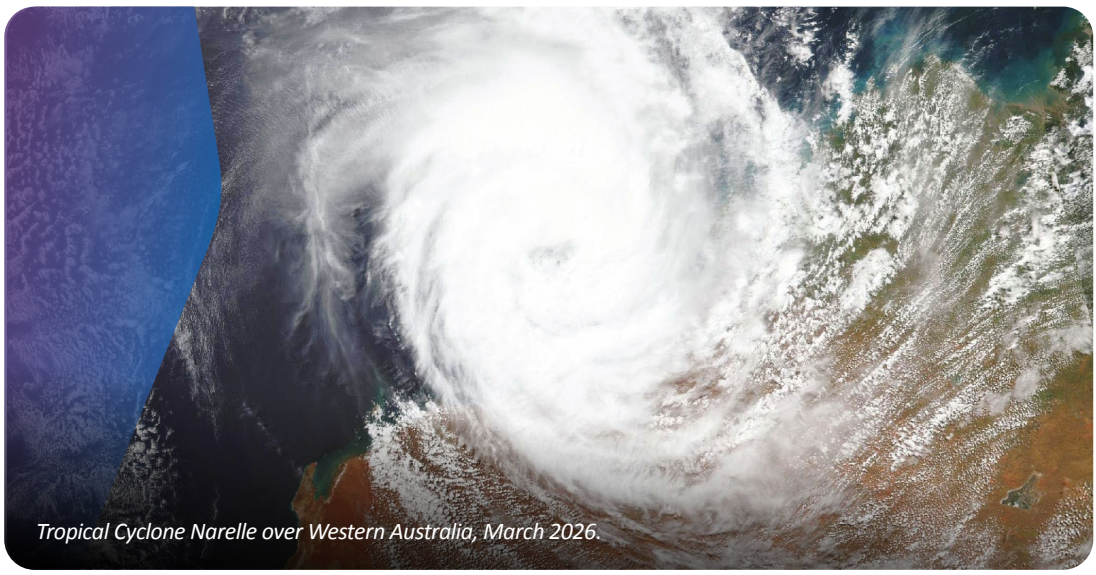
The key metrics of the cyclone pool are (as at 30 June 2026):

Figure 3.3: Cyclone pool snapshot

Metric	Value
Number of cyclone pool insurers (signed agreements)	22
Number of buildings with cyclone risk	3,200,000
Premium revenue	$679,080,208
Average annual residential cyclone pool premium per risk	$191
Average annual strata cyclone pool premium per risk	$801
Average annual SME cyclone pool premium per risk	$240
Annual residential cyclone pool premium reduction for risk mitigation	$9,392,779
Annual strata cyclone pool premium reduction for risk mitigation	$1,716
Annual SME cyclone pool premium reduction for risk mitigation	$0

The cyclone pool covers all eligible insurance policies Australia-wide, provided the insurer is in the scheme. As at 31 March 2026, the cyclone pool covered the following number of building policies in northern Australia:

- Residential: 3,003,000
- Strata: 72,500
- SME: 101,000.



Tropical Cyclone Narelle over Western Australia, March 2026.

Administering the cyclone pool

The cyclone pool is funded by reinsurance premiums which are paid by insurers consistent with expected claims and efficient operating expenses. ARPC determines reinsurance premiums and they are reviewed by the Reviewing Actuary, currently the Australian Government Actuary.

The cyclone pool delivers reinsurance at a lower cost than the private market by leveraging a $10 billion annually reinstated Commonwealth guarantee, which absorbs volatility and enables cyclone pool premium rates that do not have margins for uncertainty, profit or return of capital.

Cyclone premium rates under review

ARPC recently completed a review of the current cyclone pool premium rates, which determined that the rates continue to meet legislative objectives. Updated premium rates were published on 30 September 2025, and they became effective on 1 April 2026.

The most significant change during the reporting period was the introduction of mitigation discounts on premium rates for eligible SME policies. The discounts incentivise mitigation against structural damage from high wind loads and losses from water ingress caused by wind-driven rain. The discounts were developed through a research partnership with James Cook University – Cyclone Testing Station.

We are currently undertaking the 2026 premium rate review.

Further information on how the cyclone pool reinsurance premiums are priced is available on our website in the Pricing Determination Reports.

Premium pricing objectives

Our principles and objectives for setting and reviewing cyclone premium rates are based on legislated objectives, summarised in Figure 3.4.

Figure 3.4: Pricing principles and approach

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 claims costs and the cyclone pool's operating expenses. There is no profit margin or margin for uncertainty built into 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.

Average cyclone pool premiums balance pricing objectives with risk

Average premiums reflect the geographic risk, with the lowest premiums in South East Queensland, Perth and Northern New South Wales. The premiums we charge in the high cyclone risk regions of Far North Queensland and in northwest Western Australia are set to be as low as possible, while balancing the requirements to cover or offset claims and expenses, and for lower risk policyholders to be charged premiums comparable to what they would be charged by reinsurers in the private market.

Figure 3.5: Average Home cyclone pool premiums by region as at 30 June each year

	Average Buildings premium ($) as at 30 June 2026			Average Contents premium ($) as at 30 June 2026		
Cresta Zone	2026	2025	2024	2026	2025	2024
1. Gold Coast	213	206	197	24	24	24
2. Brisbane	137	134	129	17	17	17
3. Sunshine Coast	226	220	210	25	25	25
9. Townsville	716	684	644	87	86	85
10. Ingham	493	467	451	58	57	57
11. Cairns	529	508	477	62	64	63
15. Inland Qld	65	65	63	9	9	9
17. Darwin	635	624	608	60	62	62
20. Pilbara	2,324	2,254	2,157	225	232	228
22. Perth	121	116	110	14	14	14
49. Far North Coast	150	150	125	23	23	20

Note: the average cyclone pool premium reflects the mix of property values and construction characteristics of the properties in that region, and year on year changes mainly relate to increasing sums insured of policyholders and portfolio mix.

Cyclone season 2025–26

The 2025–26 cyclone season recorded a total of 11 tropical cyclones within Australia's region of responsibility, on par with historic long-term averages.

Highlights

Geographic distribution:

- Seven cyclones developed in the Indian Ocean/Western Australia region.
- Three cyclones formed off the Australian east coast.
- One cyclone developed in the Northern Territory region (TC Fina).
- TC Fina impacted both Northern Territory and Western Australia. It was the strongest cyclone to occur early in the season (November). In addition, it matched the record for the earliest cyclone to make landfall.
- TC Narelle impacted 3 states and had the longest duration of active cyclone warnings affecting Australian territories.

DCEs:

- Eight TCs resulted in a total of 9 declarations, with 2 separate declarations required for TC Narelle under the legislation, due to its re-intensification – Fina, Grant, Hayley, Jenna, Koji, Luana, Mitchell, Narelle and Narelle2.
- Of these, 4 cyclones – Fina, Hayley, Luana and Narelle – made landfall at cyclone strength.
- Three named cyclones did not meet the legislated criteria for declaration.

Financial impact:

- Even though 2025–26 was an especially active season for DCEs (9 declarations this season compared to 5 for each of the 2 prior seasons), the financial impact is expected to be moderate.
- Total reserving for the season was approximately $252 million.

ARPC fulfilled all legislated obligations related to the declaration and management of cyclone events during the 2025–26 season.

Figure 3.6: Reinsurance claims paid in 2025–26 by the cyclone pool (30 June 2026)

Season	TC	Total claims paid per FY ($m)			Estimated ultimate claims cost ($m)
		2023–24	2024–25	2025–26	
2024–25	Alfred	0.0	53.8	1,090.0	1,605.8
2023–24	Jasper	10.1	49.1	24.2	100.6
2023–24	Kirrily	6.3	25.9	2.3	39.4
2025–26	Fina	0.0	0.0	15.1	72.0
2024–25	Sean	0.0	0.2	4.6	8.0
2025–26	Koji	0.0	0.0	4.1	46.3
	Other	0.1	1.7	3.7	141.0
	Total	**16.5**	**130.7**	**1,144.0**	**2,013.1**

As at 30 June 2026, we had paid 132,918 claims since the inception of the cyclone pool.

Insurer review program

Since the inception of the cyclone pool in 2022, we have conducted reviews of participating insurers to assist them to operate in accordance with relevant legislation, regulations, and the obligations outlined in ARPC's Cyclone Reinsurance Agreement. In 2025–26, 6 reviews of premium agreements were completed, covering $279 million of total premium as at 30 June 2026.

From premium audits conducted to date, we found that insurers typically have structured processes. The reviews focused on improved data processing and premium calculations. Insurer surveys show that insurers have found the reviews beneficial in identifying practical improvements and supporting compliance with ARPC's reporting and reinsurance requirements.

In 2025–26 we also completed claim reviews for 12 insurers, with 95% of claim payments for the financial year resulting from these insurers.

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4 Annual Performance Statement

4 Annual Performance Statement

Performance Statement Summary

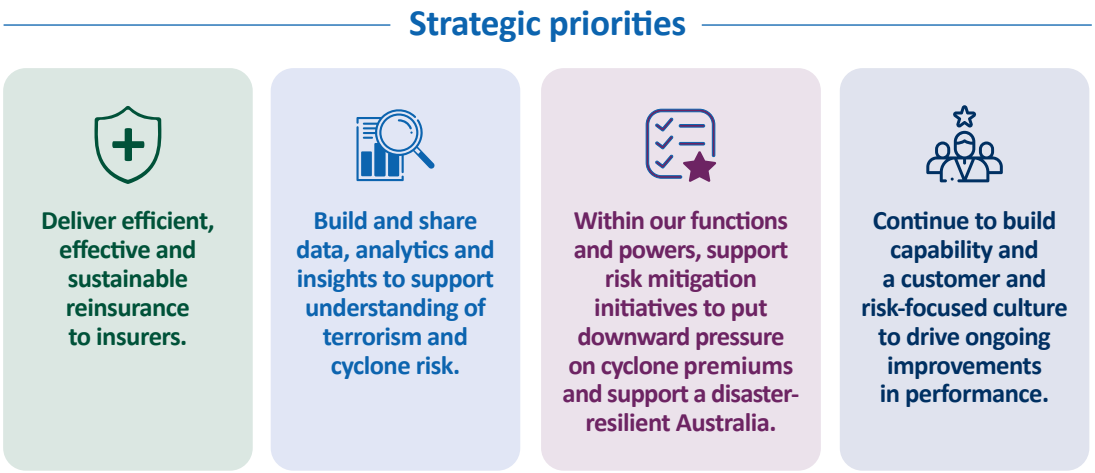
I, Julie-Anne Schafer, Chair of the accountable authority, the Board of Australian Reinsurance Pool Corporation, present the 2025–26 Annual Performance Statement of ARPC, as required under section 39 of the PGPA Act. In my opinion, this Annual Performance Statement is based on properly maintained records, 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 4 strategic priorities for 2025–26 as set out in the 2025–29 Corporate Plan and assesses ARPC's performance against measures and targets in that plan.

Figure 4.1: 2025–29 strategic priorities



Annual Performance Statement Summary

ARPC met the performance targets for the 2025–26 reporting period. Figure 4.2 summarises our achievements against measures and targets on page 22 of the 2025–29 Corporate Plan.

