

Natural Catastrophes Insurance Cover Individual System Summary Updates

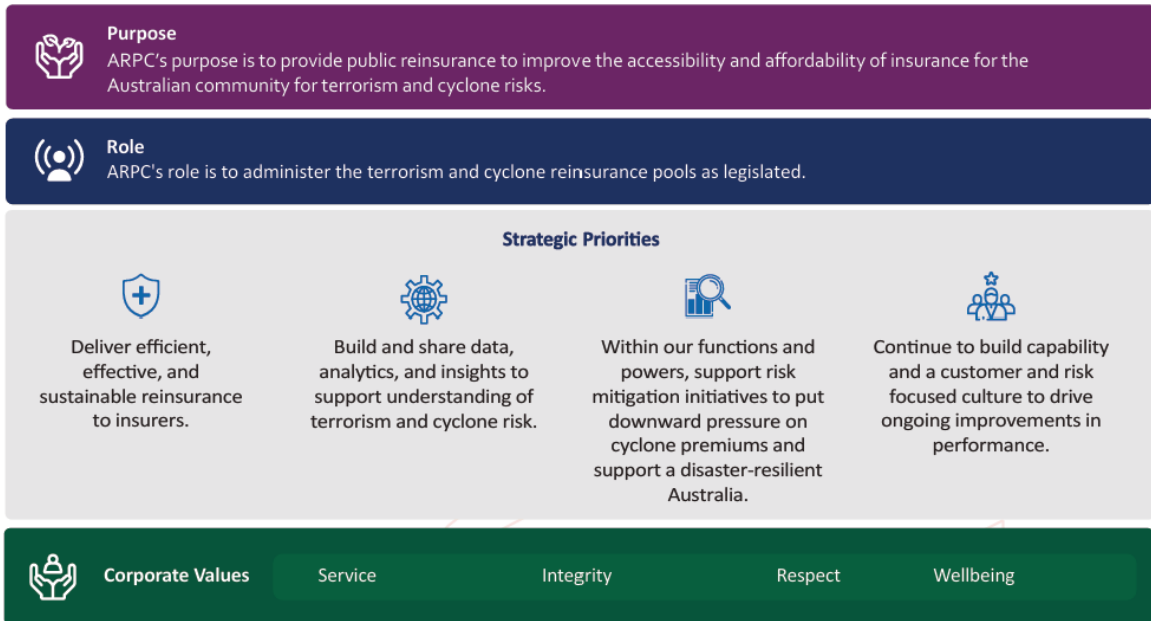
As of April 2026

1	The name of the Cover	Australian Reinsurance Pool Corporation (ARPC)
2	Cover Purchase / Distribution Channels	<p>The Terrorism and Cyclone Insurance Act 20023 (TCI Act) makes it mandatory for most insurers to join the cyclone pool and purchase cyclone reinsurance from ARPC.</p> <p>The cyclone pool commenced on 1 July 2022, with the objective of improving the affordability and accessibility of cyclone insurance for policyholders in Northern Australia.</p> <p>Under the scheme, ARPC enters into reinsurance treaty arrangements with participating insurers. These arrangements provide discounted cyclone reinsurance, and insurers are required to pass on these cost savings to eligible policyholders.</p> <p>Participation in the cyclone pool is mandatory for Australian general insurers that underwrite eligible cyclone pool insurance contracts. All mandated insurers have joined the pool within the legislated timeframes.</p> <p>The following insurers may choose whether to participate:</p> <ul style="list-style-type: none"> • Insurers with less than \$10 million cyclone pool insurance contract GWP for the most recent financial year • Lloyd’s underwriters under the Insurance Act 1973 (Cth); and • Unauthorised foreign insurers under the Insurance Regulations 2002 (Cth). <p>In addition, ARPC offers optional terrorism reinsurance for commercial, industrial, and construction risks, as well as large strata properties located in Australia. This is a separate product administered by ARPC.</p>
3	Coverage (incl. perils, sum insured & premium etc.)	<p>The cyclone pool covers home, residential and strata, and small business policies. This includes:</p> <p>Residential home and contents, including landlord insurance and farm residential buildings</p> <p>Commercial property policies with maximum sum insured of \$5 million across risks covered by the cyclone pool (property, contents, and business interruption); and</p> <p>Residential strata, including long and short-term strata rental and mixed-use strata schemes, where 50 per cent or more of floor space is used mainly for residential purposes.</p> <p>Perils – cyclone cover is for losses from wind, flood and storm surge attributable to a cyclone that occurs during an officially declared cyclone plus 48 hours after it is downgraded below cyclone status.</p>

