

## Australia's Terrorism Insurance Scheme

Recommended changes to the scheme that were submitted by the 2015 Triennial Review by Treasury have now been approved and are effective from 1 July 2017.

### The changes will be:

- Broaden the definition of eligible property to include buildings with a floor space of at least 20% used for commercial purposes or which have a building sum insured of at least \$50 million, whether used for commercial or other purposes (effective on contracts of insurance issued or renewed for July 1); and
- Amend the Terrorism Insurance Act 2003 to extend the definition of a terrorism exclusion or exception in an eligible insurance contract to include acts described as "chemical", "biological", "polluting", "contaminating", "pathogenic", poisoning" or words of similar effect.

*We welcome the additional protection these changes will provide to Australian strata communities in the event of an economic loss caused by a terrorism catastrophe.*

Further details can be found on the Australian Reinsurance Pool Corporation (ARPC) website at <http://arpc.gov.au/2017/04/04/terrorism-insurance-scheme-amendments-approved/>

### Collection of Premiums

This change to the scheme will require Insurers to collect Terrorism Insurance Scheme premiums on behalf of the ARPC in relation to the following property segments:

- Residential strata properties with a building sum insured equal to or greater than \$50 million; and
- All other strata properties with at least 20% commercial floor space.

Terrorism Insurance Scheme premiums for the above mentioned property segments will be included within the overall insurance premium on contracts of insurance issued or renewed from **1 July 2017**.

Residential Strata policies will also continue to provide coverage outside the scope of the Terrorism Insurance Scheme for Acts of Terrorism for residential strata properties with a building sum insured less than \$50 million, including properties with up to 20% commercial floor space.

Should you have any questions please do not hesitate to contact our office.

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