Figure 4.2: Achievements against 2025–29 Corporate Plan measures and targets

Performance measure	Assessment criteria	Target	Result
Measure 1 Cyclone pool premium effectiveness and affordability	Assessing the impact of the cyclone pool through the annual Financial Outlook Report (FOR)	Publication of annual FOR and closure of management actions within targeted timelines.	**Met** The FOR was published. None of the actions have exceeded the target timeline.
Measure 2 Share data and insights	Engagement with stakeholders in government and the insurance industry	Publish one or more statistical publications on ARPC's website on cyclone risk to share ARPC insights and research on affordability and accessibility of insurance and host a terrorism and a cyclone industry seminar.	**Met** Published 7 statistical publications on ARPC's website regarding cyclone risk and hosted a terrorism industry seminar and an international terrorism conference. A cyclone pool seminar was hosted in May 2025, and another will be held in November 2026.
Measure 3 Financial resilience	Adequate liquidity of assets	Meet all financial obligations per reinsurance contracts over the period supported by ARPC assets or Commonwealth guarantee.	**Met** All obligations were paid using liquid assets of ARPC. The Commonwealth guarantee was not called upon.
Measure 4 Operational efficiency	Operating expenses within budget	Manage operating expenses within board-approved budget of $32.5m for 2025–26. See Figure 4.4.	**Met** Operating expenses were within budget.
Measure 5 Insurer customer satisfaction	Annual survey of insurer customers to inform future engagement	**Terrorism:** Terrorism Stakeholder Perception Index score greater than 70%. Insights from survey considered and appropriate program of activities identified and implemented within targeted timelines. **Cyclone:** Cyclone Stakeholder Perception Index score greater than 70%. Insights from survey considered and appropriate program of activities identified and implemented within targeted timelines.	**Met** The Overall Stakeholder Perception Index (OSPI) score of 82% (terrorism scored 80% and cyclone scored 83%) was greater than 70%. Activities are being implemented to address feedback insights.

Measure 1:

Cyclone pool premium effectiveness and affordability

Target: Publication of annual FOR and closure of management actions within targeted timelines

Result: Met

Description:

The TCI Act requires ARPC to prepare a FOR in respect of the cyclone pool at the end of each financial year. The report must be provided to the Minister before 15 October and published within 10 business days. The FOR as at 30 June 2025 was published on 22 October 2025.

The cyclone pool's Reviewing Actuary provided a letter of review stating that the FOR provided an accurate assessment of the cyclone pool, and that he supported the actions set out in it. The letter was appended to the published report.

The TCI Regulations list the matters that the FOR must address, which are summarised in Figure 4.3.

Figure 4.3: TCI Regulations regarding the FOR

Matter	Report section
a. an overview of the performance of the cyclone reinsurance scheme during the financial year	Section 3
b. observations on broader financial risks affecting the scheme's financial outlook	Section 6
c. an assessment of the adequacy of:	
i. the premiums the Corporation is receiving under cyclone reinsurance contracts	Section 4
ii. the Corporation's reserves that are available to meet claims under those contracts	Section 5
d. observations on capital management for the purposes of the scheme;	Section 7
e. projections for financial outcomes for the scheme, based on estimates of future claims under cyclone reinsurance contracts;	Section 3
f. any other matters that the Corporation considers material to the current and future financial situation of the scheme.	All sections

The 2023 FOR included 8 actions related to the cyclone pool to be addressed by ARPC over the subsequent 3 years. Progress on these actions was reported on in the 2024 and 2025 FORs. As at 30 June 2026, all of the identified actions were complete.

The 2024 FOR included 4 actions to be addressed by ARPC, with progress on the actions reported in the 2025 FOR. As at 30 June 2026, 3 of these actions were complete and one was planned for completion in the 2026–27 financial year. None of the actions had exceeded the planned timeframe.

The 2025 FOR included 4 new actions to be addressed by ARPC over the subsequent 3 years. Progress on the actions will be reported on in the 2026 FOR.

Measure 2:

Share data and insights

Target: Publish one or more statistical publications on ARPC's website on cyclone risk to share ARPC insights and research on affordability and accessibility of insurance and host a terrorism and a cyclone industry seminar.

Result: Met

Description:

In 2025–26, we published 7 reports, drawing on data generated by the cyclone pool. The following reports provide insights into our reinsurance portfolio, the pool premium rates, and the impact the pool has had on insurance premiums:

- Cyclone Reinsurance Pool Statistics as at 31 March 2025 (published July 2025)
- Cyclone Reinsurance Pool Statistics as at 30 June 2025 (published September 2025)
- Cyclone Reinsurance Pool Premium Assessment (published October 2025)
- Cyclone Reinsurance Pool Statistics Report September 2025 (published December 2025)
- Cyclone Pool Premium Determination (published September 2025)
- Cyclone Reinsurance Pool Statistics Report December 2025 (published April 2026)
- Cyclone Reinsurance Pool Premium Assessment (published May 2026)

We held our annual Terrorism Risk Insurance Seminar on 24 November 2025. It focused on terrorism and security trends and analyses of various threat scenarios. Guest speakers included senior representatives of Global Risk Analysis, Geoscience Australia and the Defence Science and Technology Group.

On 18 and 19 March, ARPC hosted the 2026 IFTRIP Conference in Sydney. The conference theme was "Terrorism Risk and Resilience for the Pacific Rim in an Unpredictable Era". Speakers included Australian and international experts in terrorism and insurance. Attendees were drawn primarily from the Australian and global insurance and reinsurance sectors.

The second Cyclone Risk Insurance Seminar took place in May 2025, and owing to the timing of the IFTRIP Conference, the third seminar will be held in November 2026.

These events provided us with an opportunity to share knowledge, build relationships, present our insights and hear from others. The seminar and conference were well attended and drew stakeholders from across industry, government and academia, demonstrating our influence and relevance in the broader industry, both in Australia and internationally.

Measure 3:

Financial resilience

Target: Meet all financial obligations per reinsurance contracts over the period supported by ARPC assets or Commonwealth guarantee.

Result: Met

Description:

We met all financial obligations under the reinsurance contracts over the reporting period, which included making claim payments within the contractual timeframes. These obligations have been fulfilled solely from our own assets, without drawing on the Commonwealth guarantee. This financial resilience was achieved through extensive liquidity modelling and investment asset duration matching.

Measure 4:

Operating expenses within budget

Target: Manage operating expenses within board approved budget of $32.5m for 2025–26. See Figure 4.4.

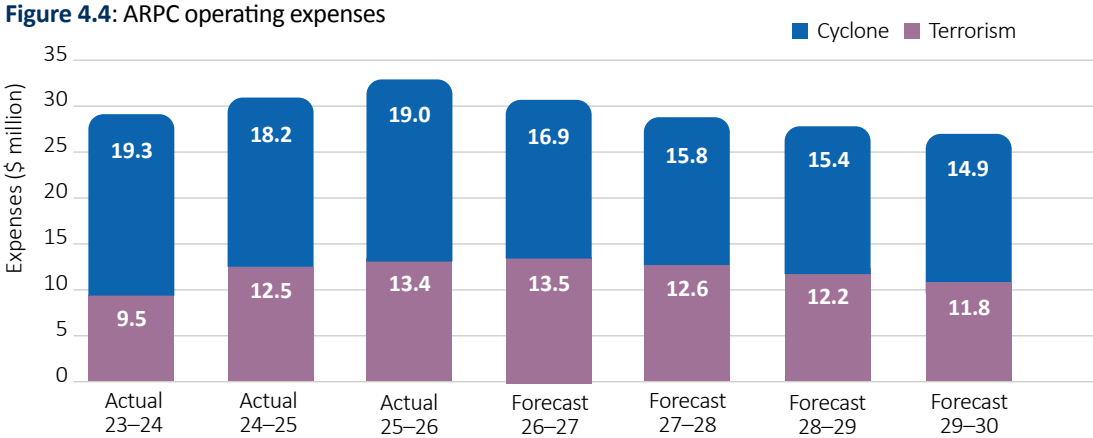
Result: Met

Description:

Our operating expenses are measured at a pool level for transparency and so that performance against legislative objectives can be assessed. Operating expenses are reviewed against pricing assumptions and benchmarked to assess operating efficiency.

For the 2025–26 financial year our operating expenses were $32.4 million which was in line with budget ($32.5 million), as shown in Figure 4.4.

Figure 4.4: ARPC operating expenses



Measure 5:

Insurer customer satisfaction

Target:

Terrorism: Terrorism Stakeholder Perception Index score greater than 70%. Insights from survey considered and appropriate program of activities identified and implemented within targeted timelines.

Cyclone: Cyclone Stakeholder Perception Index score greater than 70%. Insights from survey considered and appropriate program of activities identified and implemented within targeted timelines.

Result: Met

Description:

Our annual insurer customer satisfaction survey reported that the OSPI for insurers that participated in both pools achieved a score of 82%.

The OSPI scores are derived through the answers to 3 questions: "As a Reinsurer Partner, what is ARPC like to deal with?", "Over the last 12 months, how would you rate your/your organisation's working relationship with ARPC?", "Over the last 12 months, how do you feel about the quality of how ARPC has engaged with your organisation?".

For both the terrorism and cyclone pools, ARPC targeted a Terrorism Stakeholder Perception Index (T-OSPI) and Cyclone Stakeholder Perception Index (C-OSPI) score greater than 70%. The survey's T-OSPI achieved 80% and the C-OSPI score was 83%, indicating a favourable perception of the organisation.

Insurer perceptions of dealing with us as an organisation remained positive with nearly all (99%) insurers describing their working relationship with us as either 'good' or 'very good'.

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5 Governance

5 Governance

Governance framework

The Accountable Authority – referred to as the Board – governs ARPC in accordance with 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.

The Board is led by a Chair and 6 to 8 Members who are appointed on a part-time basis by the responsible Minister. Between 1 July 2025 and 30 June 2026, the responsible Minister for governance and Board appointments was the Treasurer and Minister for Financial Services, the Hon Dr Jim Chalmers MP. For operational matters the responsible Minister is the Assistant Treasurer, the Hon Dr Daniel Mulino MP.

Additionally, the responsible Minister can give written directions about our functions and the exercise of our powers. Two Ministerial directions were given during 2025–26 and these are published on ARPC's website.

As the Accountable Authority, the Board appoints the Chief Executive Officer (CEO). The CEO manages ARPC's day-to-day affairs subject to Board directions, delegations, and policies.

The Board established an Audit Committee (AC) in compliance with section 45 of the PGPA Act and section 17 of the PGPA Rule. In addition, the Board established a Risk and Compliance Committee (RCC) to support the governance of risk. These committees assist the Board to discharge its responsibilities to provide oversight and review of financial reporting, performance reporting, the management of internal control systems, and systems of risk oversight.

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. No GPOs were applied to ARPC during the reporting period. To comply with section 35 of the PGPA Act, ARPC prepares a Corporate Plan on a rolling 4-year basis, provides it to the responsible Minister and Finance Minister by 31 August each year, and publishes the plan on our 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 our operations. They continue to monitor governance trends in the public and private sectors.

During 2025–26, the Board consisted of a Chair and 6 part-time Members. The Accountable Authority Members were remunerated in accordance with the Remuneration Tribunal Determination for Part-time Officers and were non-executive Members.

> The Board and ARPC's senior executive team are committed to best practice corporate governance standards that are fit-for-purpose for our operations.

Board Members

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

Term:
Chair: 7 July 2023 to 6 July 2026
Acting Chair: 1 July 2023 to 6 July 2023
Term: 14 September 2021 to 6 July 2023

Julie-Anne is a Brisbane-based non-executive director. She is currently Chair of the Peak Group and Deputy Chair of AgCarE Services Pty Ltd, a director of ActewAGL Joint Venture Partnership Board and Icon Water Limited and its associated investment entities. In addition, she is a non-executive Member of the Office of the National Rail Safety Regulator and contributes to public sector oversight as Independent External Chair of the Audit and Risk Committee for the Queensland Department of Transport and Main Roads. She also participates in audit and risk governance as an independent member of the Queensland Department of Environment, Tourism, Science and Innovation.

