

Terrorism Insurance Regulations 2003 2003 No. 162

EXPLANATORY STATEMENT

STATUTORY RULES 2003 No. 162

Issued by authority of the Treasurer

Terrorism Insurance Act 2003

Terrorism Insurance Regulations 2003

The *Terrorism Insurance Act 2003* (the Act) sets up the framework for the Government's terrorism insurance scheme.

Section 41 of the Act provides that the Governor-General may make regulations prescribing matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

Section 3 of the Act allows eligible property to be prescribed by regulations.

Section 7 of the Act specifies that a contract is not an eligible insurance contract to the extent to which it is prescribed by regulations.

The purpose of the Regulations is to provide a list of insurance contracts that are not eligible for the purposes of the Act, and prescribe property that is eligible.

An assessment of the Australian insurance market by Trowbridge Consulting, assisted by Chilton International, in June and July 2002 found that virtually no terrorism-related insurance cover is available for commercial property and business interruption. The Government therefore decided that its replacement terrorism insurance scheme should cover commercial property. The list of insurance contracts that are not eligible reflects consultation with the insurance industry on how to exclude non-commercial property from the terrorism insurance scheme. The inclusion of property that is in, on or under the seabed reflects the desire to have consistent treatment of offshore and onshore facilities.

The Regulations commenced on gazettal.