4	Claim Criteria / Loss Trigger	<p>A cyclone event is triggered once the Bureau of Meteorology has notified ARPC that the weather event is a cyclone, as defined in the TCI Act, and is impacting Australian territories. Losses are defined by the original insurance policy and claims are managed by the insurers.</p> <p>The ARPC website is updated with the details of the Declared Cyclone Event including the start, end and claim period.</p>
5	Current Risk Assuming and Transferring structure (see following diagram)	<p>ARPC assumes all eligible cyclone losses (as defined by the <i>Terrorism and Cyclone Insurance Act</i> (2003)) covered under cyclone pool insurance contracts.</p> <p>These risks are transferred to ARPC through standard, continuous property reinsurance treaty arrangements entered into between ARPC and participating insurers.</p> <p>Under the current reinsurance arrangements, insurers receive 100 per cent aggregate cover for cyclone pool insurance losses from ground up (i.e. with no treaty excess).</p> <p>ARPC charges reinsurance premiums on policies issued or renewed by participating insurers, calculated and settled on a quarterly basis. Premiums are determined at an individual risk level, taking into account building characteristics such as construction materials, age, and location. Flood risk is priced at a granular regional level.</p> <p>ARPC's pricing framework is designed to deliver the greatest premium reductions in areas with the highest cyclone risk, while remaining cost-neutral over the long term.</p> <p>In setting cyclone pool reinsurance premiums, ARPC must comply with the requirements of the TCI Act, which include:</p> <ul style="list-style-type: none"> • ensuring that, over the longer term, premiums are sufficient to cover claims and expenses, including any amounts payable under the Commonwealth guarantee • in medium- to high-risk cyclone areas, keeping premiums as low as possible while maintaining appropriate incentives for risk mitigation and resilience • in lower-risk areas, maintaining premiums at levels broadly comparable to those charged by the private reinsurance market <p>ARPC's cyclone rates can be adjusted based on claims data and other factors.</p>

6	Recent Loss events	<p>Cyclone Event (begin date)</p> <p>Cyclone Narelle2: 25 Mar 2026 Cyclone Narelle: 17 Mar 2026 Cyclone Mitchell: 6 Feb 2026 Cyclone Luana: 24 Jan 2026 Cyclone Koji: 10 Jan 2026 Cyclone Hayley: 29 Dec 2025 Cyclone Fina: 19 Nov 2025 Cyclone Errol: 16 Apr 2025 Cyclone Dianne: 28 Mar 2025 Cyclone Alfred: 28 Feb 2025 Cyclone Zelia: 12 Feb 2025 Cyclone Sean: 19 Jan 2025 Cyclone Megan: 16 Mar 2024 Cyclone Lincoln: 16 Feb 2024 Cyclone Kirrily: 24 Jan 2024 Cyclone Jasper: 10 Dec 2023 Cyclone Ilsa: 11 April 2023 Cyclone Gabrielle: 9 Feb 2023</p> <p style="text-align: right;">Est Ultimate Claims Costs</p> <p style="text-align: right;">\$109 million \$4.3 million \$11.3 million \$2.4 million \$53 million \$2.4 million \$84 million \$5k \$563k \$1,580 million \$4.2 million \$6.5 million \$2.7 million \$460 k \$40 million \$96 million \$9 k \$50 k</p> <p>As at 30 April 2026, the total projected claims incurred is \$2,003 million since the pool inception on 1 July 2022.</p>
7	Latest take-up rate (Penetration rate)	<p>All mandated insurers have joined the cyclone within legislated timeframes.</p> <p>The cyclone pool covers over 3.2 million buildings against physical and financial loss from cyclones with an aggregate building exposure of just under \$2.40 trillion.</p>
8	Current Accumulate reserves (fund)	<p>As at 30 June 2025, ARPC cyclone net assets stood at \$734 million deficit and is backed by a \$10 billion Commonwealth guarantee plus an additional unquantifiable guarantee if required.</p> <p>As at 30 June 2025, ARPC terrorism net assets stood at \$1.51 billion and is also backed by a \$10 billion Commonwealth guarantee. ARPC pays annual fees and dividends to the Federal government for the provision of the terrorism Commonwealth guarantee as stated in our Annual Reports.</p>
9	Website/ annual report Linkage	<p>ARPC website ARPC Annual Reports ARPC Corporate Plan 2025-29</p>
10	Other	

Our Purpose, Role and Values



Current Risk Assuming and Transferring structure (diagram)