Her previous appointments include President of the National Competition Council, Non-Executive Director of Queensland Urban Utilities, President of the Royal Automobile Club of Queensland (RACQ), and senior leadership roles in insurance governance, including Chair of RACQ Insurance and non-executive director of the Territory Insurance Office.

Julie-Anne is a Fellow and facilitator with the Australian Institute of Company Directors (AICD), and a member of the ANZIIF. She holds a Bachelor of Laws with Honours from the University of Queensland.

Oscar Shub
Member
BComm, LLB

Term:
23 April 2023 to 22 April 2026
Member: AC

Oscar was appointed as a part-time Member for a 3-year term from 23 April 2023.

He is a part-time consultant with the global law firm Clyde & Co and founded its Australian legal practice as a partner. He was 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 until his retirement from the role in early 2026.

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. He 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.

Oscar's term as a Member of ARPC ended on 22 April 2026.

Evelyn Horton
Member
BEc, MSSc (Econs), FAICD

Term:
23 April 2023 to 22 April 2026
Interim Member: 23 April 2026 to 6 July 2026
Member: AC

Evelyn was appointed as a part-time Member for a 3-year term from 23 April 2023. She has also been appointed as an Interim Member for the period from 23 April 2026 to 6 July 2026.

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, chair of Anglicare, Glebe Administration Board and a non-executive director of Tasmanian Ports Corporation.

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 to 22 April 2026
Interim Member: 23 April 2026 to 6 July 2026
Member: RCC

Eilis was appointed as a part-time Member for a 3-year term from 23 April 2023. She has also been appointed as an Interim Member for the period from 23 April 2026 to 6 July 2026.

Eilis has extensive experience as an insurance executive, 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 of Australia and AICD.

Fran Raymond

Member

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

Term:
23 April 2023 to 22 April 2026
Interim Member: 23 April 2026 to 6 July 2026
Chair: AC

Fran was appointed as a part-time Member for a 3-year term from 23 April 2023. She was appointed Chair of the AC on 30 July 2024. She has also been appointed as an Interim Member for the period from 23 April 2026 to 6 July 2026.

Fran has had considerable experience as a senior executive in government, particularly in Chief Financial Officer (CFO) and Chief Operating Officer (COO) roles, including COO of ARPC. Fran is currently a Director of the ANZ Bank Samoa, Chair of the Productivity Commission's audit and risk committee and is a Member of the National Health and Medical Research Council and the North Central Catchment Management Authority (Victoria) audit and risk committee.

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

Rod Whithear

Member

GradDipMgt, GAICD

Term:
7 July 2023 to 6 July 2026
Member: AC and RCC

Rod was the Chief Executive and an ex-officio Commissioner of the Western Australian Insurance Commission for over a decade, retiring in July 2025.

During his career he has served the Australian Government for 25 years and the Western Australian State Government for 15 years. Rod was previously an Executive Director of the Western Australian Treasury responsible for State operating expenditure budgets.

He has held senior 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 AICD.

Rod's term as a Member of ARPC ended on 6 July 2026.

Greg Nucifora

Member

B Com, FCA

Term:
7 July 2023 to 6 July 2026
Chair: RCC

Greg was appointed to the Board as a part-time Member for a 3-year term, from 7 July 2023. He was appointed Chair of the RCC on 30 July 2024.

Greg is a financial adviser based in Cairns and has extensive board experience across public, private and not-for-profit organisations. He is Deputy Chair of the Cairns and Hinterland Hospital and Health Board, and Chair of the Finance and Performance Committee of the Cairns and Hinterland Hospital and Health Board; Chair of the Property and Investment Committee and Director of the Diocese and Finance Committee for the Diocese of Cairns; and Chair of the Finance and Audit Risk Management Committee for Tourism Tropical North Queensland. Greg is a Fellow of Chartered Accountants Australia and New Zealand, holds a Bachelor of Commerce, is compliant with the Financial Adviser Standards and Ethics Authority requirements, and is a Graduate and Fellow of the AICD.

Kent Griffin

Interim Member

BEc (Actuarial Studies), FIAA, GAICD

Term:
23 April 2026 to 6 July 2026

Kent was appointed to the Board as an interim Member for the period from 23 April 2026 to 6 July 2026.

Kent is an experienced financial services executive and company director, with senior leadership experience across insurance, banking and risk management. Kent is currently serving as Managing Director and CEO of Hume Bank, having previously held roles as a Non-Executive Director of the Bank's Risk Committee. Prior to his current role, he was Managing Director and CEO of Acenda, and has also held senior roles including CFO of TAL Australia and as a Partner of EY.

Board member appointments and reappointments subsequent to 30 June 2026

In mid-June 2026, the responsible Minister announced appointments and reappointments to the ARPC Board.

Ms Julie Anne Schafer was reappointed as part-time Chair and member until 6 July 2030. Part-time members Ms Eilis Hurley, Ms Fran Raymond and Mr Greg Nucifora were also reappointed until 6 July 2030, while Ms Evelyn Horton and Mr Kent Griffin were reappointed until 6 July 2028.

Mr Robert McLean has been appointed as a part-time member from 7 July 2026 to 6 July 2028. Mr McLean is General Manager, Business & Advisory Services and Innovation & Delivery, and Deputy Insurance Commissioner for the National Injury Insurance Agency Queensland and Motor Accident Insurance Commission Queensland.

Board meetings

The Board convened 9 meetings during 2025–26, comprising 6 meetings for general business, one strategic planning meeting and 2 special purpose board meetings. There were 2 out-of-session circular resolutions issued during the reporting period.

The total number of hours spent in meetings during the reporting period was 38 hours and 34 minutes. This does not include meeting preparation or associated travel time. Figure 5.1 lists the number of meetings attended by each Board Member during the reporting period.

Figure 5.1: Number of meetings attended by each Board Member in 2025–26

Name	Number of meetings entitled to attend	Number of meetings attended	Further information
Julie-Anne Schafer	9	9	Chair term commenced 1 July 2023
Evelyn Horton	9	8	Board term commenced 23 April 2023
Eilis Hurley	9	8	Board term commenced 23 April 2023
Fran Raymond	9	9	Board term commenced 23 April 2023
Oscar Shub	8	8	Board term commenced 23 April 2023
Greg Nucifora	9	9	Board term commenced 7 July 2023
Rod Whithear	9	8	Board term commenced 7 July 2023
Kent Griffin	1	1	Board term commenced 23 April 2026

Board remuneration

The Australian Government's Remuneration Tribunal determines Board Member payments, as outlined in the Remuneration and Allowances for Holders of Part-time Public Office Determination 2025 (the Remuneration Determination) and the Remuneration Tribunal (Official Travel) Determination 2025.

Board Members received an annual base fee and, where applicable, meeting fees for performing their duties. The annual base fee covered part-day meetings of less than 5 hours, travel time, committee work, teleconferences, and representational activities. The Board travel was governed by the arrangements applicable to Travel Tier 1.

For the Chair and Members to receive the meeting fee, meetings must be for a minimum of 5 hours, including both the meeting and a Member's travel time.

Figure 5.2: Board Member remuneration for 2025–26

Remuneration basis under Table 6A of the Remuneration Determination	
Chair annual fee	$31,440
Chair meeting fee	$1,322
Member annual fee	$15,730
Member meeting fee	$1,191

Audit Committee (AC)

In accordance with section 45 of the PGPA Act, the Board established an AC. The AC supports the Board in overseeing ARPC's administration and governance. Section 17 of the PGPA Rule requires that the AC have at least 3 appropriately qualified and skilled Members. During the reporting period, the AC complied with this requirement.

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

- financial reporting
- performance reporting
- system of risk oversight and management and system of internal controls.

The AC also oversees the work of internal and external auditors and is responsible for our governance framework. It provides a forum for communication between Members, ARPC's senior executive team and internal and external auditors.

During the reporting period, the AC reviewed all reports received from our internal auditor function, and from external auditors, the Australian National Audit Office (ANAO). The ANAO reviewed the financial statements to assist the Board with its statutory declarations pursuant to subsections 41(2) and 42(2) of the PGPA Act, which cover our accounts, records, and annual financial statements.

During the reporting period, ARPC undertook a tender process for the provision of outsourced internal audit services. Following this process, Deloitte was appointed as our outsourced internal auditor for a 3-year term commencing on 1 October 2025. EY was our outsourced internal audit service provider for the period from 1 July 2025 to 30 September 2025.

Figure 5.3 outlines the meetings attended by each AC Member. The total number of hours spent in meetings during the reporting period was 12 hours and 21 minutes. This does not include meeting preparation or associated travel time.

Figure 5.3: Meetings attended by each AC Member during 2025–2026

Name	Number of meetings entitled to attend	Number of meetings attended	Further information
Fran Raymond	6	6	Chair of AC from 30 July 2024
Evelyn Horton	6	6	AC Member from 30 July 2024
Oscar Shub	5	4	AC Member from 30 July 2024
Rod Whithear	6	6	AC Member from 30 July 2024
Julie-Anne Schafer	6	6	Board Chair, ex-officio AC Member from 30 July 2024

AC remuneration

AC Members do not receive additional remuneration or allowances for their committee work.

Risk and Compliance Committee (RCC)

The RCC supports the Board in overseeing the governance of risk and compliance obligations. Section 5.1 of the RCC Charter requires the committee to have at least 3 appropriately qualified and skilled Members. During the reporting period, the RCC complied with this requirement.

The functions of the RCC are set out in its Charter and include reviewing and monitoring the appropriateness of our risk and compliance management activities, including our:

- risk appetite and our management of risk appetite
- risk profile, risk maturity and management actions
- risk culture and actions
- work health and safety, business continuity, fraud and corruption and information security arrangements.

During the reporting period, the RCC conducted a review of our risk management framework together with our mandatory compliance policies.

Figure 5.4 outlines the meetings attended by each RCC Member. The total number of hours spent in meetings during the reporting period was 12 hours and 2 minutes. This does not include meeting preparation or associated travel time.

RCC remuneration

RCC Members do not receive additional remuneration or allowances for their committee work.

Figure 5.4: Meetings attended by each RCC Member during 2025–26

Name	Number of meetings entitled to attend	Number of meetings attended	
Greg Nucifora	6	6	Chair of RCC from 30 July 2024
Eilis Hurley	6	6	RCC Member from 30 July 2024
Rod Whithear	6	6	RCC Member from 30 July 2024
Julie-Anne Schafer	6	6	Board Chair, ex-officio RCC Member from 30 July 2024

Board observers

The TCI Act allows the responsible Minister to appoint up to 2 observers to the Board. During the reporting period, Mr Guy Thorburn, Australian Government Actuary, was reappointed as an observer to the Board for a 2-year term from 26 July 2024. Mr Thorburn attended 8 meetings of the Board.

Figure 5.5: Meetings attended by the Board observer

Name	Number of meetings entitled to attend	Number of meetings attended	Further information
Guy Thorburn	9	8	Appointed observer from 26 July 2024

Mr Guy Thorburn has been reappointed as an observer to the Board for a further 2-year term to July 2028.

