

EXPLANATORY STATEMENT

Select Legislative Instrument 2013 No. 193

Issued by authority of the Assistant Treasurer

Terrorism Insurance Act 2003

Terrorism Insurance Amendment Regulation 2013 (No. 1)

Section 43 of the *Terrorism Insurance Act 2003* (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 10 of the Act provides that the Australian Reinsurance Pool Corporation (ARPC) has the function of providing insurance cover for eligible terrorism losses and any other functions that are prescribed by the regulations.

On 28 February 2013, the Government announced the National Insurance Affordability Initiative (NIAI) which includes the establishment of the National Insurance Affordability Council (NIAC). The NIAC will be a non-statutory advisory body made up of experts appointed by the Minister for Financial Services and Superannuation.

The *Terrorism Insurance Amendment Regulation 2013 (No. 1)* (the Regulation) prescribes that the ARPC will have the additional function of assisting and supporting the NIAI and the NIAC.

Under its enabling legislation, the ARPC operates a scheme which is essentially directed at ensuring that insurance against risk of terrorism is affordable and available in the market for commercial property insurance. Its expertise in this area leads to synergies with the NIAC which has similar goals in respect of enhancing affordability and availability of natural disaster insurance.

The Commonwealth has not consulted on this Regulation. The Office of Best Practice Regulation advised that no Regulation Impact Statement (RIS) was required for the implementation of the National Insurance Affordability Initiative (NIAI). Apart from consultation with the ARPC itself, broader consultation was not deemed necessary because the regulation does not have any impact, direct or indirect, on business or the not for profit sector.

The Regulation specifies the following additional functions of the ARPC:

- Assist and support the National Insurance Affordability Initiative; and
- Assist and support the National Insurance Affordability Council in performing its functions as outlined in the Council's Terms of Reference.

The Act specifies no conditions that need to be satisfied before the power to make the Regulation may be exercised.

The Regulation is a legislative instrument for the purposes of the *Legislative Instruments Act 2003* and commenced on 26 July 2013.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

The Terrorism Insurance Amendment Regulation 2013 (No. 1) (the Regulation) prescribes that the ARPC will have the additional function of assisting and supporting the National Insurance Affordability Initiative and the National Insurance Affordability Council.

Human rights implications

This Legislative Instrument does not engage any of the applicable rights or freedoms.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.