



## **Terrorism Insurance (Premiums) Direction 2019**

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I, Stuart Robert, Assistant Treasurer, give the following direction to the Australian Reinsurance Pool Corporation.

Dated 22 January 2019

Stuart Robert  
Assistant Treasurer

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## Part 1—Preliminary

### 1 Name

This instrument is the *Terrorism Insurance (Premiums) Direction 2019*.

### 2 Commencement

- (1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. Sections 1 to 3 and anything in this instrument not elsewhere covered by this table	The day after this instrument is registered.	
2. Sections 4 to 10 and Schedule 1	1 July 2019.	1 July 2019

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

- (2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

### 3 Authority

This instrument is made under the *Terrorism Insurance Act 2003*.

### 4 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

### 5 Definitions

Note: Paragraph 13(1)(b) of the *Legislation Act 2003* has the effect that expressions have the same meaning in this instrument as in the Act as in force from time to time.

In this instrument:

*Act* means the *Terrorism Insurance Act 2003*.

*amount* includes a nil amount.

## Section 6

**GST** has the meaning given by the *A New Tax System (Goods and Services Tax) Act 1999*.

**premium income** has the meaning given by section 9.

**reinsured eligible insurance contract** means an eligible insurance contract covered by a contract of reinsurance entered into by a party to be reinsured and the Corporation.

**Tier A property** has the meaning given by section 6.

**Tier B property** has the meaning given by section 7.

**Tier C property** is any eligible property located in an area in Australia that is neither a Tier A property nor a Tier B property.

### 6 Tier A property

A **Tier A property** is an eligible property located in an area in Australia that has a postcode listed in the following table:

Item	State or Territory	Listed postcodes
1	Australian Capital Territory	
2	New South Wales	2000, 2007, 2009, 2060
3	Northern Territory	
4	Queensland	4000
5	South Australia	5000, 5005
6	Tasmania	
7	Victoria	3000, 3006, 3008
8	Western Australia	6000, 6003

### 7 Tier B property

(1) A **Tier B property** is an eligible property located in an area in Australia that has a postcode listed in the following table:

Item	State or Territory	Listed postcodes
1	Australian Capital Territory	2600 to 2607, 2609, 2612, 2614, 2615, 2617, 2900, 2902 to 2906, 2911 to 2914
2	New South Wales	2006, 2008, 2010, 2011, 2015 to 2050, 2052, 2061 to 2077, 2079 to 2082, 2085 to 2090, 2092 to 2097, 2099 to 2122, 2125 to 2148, 2150 to 2156, 2160 to 2168, 2170 to 2177, 2179, 2190 to 2200, 2203 to 2214, 2216 to 2234, 2251, 2256, 2257, 2260 to 2263, 2267, 2280 to 2285, 2287, 2289 to 2300, 2302 to 2308, 2485, 2486, 2500, 2502, 2505, 2506, 2515 to 2519, 2522, 2525, 2526, 2528 to 2530, 2557 to 2559, 2564 to 2567, 2619, 2747, 2749, 2750, 2759 to 2763, 2765 to 2770, 2773, 2774, 2776, 2777

## Section 7

Item	State or Territory	Listed postcodes
3	Northern Territory	0800, 0810, 0812, 0815, 0820
4	Queensland	4005 to 4014, 4017 to 4022, 4029 to 4032, 4034 to 4037, 4051, 4053 to 4055, 4059 to 4061, 4064 to 4070, 4072 to 4078, 4101 to 4125, 4127 to 4133, 4151 to 4161, 4163 to 4165, 4169 to 4174, 4178, 4179, 4184, 4205, 4207 to 4210, 4212, 4214 to 4218, 4220 to 4227, 4229, 4230, 4271, 4300, 4301, 4303 to 4305, 4350, 4500 to 4506, 4508 to 4510, 4551, 4556 to 4558, 4564, 4566, 4567, 4572, 4573, 4575, 4810, 4812, 4814, 4868 to 4870, 4878, 4879
5	South Australia	5006 to 5025, 5031 to 5035, 5037 to 5052, 5061 to 5070, 5072 to 5076, 5081 to 5098, 5106 to 5113, 5125 to 5127, 5140, 5150, 5158 to 5170, 5173, 5950, 5960
6	Tasmania	7000, 7004, 7005, 7007 to 7011, 7015, 7016, 7018, 7019, 7021, 7050, 7052, 7053, 7055, 7170
7	Victoria	3002 to 3004, 3010 to 3013, 3015, 3016, 3018 to 3023, 3025 to 3034, 3036 to 3068, 3070 to 3076, 3078, 3079, 3081 to 3091, 3093 to 3096, 3101 to 3109, 3111, 3113, 3114, 3116, 3121 to 3138, 3140 to 3156, 3158 to 3163, 3165 to 3175, 3177 to 3202, 3204 to 3207, 3214 to 3216, 3218 to 3220, 3336, 3428, 3752, 3754, 3765 to 3767, 3782, 3785 to 3789, 3791 to 3793, 3796, 3800, 3802 to 3807, 3910, 3911, 3930, 3931, 3934, 3936, 3938, 3975 to 3977
8	Western Australia	6004 to 6012, 6014 to 6031, 6036, 6038, 6050 to 6066, 6069, 6070, 6090, 6100 to 6110, 6112, 6147 to 6160, 6162 to 6175, 6180, 6210