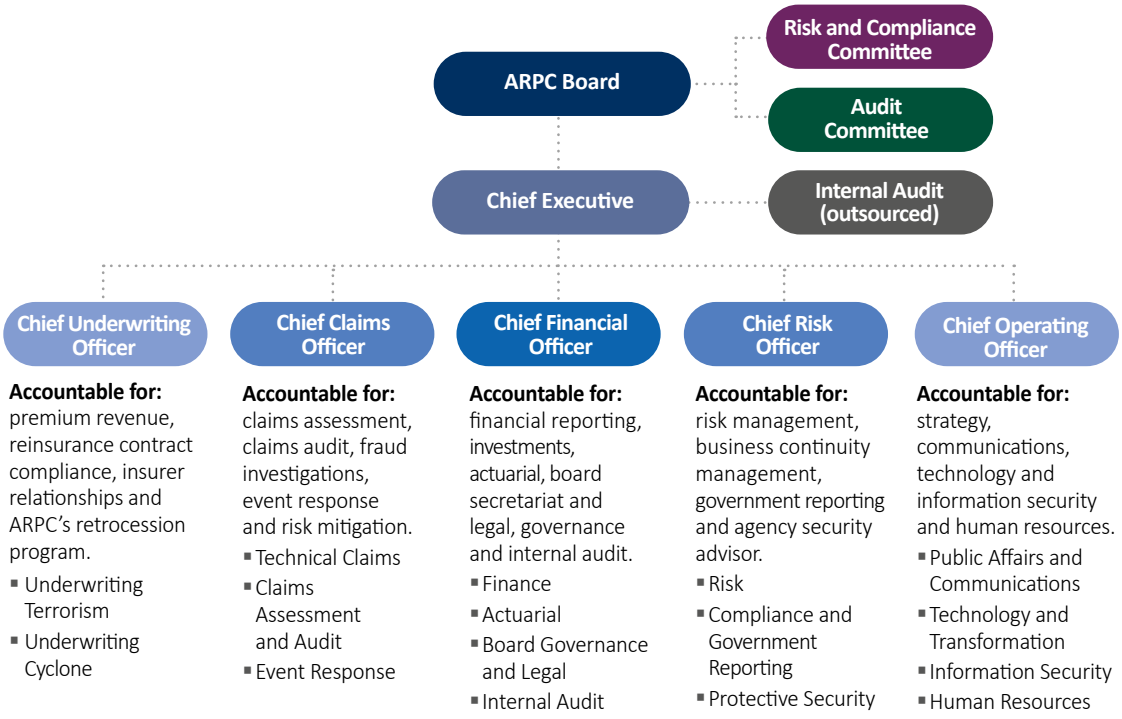
Reviewing actuary

The TCI Act requires the Board to nominate a reviewing actuary. The Board appointed the Australian Government Actuary as ARPC's initial Reviewing Actuary in accordance with the TCI Act, from 1 April 2022. On 1 April 2025, the Board reappointed the Australian Government Actuary as the cyclone pool's Reviewing Actuary for a further 3-year term. The Australian Government Actuary provides services on commercial terms under the Government's procurement panel for actuarial advice.

Organisational and governance structures

Figure 5.6 sets out ARPC's organisational framework during the reporting period.

Figure 5.6: Organisational chart 2025–26



ARPC's corporate governance is structured within our statutory framework and underpinned by the Board's Charter, the AC and the RCC Charters and a wide range of policies and procedures. These relate to:

- financial management
- privacy
- conflict of interest
- public interest disclosure
- risk management
- fraud and corruption control
- security management
- business continuity.

In 2025–26, ARPC maintained and paid premiums for insurance that covered Members and senior executives against legal costs and other expenses that could be incurred while performing their duties. In compliance with section 23 of the PGPA Rule, we do not insure any of our officials against liabilities related to any breach of duty under the PGPA Act. The amount paid for Directors' and Officers' Indemnity Insurance during 2025–26 was $48,337 (2024–25: $83,200).

Risk management

ARPC maintains a robust and integrated approach to risk management, aligned with section 16 of the PGPA Act, which requires an appropriate system of risk oversight and control. Our risk management framework supports the achievement of strategic objectives and ensures the effective oversight of financial, reinsurance, operational and strategic risks.

Governance and oversight

The Board, as the Accountable Authority, is responsible for setting ARPC's risk appetite and overseeing the risk management framework. The RCC and AC support the Board in monitoring risk oversight, internal controls and compliance.

ARPC applies a 3-lines model:

Line 1: Business units own and manage day-to-day risks.

Line 2: The Risk and Compliance function, led by the Chief Risk Officer (CRO), provides independent advice and challenge.

Line 3: Internal audit, outsourced to internal audit service providers, provides assurance on the effectiveness of governance, risk management and controls.

The CRO reports directly to the CEO and has unfettered access to the Board and RCC Chairs.

Risk framework and appetite

Our Risk Management Policy outlines our approach to identifying, assessing, and managing risks across 4 categories:

- strategic
- financial
- reinsurance
- operational.

Risk appetite statements guide decision making and are supported by Key Risk Indicators, which are regularly monitored and reported to the Board.

Risk culture

We foster a risk-focused culture where all employees are accountable for managing risk. The Board endorses our Risk Culture Statement, which promotes open communication, continuous improvement, and informed decision making.

Commonwealth Climate Disclosure (CCD)

The Australian Government's CCD policy requires Commonwealth entities to publicly report on their exposure to climate-related risks and opportunities, and the actions they are taking to manage them. The policy supports transparent, consistent and comparable climate-related disclosures for the Australian public. ARPC was required to prepare a CCD for the first time for the 2025–26 financial year. Our CCD has been published on our website and is available through Government's Transparency Portal.

Australian Government
Australian Reinsurance Pool Corporation

6 ARPC's People

6 ARPC's People

Our people

During 2025–26, ARPC continued to strengthen organisational capability, recognising that our people are central to delivering our purpose and strategic priorities. We remained focused on fostering a professional, inclusive and values-driven workplace that supports employee development, wellbeing and performance.

Throughout the financial year, ARPC built capability across reinsurance, risk management, data and information security. We also continued to strengthen leadership capability, employee engagement and organisational resilience.

As a small specialist organisation, ARPC drew on external service providers where appropriate to complement internal expertise and support delivery of operational and strategic objectives.

Senior executive team

Appointed under the TCI Act, the CEO leads ARPC's senior executive team.

Dr Christopher Wallace

CEO

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

Dr Christopher Wallace is an experienced insurance executive with deep expertise across general insurance, reinsurance, workers' compensation, health insurance, medical indemnity and public sector insurance schemes. He has held senior leadership roles in insurers and as a consultant to the sector, with experience spanning small, specialised and large organisations.

During his tenure as CEO, ARPC has implemented the cyclone pool and continued the successful operation of Australia's terrorism pool, working closely with government, regulators and industry to support insurance affordability and strengthen Australia's catastrophe risk framework.

Internationally, Dr Wallace is a Member of the Organisation for Economic Co-operation and Development High-Level Advisory Board on the Financial Management of Large-scale Catastrophe Risks. He has also been actively involved with IFTRIP, including as past Chair.

His previous executive roles include General Manager Workers Compensation at GIO, Executive Director at EY and General Manager Benefits Management at the Hospitals Contribution Fund of Australia Ltd.

Dr Wallace holds a Doctor of Philosophy in Economics, specialising in general insurance pricing and strategy. He is a Fellow and Certified Insurance Professional of the Australian and New Zealand Institute of Insurance and Finance, and a Graduate of the Australian Institute of Company Directors with an Order of Merit.

Scott Unterrheiner

CFO

BCom (Accounting/Finance), GradDip CA

Scott leads ARPC's Finance, Actuarial, Company Secretariat and Legal functions, and has executive responsibility for ARPC's internal audit arrangements. He is the Accountable Executive for reinsurance pool pricing, investment and financial management, and oversees the publication of the Annual Report, FOR and Pricing Determination Reports.

Scott brings over 20 years of financial leadership experience spanning reinsurance, capital markets and professional services. Before joining ARPC, he held senior roles at Gen Re, including CFO for Australia and New Zealand and CRO for Asia Pacific. Across his career, Scott has implemented complex funding and business transactions, and led projects that enhanced the systems, capabilities and processes of financial services organisations. He began his career in chartered accountancy and financial control in Australia and the United Kingdom.

Scott holds a Bachelor of Commerce in Accounting from Macquarie University and a Graduate Diploma in Chartered Accountancy. He is a member of Chartered Accountants Australia and New Zealand.

Michael Pennell PSM

Chief Underwriting Officer (CUO)

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

Michael was instrumental in establishing ARPC in 2003. With over 30 years of industry experience, he has a deep understanding of the global insurance and reinsurance industry and, as the CUO of ARPC, is accountable for the cyclone and terrorism reinsurance products, development of terrorism risk models and leads ARPC's terrorism retrocession program. He is a member of the Australian Government's National Security Science and Technology Committee, an Assistant Secretary and senior advisor on cyclone and flood insurance matters to Treasury and has presented on national terrorism risk to the ANZ Counter-Terrorism Committee.

Michael has held senior reinsurance management roles with Swiss Re and General Re prior to his role at ARPC. He started his career as a civil engineer in the mining and flood mitigation sectors.

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

Victoria Simpson

Chief Operating Officer (COO)

MSc, FIAA, GAICD

Victoria joined ARPC in January 2023 and has over 20 years' experience in financial services. She joined ARPC following 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 is a qualified actuary who began her career at Canada Life in County Dublin, Ireland. She holds a Master of Science in Computer Science and Applications from Queen's University Belfast, (Ireland), is a Fellow of the Institute of Actuaries in Australia and is a Graduate of the Australian Institute of Company Directors.

Jason Flanagan

Chief Claims Officer (CCO)

BCom (Accounting), GAICD, CA

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 (CA) and a GAICD.

Karin Rathbone

Chief Risk Officer (CRO)

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

Karin joined ARPC on 3 July 2024 as CRO. She leads ARPC's enterprise risk, compliance, business continuity and protective security functions.

Karin brings senior risk, governance and financial services experience across banking, wealth management, insurance and professional services. Before joining ARPC, she was CRO at Colonial First State, where she also held several senior risk leadership roles while the business was part of CBA. Her corporate career includes risk leadership roles at BT Financial Group, Westpac and CBA.

Earlier in her career, Karin was a Partner at KPMG (South Africa) and a Director at Deloitte (Australia), specialising in governance, risk and conduct. She relocated to Australia from South Africa in 2013.

Karin holds bachelor's degrees in arts and law from the University of the Witwatersrand and a Diploma in Advanced Banking from the University of Johannesburg. She is a Member of the Australian Institute of Company Directors.

Cameron Hick

Chief Underwriting Officer Designate

BBus, MBA, ANZIIF Fellow CIP

Cameron Hick is a seasoned reinsurance professional with almost 3 decades of experience across underwriting, client management, broking and strategic portfolio development. He began his career with Munich Re, holding a range of roles in Australia and Germany, before joining Partner Re in Switzerland where he managed some of its largest global client relationships. He later returned to Australia and held senior roles in reinsurance broking with Willis Re, Gallagher Re and Aon.

Cameron joined ARPC in July 2024 as Head of Technical Underwriting, providing technical underwriting leadership across the terrorism and cyclone pools. He is currently the CUO Designate and will transition into the CUO role in November 2026.

Cameron holds a Master of Business Administration and a Bachelor of Business, and is a Fellow of ANZIIF.

Composition of ARPC's workforce

As at 30 June 2026, ARPC had 72 employees. All employees were Sydney-based. Of these, 69 employees worked full-time and 3 worked part-time. Women represented 57% of employees and men represented 43%. The average age of employees was 42 years.

Employees work in a hybrid model, balancing office-based and remote work, supported by flexible working arrangements.

We are committed to fostering a diverse and inclusive workplace that provides equal employment opportunity and that supports the Australian Government's Indigenous employment target of 5% representation across all organisational levels by 2030.

During 2025–26, through continued efforts, we continued to foster inclusive recruitment and employment practices.

Figure 6.1: ARPC's workforce composition by organisational level (classification) and gender, as at 30 June 2026

	Man/Male			Woman/Female			Non-binary / Preferred not to answer / Used a different term			
	Full time	Part time	**Total**	Full time	Part time	**Total**	Full time	Part time	**Total**	**Combined total**
ARPC Level 2	–	–	**–**	–	–	**–**	–	–	–	**–**
ARPC Level 3	–	–	**–**	–	–	**–**	–	–	–	**–**
ARPC Level 4	–	–	**–**	–	–	**–**	–	–	–	**–**
ARPC Level 5	1	–	**1**	2	–	**2**	–	–	–	**3**
ARPC Level 6	5	–	**5**	7	1	**8**	–	–	–	**13**
EL1[1]	12	–	**12**	22	1	**23**	–	–	–	**35**
EL2[2]	9	–	**9**	5	1	**6**	–	–	–	**15**
SES[3]	4	–	**4**	2	–	**2**	–	–	–	**6**
Total	**31**	**–**	**31**	**38**	**3**	**41**	**–**	**–**	**–**	**72**

[1] Executive Level 1
[2] Executive Level 2
[3] Senior Executive Service equivalent

Figure 6.2: Workforce metrics

Metric	2025–26
Employees (headcount)	72
Average age	42 years
Female representation	57%
Male representation	43%
Part-time employees	3
Voluntary turnover	15%
Average absenteeism	5.66 days
Employees with annual leave balances greater than 20 days	22
Employees with annual leave balances greater than 40 days	1

Performance framework

ARPC's performance framework supports us to achieve our organisational objectives by aligning individual performance expectations with strategic priorities. The framework promotes ongoing performance and development conversations, regular feedback and employee growth, while recognising both the achievement of outcomes and behaviours consistent with our capabilities and values.

Employee engagement survey

We use an external employee engagement tool to measure and gather feedback on workplace culture, leadership and the employee experience. In March 2026, we recorded an employee engagement score of 71%, representing a 7-point improvement from the October 2025 survey result of 64%.

During the reporting period, we focused on strengthening employee engagement, leadership effectiveness, collaboration and organisational performance.

We also undertake targeted activities throughout the financial year to monitor progress, identify emerging priorities and support continuous improvement.

Key management personnel remuneration

Figure 6.3 shows the remuneration for key management (Board Members and senior executives) for the reporting period. Senior executives and members received employer super contributions, in line with the minimum Superannuation Guarantee Contribution.

Figure 6.3: 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	$31,460	$7,932	$3,780	–	–	$43,172
Nucifora, Greg	Member	$15,740	$7,146	$1,891	–	–	$24,777
Whithear, Rod	Member	$15,740	$7,146	$1,891	–	–	$24,777
Horton, Evelyn	Member	$15,740	$5,955	$1,891	–	–	$23,586
Hurley, Eilis	Member	$15,740	$7,146	$1,891	–	–	$24,777
Raymond, Fran	Member	$15,740	$7,146	$1,891	–	–	$24,777
Shub, Oscar	Member	$13,328	$7,146	$1,602	–	–	$22,076
Griffin, Kent	Member	$4,146	–	$498	–	–	$4,644
Wallace, Christopher	CEO	$531,279	$106	$64,721	$18,970	–	$615,076
Flanagan, Jason	CCO	$402,250	$116	$45,157	$12,754	–	$460,277
Rathbone, Karin	CRO	$368,464	–	$57,837	$5,433	–	$431,734
Pennell, Michael	CUO	$384,157	$159	$48,465	$18,965	–	$451,746
Simpson, Victoria	COO	$415,503	$53	$47,969	$12,302	–	$475,827
Unterrheiner, Scott	CFO	$434,643	–	$30,302	$13,136	–	$478,081
Total		**$2,663,930**	**$50,051**	**$309,786**	**$81,560**	–	**$3,105,327**

Non-executive employees

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

Figure 6.4: Remuneration for other highly paid non-executive employees

Total remuneration bands	Number of other highly paid staff	Average base salary	Average bonuses	Average of benefits/ allowances	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average benefits	Average total remuneration
$265,000-$270,000	0	–	–	–	–	–	–	–	–
$270,001-$295,000	2	$241,439	–	$858	$36,167	$6,189	–	–	$284,653
$295,001-$320,000	0	–	–	–	–	–	–	–	–
$320,001-$345,000	2	$279,546	–	$844	$42,042	$9,160	–	–	$331,592
$345,001-$370,000	1	$298,246	–	$786	$45,839	$10,982	–	–	$355,853
$370,001-$395,000	1	$320,537	–	$735	$46,293	$6,026	–	–	$373,591

Capability and development

ARPC continues to build and maintain the specialist capabilities required to deliver its strategic priorities and meet the needs of a changing risk environment. Employees are supported through on-the-job learning, formal training, professional accreditation, coaching, mentoring and study assistance.

In 2025–26, capability development focused on strengthening insurance and reinsurance expertise, risk management, leadership, governance, cyber security, data and technology skills, and professional effectiveness. ARPC also undertook a targeted uplift in artificial intelligence (AI) literacy and practical AI capability, recognising AI governance and cyber security as emerging and increasingly essential knowledge areas for an efficient, effective and resilient organisation.

This capability uplift was designed to help employees understand emerging technologies, assess their relevance to ARPC's operating context, manage associated risks, and apply responsible governance and cyber security practices to their use.

We continued to invest in employee personal growth and organisational capability through initiatives such as career development support, leadership capability building and activities that support a constructive and high-performing workplace culture.

Work health, safety and wellbeing

We are committed to providing a safe, healthy and supportive workplace for all employees. Work health and safety (WHS) is integrated into our broader risk management framework and is supported through governance oversight, employee consultation, wellbeing initiatives and ongoing monitoring of workplace risks.

The March 2026 Comcare proactive inspection was finalised during the financial year, with no outstanding regulatory actions.

We will continue to focus on psychosocial risk management, employee wellbeing, compliance assurance activities and the ongoing integration of WHS considerations into enterprise risk management processes.

Employee Engagement Committee

The Employee Engagement Committee supports employee engagement, connection and workplace culture across ARPC. The Committee works collaboratively with management to coordinate activities that strengthen employee participation, foster a sense of belonging and support a positive employee experience.

During 2025–26, the Committee supported activities that promoted employee wellbeing, recognition and inclusion, which helped to reinforce ARPC's commitment to a constructive and high-performing workplace culture.

Reconciliation Action Plan (RAP)

ARPC is committed to contributing to reconciliation and strengthening relationships with Aboriginal and Torres Strait Islander peoples, communities and organisations. During 2025–26, we continued to implement our Reflect RAP, focusing on building organisational understanding, strengthening relationships and embedding reconciliation within our workplace culture and practices.

During the financial year, the RAP Working Group coordinated activities to recognise and celebrate National Reconciliation Week and NAIDOC Week, supported employee learning opportunities, and promoted awareness of Aboriginal and Torres Strait Islander cultures and perspectives.

Implementation of the Reflect RAP has supported ARPC's ongoing commitment to fostering an inclusive workplace and strengthening the foundations for future reconciliation initiatives.

Lifestyle payment

Through ARPC's Enterprise Agreement, eligible employees can access an annual lifestyle payment to support their health, wellbeing and personal interests. The lifestyle payment forms part of our broader commitment to supporting employee wellbeing and providing benefits that contribute to a positive and sustainable employee experience.

> We continued to invest in employee personal growth and organisational capability through initiatives such as career development support, leadership capability building and activities that support a constructive and high-performing workplace culture.

Australian Government
Australian Reinsurance Pool Corporation

7 Financial Statements

14.411
2.033
10.531
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61.652
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6.108
9.204
74.8
4.080
78.680
7.369
2.824
40.050
2.445
89.204

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Australian National Audit Office

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 2026:

(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 2026 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 2026 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

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

23 September 2026

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

In our opinion, the attached financial statements for the year ended 30 June 2026 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

22 September 2026

Dr Christopher Wallace
Chief Executive Officer

22 September 2026

Mr Scott Unterrheiner
Chief Financial Officer

22 September 2026

Statement of Comprehensive Income

for the period ended 30 June 2026

	Notes	2026 $'000	2025 $'000
Premium revenue	1.1A	**1,082,744**	1,042,615
Outwards retrocession premium expense	1.1A	**(46,658)**	(59,580)
Commonwealth guarantee fee	1.1A	**(55,000)**	(55,000)
Net premium revenue		**981,086**	928,035
Claims expense	1.2A	**12,753**	(1,870,822)
Retrocession and other recoveries revenue	1.2A	**–**	–
Net claims expense		**12,753**	(1,870,822)
Management expenses	1.2B	**(32,129)**	(30,309)
Movement in deferred acquisition costs	2.1D(iii)	**2,522**	(1,364)
Movement in unexpired risk liability	2.3C	**1,650**	(1,650)
Underwriting result		**965,882**	(976,110)
Investment income	1.1B	**115,042**	120,285
Gains from sale of assets		**–**	23
Finance costs	1.2F	**(356)**	(390)
Operating result before capital fee		**1,080,568**	(856,192)
Capital holding fee		**(35,000)**	(35,000)
Operating result		**1,045,568**	(891,192)

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

Statement of Financial Position

as at 30 June 2026

	Notes	2026 $'000	2025 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	2.1A	**945,752**	1,044,307
Trade and other receivables	2.1B	**285,696**	281,347
Investments	2.1C	**1,760,000**	1,770,000
Deferred insurance assets	2.1D	**23,978**	28,513
Total financial assets		**3,015,426**	3,124,167
Non-financial assets			
Leased premises	2.2A	**7,092**	8,505
Plant and equipment	2.2A	**527**	628
Other non-financial assets	2.2B	**1,216**	1,377
Total non-financial assets		**8,835**	10,510
Total assets		**3,024,261**	3,134,677
LIABILITIES			
Insurance liabilities			
Unearned premium liability	2.3A	**451,193**	441,621
Gross outstanding claims	2.3B	**721,930**	1,878,726
Unexpired risk liability	2.3C	**–**	1,650
Total insurance liabilities		**1,173,123**	2,321,997
Payables			
Suppliers	2.4A	**22,830**	29,083
Other payables	2.4B	**697**	870
Total payables		**23,527**	29,953
Interest bearing liabilities			
Leases	2.6A	**7,201**	8,044
Total interest bearing liabilities		**7,201**	8,044
Provisions			
Employee provisions	3.1A	**2,354**	2,132
Other provisions	2.5A	**392**	455
Total provisions		**2,746**	2,587
Total liabilities		**1,206,597**	2,362,581
Net assets		**1,817,664**	772,096
EQUITY			
Accumulated reserves		**–**	–
Asset revaluation reserve		**60**	60
Claims handling reserve		**–**	–
Reserve for claims		**1,817,604**	772,036
Total equity		**1,817,664**	772,096

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

Statement of Changes in Equity

for the period ended 30 June 2026

	Notes	2026 $'000	2025 $'000
ACCUMULATED RESERVES			
Opening balance			
Balance carried forward from previous period		**–**	–
Comprehensive income			
Surplus/(Deficit) for the period		**1,045,568**	(891,192)
Other comprehensive income		**–**	–
Total comprehensive income		**1,045,568**	(891,192)
Transfers between equity components		**(1,045,568)**	891,192
Closing balance as at 30 June		**–**	–
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period		**60**	60
Comprehensive income			
Other comprehensive income		**–**	–
Total comprehensive income		**–**	–
Transfers between equity components		**–**	–
Closing balance as at 30 June		**60**	60
CLAIMS HANDLING RESERVE			
Opening balance			
Balance carried forward from previous period		**–**	91,012
Comprehensive income			
Other comprehensive income		**–**	–
Total comprehensive income		**–**	–
Transfers between equity components		**–**	(91,012)
Closing balance as at 30 June		**–**	–
RESERVE FOR CLAIMS			
Opening balance			
Balance carried forward from previous period		**772,036**	1,572,216
Comprehensive income			
Other comprehensive income		**–**	–
Total comprehensive income		**–**	–
Transfers between equity components		**1,045,568**	(800,180)
Closing balance as at 30 June		**1,817,604**	772,036
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period		**772,096**	1,663,288
Comprehensive income			
Surplus/(Deficit) for the period		**1,045,568**	(891,192)
Other comprehensive income		**–**	–
Total comprehensive income		**1,045,568**	(891,192)
Transactions with owners			
Distributions to owners		**–**	–
Total transactions with owners		**–**	–
Transfers between equity components		**–**	–
Closing balance as at 30 June		**1,817,664**	772,096

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 2 June 2026, 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 2026 totalling $90 million (2025: $90 million).