*Existing area divided into more than one new area and allocated new postcode*

(2) If:

- (a) an area in Australia has a postcode listed in the table in subsection (1); and
- (b) the Australian Postal Corporation:
  - (i) divides the area into 2 or more new areas; and
  - (ii) allocates a new postcode to each new area;

then each eligible property located in each new area is a **Tier B property**.

*New or existing postcode allocated to increased area*

(3) If:

- (a) an area in Australia has a postcode listed in a table in either section 6 or 7; and
- (b) the area has a population of greater than 100,000 people; and
- (c) the area increases; and
- (d) the Australian Postal Corporation allocates:
  - (i) the increased area a new postcode; or
  - (ii) an existing postcode to the part of the area that increased;

then each eligible property located in the area is a **Tier B property**.

**Section 7**

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- (4) In working out whether an area has a postcode for the purposes of paragraph (3)(a), treat any postcode previously covered by subparagraphs (2)(b)(ii) or (3)(d)(i) as being listed in the table in subsection (1).



## Part 2—Direction to set premiums that are to be charged by the corporation in respect of contracts of insurance

### 8 Corporation must charge premium in accordance with specified rates

- (1) Under section 38 of the Act, the Corporation is directed to charge a premium for a reinsured eligible insurance contract as set out, for the type of cover provided by the eligible insurance contract, in the following table:

Item	Type of cover	Premium to be charged for a reinsured eligible insurance contract
1	Loss of, or damage to, eligible property that is owned by the insured	(a) for an eligible insurance contract covering Tier A property—16% of the premium income; and (b) for an eligible insurance contract covering Tier B property—5.3% of the premium income; and (c) for an eligible insurance contract covering Tier C property—2.6% of the premium income.
2	Business interruption and consequential loss arising from: (a) loss of, or damage to, eligible property that is owned or occupied by the insured; or (b) inability to use eligible property, or part of eligible property, that is owned or occupied by the insured	(a) for an eligible insurance contract covering Tier A property—16% of the premium income; and (b) for an eligible insurance contract covering Tier B property—5.3% of the premium income; and (c) for an eligible insurance contract covering Tier C property—2.6% of the premium income.
3	Liability that arises out of the insured being the owner or occupier of eligible property	0% of the premium income.

### 9 Premium income

- (1) The *premium income* for an eligible insurance contract is worked out as follows:

*Method statement*

- Step 1. Work out the amount of the premium written by the party to be reinsured (the *reinsured*) that is attributable to the eligible insurance contract.
- Step 2. Reduce the result from Step 1 by that part of the result that relates to a premium that has been refunded to the reinsured as result of any adjustment or cancellation related to the eligible insurance contract.

Section 9

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Step 3. Reduce the result from Step 2 by that part of the result that is attributable to GST, or a stamp duty or fire services levy (however described) imposed on the eligible insurance contract under a law of a State or Territory. The result is the *premium income*.

- (2) However, if an eligible insurance contract:
- (a) comprises 2 or more distinct insurance covers that have been packaged or bundled together; and
  - (b) is offered on the basis that the insured must take out one or more of the insurance covers offered; and
  - (c) has a precisely quantifiable premium that can be attributed to each insurance cover that has been packaged or bundled together; and
  - (d) that contains, both:
    - (i) some insurance covers, each of which if provided individually, would be an eligible insurance contract; and
    - (ii) other insurance covers, none of which, if provided individually, would be an eligible insurance contract;

then, apply the method statement in subsection (1) to only that part of an eligible insurance contract that provides insurance covers that, if provided individually, would be an eligible insurance contract.

## **Schedule 1—Repeals**

### ***Terrorism Insurance Act 2003 – Premiums Direction 2015***

#### **1 The whole instrument**

Repeal the instrument.

### ***Terrorism Insurance Act 2003 – Premiums Direction 2017***

#### **2 The whole instrument**

Repeal the instrument.