Reserves

The intention of the Government in establishing ARPC was that premiums would be used to accumulate reserves for future claims.

Cash Flow Statement

for the period ended 30 June 2026

	Notes	2026 $'000	2025 $'000
OPERATING ACTIVITIES			
Cash received			
Premiums		**1,180,371**	1,160,179
Interest		**124,156**	110,388
Total cash received		**1,304,527**	1,270,567
Cash used			
Retrocession payments		**47,519**	60,964
Claims payments		**1,144,043**	130,672
Employees		**17,055**	16,134
Suppliers		**12,678**	12,206
Government		**91,197**	90,558
Interest payments on lease liabilities		**335**	370
Net GST paid		**99,294**	96,202
Total cash used		**1,412,121**	407,106
Net cash from/(used by) operating activities		**(107,594)**	863,461
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		**–**	25
Proceeds from maturities of term deposits		**5,335,000**	3,195,551
Total cash received		**5,335,000**	3,195,576
Cash used			
Purchase of property, plant and equipment		**117**	161
Placement of term deposits		**5,325,000**	3,035,000
Total cash used		**5,325,117**	3,035,161
Net cash from/(used by) investing activities		**9,883**	160,415
FINANCING ACTIVITIES			
Cash used			
Principal payments of lease liabilities		**844**	771
Total cash used		**844**	771
Net cash from/(used by) financing activities		**(844)**	(771)
Net increase/(decrease) in cash held		**(98,555)**	1,023,105
Cash and cash equivalents at the beginning of the reporting period		**1,044,307**	21,202
Cash and cash equivalents at the end of the reporting period	2.1A	**945,752**	1,044,307

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

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 operates a reinsurance pool for cyclones and cyclone-related flood damage under the TCI Act. The cyclone pool is designed to reduce insurance premiums for homes (including strata) and small businesses at 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 AASB 1060, 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 and AASB 1023 General Insurance Contracts.

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 2022-9 *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 will change the measurement, presentation and disclosure of ARPC's insurance activities, including insurance contracts issued and reinsurance contracts held. ARPC expects to be eligible to apply the premium allocation approach (PAA), a simplified measurement model under the standard.

The measurement model requires application at an aggregated level rather than individual contract level and divided by groups based on expected profitability and the period the contract is written in. Any unprofitable contracts will require the recognition of a loss component on initial recognition.

Discount rates are required to reflect the time value of money and the financial risks related to the cashflows. This aligns to AASB 1023, however in addition, AASB 17 requires an illiquidity premium to reflect the liquidity characteristics of the underlying insurance contracts. ARPC is in the process of finalising the determination and assessment of illiquidity premium.

Risk adjustment reflects the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risks as the entity fulfills insurance contracts. This differs from the risk margin used under AASB 1023 which reflects the inherent uncertainty in the central estimate of estimated future cash flows. ARPC is currently finalising the assessment as part of the implementation of AASB 17.

The transition to AASB 17 introduces significant changes in presentation and disclosure including all cashflows resulting from the rights and obligations of the insurance and reinsurance contracts presented on a net basis on the balance sheet with the existing items such as premium receivables and unearned premium liability no longer being presented separately. In order to reconcile the movement in the insurance and reinsurance contracts, the standard requires detailed disclosures that presents the changes to each of the individual measurement components.

The insurance and reinsurance results will be disclosed separately and included in the insurance service results, with insurance revenue replacing premium revenue and insurance service expenses reflecting the underlying claims expenses. The financial impact of changes to discount rates and the unwinding of the discounting of insurance and reinsurance contracts will be presented as either insurance finance income or expenses.

ARPC continues to apply AASB 4 *Insurance Contracts* and *AASB 1023 General Insurance Contracts* to annual periods beginning before 1 July 2026. AASB 17 will be applied retrospectively to all insurance and reinsurance contracts at transition date. ARPC expects to use the full retrospective approach for general insurance contracts and the full impact of the transition remains under assessment.

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* 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. However, AASB 18 applies to not-for-profit public sector entities for annual reporting periods beginning on or after 1 January 2028. Disclosure requirements under Tier 2 will be determined through a separate due process with amendments being made subsequently to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-For-Profit Tier 2 Entities* as required.

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 including Employment Practices, Public and Products Liability, Portable Property, Group Journey Injury Insurance, Corporate Travel Insurance, Cyber Liability Insurance and Business Package Insurance. Workers Compensation is insured through Comcare Australia.

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 2026.

1.1 Revenue

	2026 $'000	2025 $'000
1.1A: Net premium revenue		
Gross written premium	**1,092,317**	1,064,257
Movement in unearned premium reserve	**(9,573)**	(21,642)
Total premium revenue	**1,082,744**	1,042,615
Outwards retrocession premium expense	**(46,658)**	(59,580)
Commonwealth guarantee fee	**(55,000)**	(55,000)
Net premium revenue	**981,086**	928,035

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 of 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 2 June 2026 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 pool, the seasonal nature of cyclone risk means the earnings are more substantial through the November to May period. 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.

	2026 $'000	2025 $'000
1.1B: Investment income		
Cash at bank	**38,220**	17,552
Term deposits	**76,822**	102,733
Total investment income	**115,042**	120,285

Accounting policy

Interest revenue is recognised using the effective interest method.

1.2 Expenses

	2026 $'000	2025 $'000
1.2A: Net claims expense		
Gross claims paid	**1,144,043**	130,672
Movement in net discounted central estimate	**(916,073)**	1,427,098
Movement in claims handling expenses	**1,092**	3,879
Movement in risk margin	**(241,815)**	309,173
Total claims expense	**(12,753)**	1,870,822
Retrocession and other recoveries revenue	**–**	–
Recoveries revenue from Commonwealth guarantee	**–**	–
Net claims expense	**(12,753)**	1,870,822

Accounting policy

Net claims expense is the difference between the net outstanding claims liability as 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 9 cyclone events declared for the purpose of the *Terrorism and Cyclone Insurance Act 2003* during the reporting period.

There were 2 declared terrorist incidents during the reporting period.

	Notes	2026 $'000	2025 $'000
1.2B: Management expenses			
Employee benefits	1.2C	**17,104**	16,787
Suppliers	1.2D	**13,478**	11,926
Depreciation and amortisation	1.2E	**1,541**	1,612
Impairment loss/(reversal of impairment) on financial instruments		**6**	(19)
Losses from asset sales		**–**	3
Total management expenses		**32,129**	30,309

	2026 $'000	2025 $'000
1.2C: Employee benefits		
Wages and salaries	**12,800**	12,931
Superannuation		
Defined contribution plans	**2,042**	2,505
Leave and other entitlements	**1,452**	1,351
Separation and redundancies	**810**	–
Total employee benefits	**17,104**	16,787

Accounting policy

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

	2026 $'000	2025 $'000
1.2D: Suppliers		
Goods and services supplied or rendered		
Consultants	**3,574**	3,169
Reinsurance broker services	**477**	494
External audit service	**160**	200
Internal audit service	**368**	190
Fee for services	**1,331**	1,423
IT services	**4,920**	4,295
Shared services	**154**	185
Legal fees	**300**	250
Staff development and training	**380**	424
Travel	**305**	382
Other	**1,326**	732
Total goods and services supplied or rendered	**13,295**	11,744
Goods supplied	**219**	182
Services rendered	**13,076**	11,562
Total goods and services supplied or rendered	**13,295**	11,744
Other suppliers		
Workers compensation insurance	**72**	50
Low value leases	**111**	132
Total other suppliers	**183**	182
Total suppliers	**13,478**	11,926

ARPC has a low value lease commitment of $79,110 (2025: $184,807) as at 30 June 2026.

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.

	2026 $'000	2025 $'000
1.2E: Depreciation and amortisation		
Depreciation		
Leasehold improvements	**191**	189
Property, plant and equipment	**137**	156
Total depreciation	**328**	345
Amortisation		
Computer software	**–**	44
Right-of-use asset- office lease	**1,203**	1,206
Right-of-use asset- equipment lease	**10**	17
Total amortisation	**1,213**	1,267
Total depreciation and amortisation	**1,541**	1,612

Accounting policy

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

	2026 $'000	2025 $'000
1.2F: Finance costs		
Bank charges	**3**	3
Interest on lease liabilities	**335**	370
Unwinding of discount	**18**	17
Total finance costs	**356**	390

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

	2026 $'000	2025 $'000
2.1A: Cash and cash equivalents		
Cash on hand or on deposit	**945,752**	1,044,307
Total cash and cash equivalents	**945,752**	1,044,307

Accounting policy

Cash is recognised at the nominal amount. Cash and cash equivalents include cash on hand and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

	2026 $'000	2025 $'000
2.1B: Trade and other receivables		
Premium receivable	**268,802**	254,518
Interest receivable	**17,885**	26,999
GST (payable)/receivable from the Australian Taxation Office	**(987)**	(169)
Other	**3**	–
Total trade and other receivables (gross)	**285,703**	281,348
Less expected credit loss allowance	**(7)**	(1)
Total trade and other receivables (net)	**285,696**	281,347

Credit terms are net 30 days (2025: 30 days). Trade debtors are non-interest bearing.

Interest receivable

Effective interest rates on cash and term deposits range from 4.05% to 5.32% (2025: 3.8% to 5.31%) 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.

	2026 $'000	2025 $'000
2.1C: Investments		
Fixed term deposits	**1,760,000**	1,770,000
Total investments	**1,760,000**	1,770,000

Term deposits as 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 4.35% over the year (2025: 5.55%). Interest is payable on maturity for all term deposits. Terms are between 91 and 365 days (2025: 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.

	Notes	2026 $'000	2025 $'000
2.1D: Deferred insurance assets			
(i) Deferred insurance assets			
Deferred retrocession premium	2.1D (ii)	**19,963**	27,020
Deferred acquisition costs	2.1D (iii)	**4,015**	1,493
Deferred insurance assets		**23,978**	28,513
(ii) Deferred retrocession premium			
Deferred retrocession premium as at 1 July		**27,020**	33,001
Retrocession premium deferred		**19,963**	27,020
Amortisation charged to expense		**(27,020)**	(33,001)
Deferred retrocession premium as at 30 June		**19,963**	27,020
(iii) Deferred acquisition costs			
Deferred acquisition costs as at 1 July		**1,493**	2,857
Capitalised acquisition costs		**7,505**	7,291
Amortisation charged to expense		**(4,983)**	(6,229)
Write-down of deferred acquisition costs		**–**	(2,426)
Deferred acquisition costs as at 30 June		**4,015**	1,493
Deferred acquisition costs at the beginning of the reporting period		**1,493**	2,857
Deferred acquisitions costs at end of the reporting period		**4,015**	1,493
Movement in deferred acquisition costs		**2,522**	(1,364)

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

	Leased premises $'000	Plant and equipment $'000	Computer Software $'000	Total $'000
As at 1 July 2025				
Gross book value	10,646	1,046	1,827	13,519
Accumulated depreciation, amortisation and impairment	(2,141)	(418)	(1,827)	(4,386)
Total as at 1 July 2025	**8,505**	**628**	**–**	**9,133**
Additions				
Purchase or internally developed	62	46	–	108
Right-of-use assets	–	–	–	–
Depreciation and amortisation	(191)	(137)	–	(328)
Depreciation on right-of-use assets	(1,203)	(10)	–	(1,213)
Other movements	(81)	–	–	(81)
Disposals				
Asset disposal	–	(34)	–	(34)
Accumulated depreciation on asset disposal	–	34	–	34
Total as at 30 June 2026	**7,092**	**527**	**–**	**7,619**

	Leased premises $'000	Plant and equipment $'000	Computer Software $'000	Total $'000
Total as at 30 June 2026 represented by				
Gross book value	**10,627**	**1,058**	**1,827**	**13,512**
Accumulated depreciation, amortisation and impairment	**(3,535)**	**(531)**	**(1,827)**	**(5,893)**
Total as at 30 June 2026	**7,092**	**527**	**–**	**7,619**
Carrying amount of right-of-use assets	**6,078**	**–**	**–**	**6,078**

No indicators of impairment were found for property, plant and equipment and intangibles (2025: Nil). At the time of preparing the prior year financial statements, there were no plans to dispose of 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 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 the initial lease liability amount and initial direct costs incurred when entering into the lease, less any lease incentives received.

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:

	2026	2025
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 as at 30 June 2026. 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.

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 (2025: 4 to 5 years).

	2026 $'000	2025 $'000
2.2B: Other non-financial assets		
Prepayments	**1,216**	1,377
Total other non-financial assets	**1,216**	1,377

2.3 Insurance Liabilities

	Notes	2026 $'000	2025 $'000
2.3A: Unearned premium liability			
Unearned premium liability	2.3A(i)	**451,193**	441,621
Total unearned premium liability		**451,193**	441,621
(i) Unearned premium liability as at 1 July		**441,621**	419,979
Deferral of premiums on contracts written in the period		**451,193**	441,621
Earning of premiums written in the previous periods		**(441,621)**	(419,979)
Unearned premium liability as at 30 June		**451,193**	441,621

	Notes	2026 $'000	2025 $'000
2.3B: Gross outstanding claims			
Gross outstanding claims- discounted		**721,930**	1,878,726
Total gross outstanding claims	2.3B(i)	**721,930**	1,878,726
Gross discounted central estimate		**629,102**	1,544,082
Risk margin		**92,828**	334,644
Gross outstanding claims		**721,930**	1,878,726
Reinsurance and other recoveries on outstanding claims		**–**	–
Net outstanding claims		**721,930**	1,878,726
(i) Reconciliation of movement in net discounted outstanding claims liability			
Outstanding claims liability as at 1 July		**1,878,726**	138,576
Increase in gross central estimate- excluding claims handling expenses		**220,285**	1,583,804
Movement in claims handling expenses		**1,199**	3,963
Movement in risk margin		**(245,153)**	315,687
Movement in discounting		**10,916**	(32,632)
Claims paid and other recoveries		**(1,144,043)**	(130,672)
Outstanding claims liability as at 30 June		**721,930**	1,878,726

	Notes	2026 $'000	2025 $'000
2.3C: Unexpired risk liability			
Net deficiency	2.3C(i)	**–**	4,076
Deferred acquisition costs written off		**–**	(2,426)
Unexpired risk liability		**–**	1,650
(i) Reconciliation of movement in unexpired risk liability			
Unexpired risk liability at 1 July		**1,650**	–
Movement for the year		**(1,650)**	1,650
Unexpired risk liability at 30 June		**–**	1,650

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 estimates of costs that would be incurred by the ARPC to manage all existing claims, whether reported or not, if the pool were to be placed in runoff as at 30 June 2026.

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 experience to date, other comparable cyclones and industry benchmarks. These are applied to the 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 the outstanding claims liability that relates to the inherent uncertainty of the central estimate. While ARPC has discretion on the level of sufficiency, it has elected to include a risk margin on the outstanding claims liability at 75% probability of sufficiency (PoS). The risk margin on the 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 have been derived from market yields on Australian Commonwealth Government bonds.

Impact of changes in key assumptions relating to outstanding claims liability excluding risk margins

ARPC conducts sensitivity analyses to quantify the exposure to the risk of changes in the key underlying actuarial assumptions on outstanding claims reserves. A sensitivity analysis is conducted on the following variables.

Scenario	Sensitivity	2026 Outstanding liability including expenses $'000	2026 Change $'000	2026 Change (%)	2025 Outstanding liability including expenses $'000	2025 Change $'000	2025 Change (%)
Base scenario		629,102	n/a	n/a	1,544,083	n/a	n/a
Inflation rates	1% increase	631,793	2,690	0.4%	n/a	n/a	n/a
	1 % decrease	626,418	(2,684)	(0.4%)	n/a	n/a	n/a
Discount rates	1% increase	624,416	(4,686)	(0.7%)	1,535,564	(8,519)	(0.6%)
	1 % decrease	633,895	4,792	0.8%	1,552,768	8,685	0.6%
Change in paid development pattern	Extended by 3 development quarters	628,044	(1,058)	(0.2%)	1,539,098	(4,985)	(0.3%)

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. 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 for the cyclone pool have evolved over time.

	2023 $'000	2024 $'000	2025 $'000	2026 $'000	Total $'000
Net ultimate claim payments					
Development					
At end of event year	82	133,046	1,577,777	207,708	
One year later	58	139,073	1,590,291		
Two years later	58	139,137			
Three years later	58				
Current estimate of net ultimate claim payments	58	139,137	1,590,291	207,708	1,937,194
Less: Cumulative payments made to date	58	119,609	1,151,568	19,956	1,291,191
Net undiscounted outstanding claims liability	1	19,528	438,723	187,751	646,003
Discount to present value	–	(359)	(15,591)	(6,340)	(22,290)
Net discounted outstanding claims liability	1	19,169	423,132	181,411	623,713
Reconciliation					
Claims administration expense					5,389
Risk margin					92,828
Net outstanding claims liability					721,930

There is no equivalent table for the terrorism pool as no claims have been received to date.

Liability adequacy test

AASB 1023 *General Insurance Contracts* requires the application of a liability adequacy test (LAT) of 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)	244,853	77,564	322,417
Risk margin on premium liability	8,147	15,513	23,660
Premium liability inclusive of risk margin	253,000	93,077	346,077
Unearned premium	257,284	193,909	451,193
Less: Deferred retrocession costs	–	19,963	19,963
Net unearned premium	257,284	173,946	431,230
Less: Deferred acquisition costs (net of write-down)	2,711	1,304	4,015
Premium deficiency	–	–	–
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 administration 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. The selected level of sufficiency for the risk margin on premium liability reflects ARPC's appetite for the risk of a deficiency in premium, given the approach to pricing and access to a Commonwealth guarantee. This results in a risk margin of 3.3% 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).

For both the terrorism pool and the cyclone pool, the unearned premiums less DAC are sufficient to cover premium liabilities on unexpired policies at 30 June 2026.

2.4 Payables

	2026 $'000	2025 $'000
2.4A: Suppliers		
Retrocession payable	**19,800**	26,800
Trade creditors and accruals	**3,030**	2,283
Total suppliers	**22,830**	29,083

Retrocession payable:

In accordance with ARPC's retrocession treaty expiring 31 December 2027, 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.

	2026 $'000	2025 $'000
2.4B: Other payables		
Salaries and wages	**479**	406
Superannuation	**218**	464
Total other payables	**697**	870

Accounting policy

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

2.5 Other Provisions

	Provision for restoration $'000	Total $'000
2.5A: Other provisions		
Carrying amount as at 1 July 2024	448	448
Additional provisions made	–	–
Amounts used	(8)	(8)
Amounts reversed	(2)	(2)
Unwinding of discount or change in discount rate	17	17
Amounts owing as at 30 June 2025	455	455
Additional provisions made	–	–
Amounts used	–	–
Amounts reversed	–	–
Remeasurement of provision	(81)	(81)
Unwinding of discount or change in discount rate	18	18
Total as at 30 June 2026	**392**	**392**

ARPC currently has one (2025: one) agreement for the leasing of premises which has a provision requiring ARPC to restore the premises 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

	2026 $'000	2025 $'000
2.6A: Leases		
Office lease	**7,201**	8,034
Equipment lease	**–**	10
Total leases	**7,201**	8,044
Maturity analysis – contractual undiscounted cash flows		
Within 1 year	**1,147**	1,179
Between 1 to 5 years	**6,271**	5,603
More than 5 years	**768**	2,583
Total leases	**8,186**	9,365

Total cash outflows for leases for the year ended 30 June 2026 were $1,178,853 (2025: $1,140,433).

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

	2026 $'000	2025 $'000
3.1A: Employee provisions		
Leave	**2,213**	2,132
Separations and redundancies	**141**	–
Total employee provisions	**2,354**	2,132

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 2026 represents the outstanding contributions.

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 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:

	2026 $	2025 $
Short-term employee benefits	2,713,981	2,630,454
Post-employment benefits	309,786	319,833
Other long-term employee benefits	81,560	50,198
Total key management personnel remuneration expenses[1]	**3,105,327**	3,000,485

The total number of key management personnel that are included in the above table are 14 (2025: 14).

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio 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 during the 2026 financial year were:

Ms Julie-Anne Schafer	Ms Evelyn Horton
Mr Greg Nucifora	Ms Eilis Hurley
Mr Rod Whithear	Ms Fran Raymond
Mr Kent Griffin[2]	Mr Oscar Shub[3]

Other than where noted, Members held their positions for the full year.

2. Appointed 23 April 2026.
3. Served until 22 April 2026.

Key management personnel employed by ARPC as at 30 June 2026 were:

- Dr Christopher Wallace – Chief Executive Officer.
- Mr Jason Flanagan – Chief Claims Officer.
- Mr Michael Pennell PSM – Chief Underwriting Officer.
- Ms Victoria Simpson – Chief Operating Officer.
- Mr Scott Unterrheiner – Chief Financial Officer.
- Ms Karin Rathbone – Chief Risk Officer.

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.

Related Party-Owner	Purpose	2026 $	2025 $
The Treasury	Commonwealth guarantee fee	**55,000,000**	55,000,000
The Treasury	Capital holding fee	**35,000,000**	35,000,000
The Treasury	Provision of corporate support services	**115,633**	174,692
The Treasury	Provision of professional actuarial services	**88,194**	54,334
Australian Government Solicitor	Provision of legal services and training	**77,563**	39,981
Comcare	Workers compensation insurance premiums	**74,722**	80,366
Artbank	Office artwork	**7,750**	8,544
Geoscience Australia[4]	Maintenance of loss estimate model	**627,800**	–
Dept of Employment and Workplace Relations	Onboarding consulting	**24,916**	22,685
Australian Bureau of Statistics	Consulting, governance and data delivery	**71,099**	39,990
The Bureau of Meteorology	Provision of consultative services	**84,602**	92,212
Total related party transactions		**91,172,279**	90,512,804

[4] The invoice was accrued in FY2025 and subsequently paid in FY2026.

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
- Financial Resilience Policy
- Fraud and Corruption Control Policy
- Business Continuity Policy
- Conflicts of Interest Policy

ARPC's risk management process aligns 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, enabling the effective management of risk. The risks within the Enterprise Risk Register are classified under the following categories:

- strategic risk
- financial risk
- reinsurance 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 is outlined below:

- in the event of a DTI, ARPC would be required to pay a retention of up to $500 million (2025: $350 million) before claiming on its retrocession program;
- in the event of a DTI, ARPC has access to a $2.0 billion retrocession program in excess of the $500 million retention (2025: $2.15 billion retrocession program, in excess of $350 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 (%) 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 (2025: $10 billion)
- 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 interest rate risk (owing to fluctuations in market interest rates).

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 Investment Management 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 – 5 years	> 5 years	
		2026 $'000	2026 $'000	2026 $'000	2026 $'000	2026 $'000
Interest bearing financial assets						
Cash and cash equivalents	2.1A	**695,752**	**250,000**	**–**	**–**	**945,752**
Fixed term deposits	2.1C	**–**	**1,760,000**	**–**	**–**	**1,760,000**
Total		**695,752**	**2,010,000**	**–**	**–**	**2,705,752**
Weighted average interest rate		**4.30%**	**4.96%**			**4.79%**

	Notes	Floating interest rate	Fixed interest rate maturing in			Total
		1 year or less	1 year or less	1 – 5 years	> 5 years	
		2025 $'000	2025 $'000	2025 $'000	2025 $'000	2025 $'000
Interest bearing financial assets						
Cash and cash equivalents	2.1A	1,044,307	–	–	–	1,044,307
Fixed term deposits	2.1C	–	1,770,000	–	–	1,770,000
Total		1,044,307	1,770,000	–	–	2,814,307
Weighted average interest rate		3.80%	4.67%			4.35%

For sensitivity assessments, the Department of Finance deemed a 99-basis point change to be reasonably possible and ARPC has considered the implied financial impact of the deemed 99 basis point change (2025: 132-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	
	2026 %	2025 %	**2026 $'000**	2025 $'000	**2026 $'000**	2025 $'000
Interest rate movement						
Interest bearing	**+0.99**	+1.32	**26,787**	37,149	**26,787**	37,149
financial assets	**-0.99**	-1.32	**(26,787)**	(37,149)	**(26,787)**	(37,149)
Total	**–**	–	**–**	–	**–**	–

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
- 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						
		AAA	AA	AA-	A	A-	Unrated	Total
	Notes	**2026 $'000**	**2026 $'000**	**2026 $'000**	**2026 $'000**	**2026 $'000**	**2026 $'000**	**2026 $'000**
ARPC								
Cash and cash equivalents	2.1A	**695,752**	**–**	**150,000**	**100,000**	**–**	**–**	**945,752**
Receivables	2.1B	**3,235**	**73,043**	**105,624**	**11,310**	**3,155**	**89,329**	**285,696**
Fixed term deposits	2.1C	**–**	**–**	**1,380,000**	**30,000**	**350,000**	**–**	**1,760,000**
Total		**698,987**	**73,043**	**1,635,624**	**141,310**	**353,155**	**89,329**	**2,991,448**

		Credit rating						
		AAA	AA	AA-	A	A-	Unrated	Total
	Notes	2025 $'000	2025 $'000	2025 $'000	2025 $'000	2025 $'000	2025 $'000	2025 $'000
ARPC								
Cash and cash equivalents	2.1A	1,044,307	–	–	–	–	–	1,044,307
Receivables	2.1B	3,343	44,688	80,411	12,506	3,847	136,552	281,347
Fixed term deposits	2.1C	–	–	1,490,000	40,000	240,000	–	1,770,000
Total		1,047,650	44,688	1,570,411	52,506	243,847	136,552	3,095,654

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	
		2026 $'000	2025 $'000	**2026 $'000**	2025 $'000	**2026 $'000**	2025 $'000
Financial assets							
Premium receivables	2.1B	**268,517**	254,437	**278**	80	**268,795**	254,517
Interest receivable	2.1B	**17,885**	26,999	**–**	–	**17,885**	26,999
Net GST receivable	2.1B	**(987)**	(169)	**–**	–	**(987)**	(169)
Other receivable	2.1B	**3**	–	**–**	–	**3**	–
Total		**285,418**	281,267	**278**	80	**285,696**	281,347

	Ageing of financial assets past due				Total
	0 to 30 days	**31 to 60 days**	**61 to 90 days**	**90+ days**	
	2026 $'000	**2026 $'000**	**2026 $'000**	**2026 $'000**	**2026 $'000**
Financial assets					
Premium receivables	**–**	**13**	**86**	**179**	**278**
Total	**–**	**13**	**86**	**179**	**278**

	Ageing of financial assets past due				Total
	0 to 30 days	**31 to 60 days**	**61 to 90 days**	**90+ days**	
	2025 $'000	2025 $'000	2025 $'000	2025 $'000	2025 $'000
Financial assets					
Premium receivables	6	–	29	45	80
Total	6	–	29	45	80

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
- 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 summarises 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	
		2026 $'000	2025 $'000	**2026 $'000**	2025 $'000	**2026 $'000**	2025 $'000
Financial Liabilities							
Payables	2.4A	**22,830**	29,083	**–**	–	**22,830**	29,083
Total		**22,830**	29,083	**–**	–	**22,830**	29,083

4.2 Contingent Assets and Liabilities

Quantifiable contingencies

As at 30 June 2026 ARPC had no quantifiable contingencies (2025: Nil).

Unquantifiable contingencies

As at 30 June 2026 ARPC had no unquantifiable contingencies (2025: 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

5.1A: Current/non-current distinction for assets and liabilities	2026 $'000	2025 $'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	**945,752**	1,044,307
Trade and other receivables	**285,696**	281,347
Investments	**1,760,000**	1,770,000
Deferred insurance assets	**23,978**	28,513
Other non-financial assets	**1,088**	1,222
Total no more than 12 months	**3,016,514**	3,125,389
More than 12 months		
Other non-financial assets	**128**	155
Leased premises	**7,092**	8,505
Plant and equipment	**527**	628
Total more than 12 months	**7,747**	9,288
Total assets	**3,024,261**	3,134,677
Liabilities expected to be settled in:		
No more than 12 months		
Unearned premium liability	**451,193**	441,621
Gross outstanding claims	**440,936**	1,603,364
Unexpired risk liability	**-**	1,650
Suppliers	**22,830**	29,083
Other payables	**697**	870
Leases	**849**	844
Employee provisions	**1,420**	1,268
Total no more than 12 months	**917,925**	2,078,700
More than 12 months		
Gross outstanding claims	**280,994**	275,362
Leases	**6,352**	7,200
Employee provisions	**934**	864
Other provisions	**392**	455
Total more than 12 months	**288,672**	283,881
Total liabilities	**1,206,597**	2,362,581

Australian Government
Australian Reinsurance Pool Corporation

8 Index

Acronyms and abbreviations

Acronym	Full name
AASB	Australian Accounting Standards Board
AICD	Australian Institute of Company Directors
AC	Audit Committee
ANAO	Australian National Audit Office
ANZIIF	Australian and New Zealand Institute of Insurance and Finance
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
CRO	Chief Risk Officer
CUO	Chief Underwriting Officer
DCE	Declared Cyclone Event(s)
DTI	Declared Terrorism Incident(s)
FOR	Financial Outlook Report
FY	Financial year
GPO	Government Policy Order
GST	Goods and Services Tax
IFTRIP	International Forum for Terrorism Risk (Re) Insurance Pools
OSPI	Overall Stakeholder Perception Index
PGPA Act	*Public Governance, Performance and Accountability Act 2013*
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
RAP	Reconciliation Action Plan
RCC	Risk and Compliance Committee
S&P	S&P Global Ratings Pty Ltd
SES	Senior Executive Service (senior executive)
TC	Tropical Cyclone
TCI Act	*Terrorism and Cyclone Insurance Act 2003*
WHS	Work Health and Safety

Glossary

Term	Description
Financial year	1 July to 30 June of a particular year.
Industrial Special Risk	A comprehensive, broad-form insurance policy designed for medium-to-large businesses and commercial property owners with high-value physical assets.
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.
Retrocession	Reinsurance purchased by reinsurance companies as a means of risk management.
Retrocessionaire	A reinsurer that accepts retrocession business, reinsuring reinsurers.
Statutory review	A review that examines the need for the TCI Act to continue to operate, that takes place every 5 years.

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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 of annual report**		
17BE(a)	About ARPC p18	Details of the legislation establishing the body	Mandatory
17BE(b)(i)	Legislative functions p18	A summary of the objects and functions of the entity as set out in legislation	Mandatory
17BE(b)(ii)	Our 2025–29 strategy p12 and ARPC's roles and responsibilities p18	The purposes of the entity as included in the entity's corporate plan for the reporting period	Mandatory
17BE(c)	Governance framework p46	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)	Governance framework p46	Directions given to the entity by the Minister under an Act or instrument during the reporting period	If applicable, mandatory
17BE(e)	Not applicable	Any government policy order that applied in relation to the entity during the reporting period under section 22 of the Act	If applicable, mandatory
17BE(f)	Not applicable	Particulars of non compliance with: (a) a direction given to the entity by the Minister under an Act or instrument during the reporting period; or (b) 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 p38	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the rule	Mandatory
17BE(h), 17BE(i)	Not applicable	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)	Governance pp47 to 50	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period	Mandatory
17BE(k)	Organisational and governance structures p55	Outline of the organisational structure of the entity (including any subsidiaries of the entity)	Mandatory

PGPA Rule Reference	Part of Annual Report	Description	Requirement
17BE(ka)	Composition of ARPC's workforce p63	Statistics on the entity's employees on an ongoing and non ongoing basis, including the following: (a) statistics on full time employees; (b) statistics on part time employees; (c) statistics on gender; (d) statistics on staff location	Mandatory
17BE(l)	Composition of ARPC's workforce p63	Outline of the location (whether or not in Australia) of major activities or facilities of the entity	Mandatory
17BE(m)	Governance pp45 to 56	Information relating to the main corporate governance practices used by the entity during the reporting period	Mandatory
17BE(n), 17BE(o)	(n) Related Party Disclosures pp101 and 102 and Transactions with Government as owners and page 78 (o) Related party transactions p102	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 of value of the transactions	If applicable, mandatory
17BE(p)	Not applicable	Any significant activities and changes that affected the operation or structure of the entity during the reporting period	If applicable, mandatory
17BE(q)	Not applicable	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity	If applicable, mandatory
17BE(r)	Not applicable	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) Commonwealth Ombudsman; or (d) the Office of the Australian Information Commissioner	If applicable, mandatory
17BE(s)	Not applicable	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

PGPA Rule Reference	Part of Annual Report	Description	Requirement
17BE(t)	Governance p55	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 pp52 and 53	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 p65	Information about executive remuneration	Mandatory
17BF	**Disclosure requirements for government business enterprises**		
17BF(1)(a)(i)	Not applicable	An assessment of significant changes in the entity's overall financial structure and financial conditions	If applicable, mandatory
17BF(1)(a)(ii)	Not applicable	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)	Not applicable	Information on dividends paid or recommended	If applicable, mandatory
17BF(1)(c)	Not applicable	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(2)	Not applicable	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