

## Employer's liability for acts of terrorism endorsement - insurance solution for self-insurers

**Liberty Specialty Markets is a specialist Excess of Loss Workers Compensation insurer. We offer policy coverage to employers who choose to self-insure their workers compensation liability under relevant Australian state or territory legislation or under Commonwealth legislation.**

Our coverage is tailored to meet each company's individual insurance requirements and we also offer policy enhancements such as Liberty's employer's liability for acts of terrorism endorsement ("the Endorsement").

As a self-insurer, your company assumes the liability imposed on employers for work-related death or injury to employees.

If your company is licensed as a self-insurer under Queensland, South Australian, Victorian, Northern Territory, Federal (Comcare) or Seafarers jurisdictions, the law does not require your Excess of Loss Workers Compensation Policy to include cover for liability to employees for death or injuries suffered from an act of terrorism. Accordingly, it is unlikely that your Excess of Loss Workers Compensation Policy provides cover for liability arising from acts of terrorism in those jurisdictions.

The potential financial exposure to self-insurers following an act of terrorism event can be significant.

### Are you protected?

- ▶ Employers are liable for workers compensation claims arising from an act of terrorism.
- ▶ There is no legislative protection or liability capping for workers compensation claims arising from an act of terrorism for self-insurers holding Queensland, South Australian, Victorian, Northern Territory, Comcare or Seafarers self-insurer licenses. Further details are outlined in the Terrorism Table overleaf.
- ▶ Workers compensation risks are excluded from the Commonwealth Government's Australian Terrorism Reinsurance Pool.
- ▶ If your Excess of Loss Workers Compensation Policy is with Liberty, we can offer you the Endorsement to help protect your company from liabilities arising from acts of terrorism.

## Liberty's employer's liability for acts of terrorism endorsement

We offer our self-insurer clients a unique insurance solution. The Endorsement adds on to your Excess of Loss Workers Compensation Policy.

- ▶ The Endorsement forms part of the Reinsured Retention (it does not add a further retention to existing policy wordings and conditions)
- ▶ Liberty offers limits of up to \$50m (you can select the level of assessed exposure)
- ▶ The Endorsement applies to overseas and interstate employees.

This 'Terrorism table' outlines how jurisdictions respond should an act of terrorism be declared by the Government.

### Terrorism table

Jurisdiction	Terrorism Legislation?	Comment	Threshold / Cap on Liability
<b>Comcare, Seacare, NT</b>	No	No statutory protection for self-insurers against workers compensation liabilities arising from an act of terrorism.	No coverage
<b>ACT</b>	Part 8.3, <i>Workers Compensation Act 1951</i> (ACT)	For the provisions to apply, a self-insurer must act in a proper manner and take business-like steps to obtain reinsurance for their liabilities caused by acts of terrorism (s179A). A temporary reinsurance fund will reimburse workers compensation liabilities above a specified threshold to the extent such liabilities are not reinsured. <i>Insurers and exempt employers may be required to contribute towards the fund's liabilities.</i>	Reimbursement is available for liabilities in excess of a threshold determined by market share.
<b>SA</b>	No	No statutory protection for exempt employers against workers compensation liabilities arising from an act of terrorism.	No coverage
<b>TAS</b>	<i>Part IX, Div 6, Workers Rehabilitation and Compensation Act 1998</i> (TAS)	Workers compensation claims arising from a specified "act of terrorism" may be met by the Nominal Insurer. <i>The total liability of the Nominal Insurer may be funded by insurers and self-insurers.</i>	Claims will be reduced proportionately to ensure the liability of the Nominal Defendant is capped at \$25m.
<b>QLD</b>	No	No statutory protection for self-insurers against workers compensation liabilities arising from an act of terrorism.	No coverage
<b>NSW</b>	<i>Pt 7 Div 8, Workers Compensation Act 1987</i> (NSW)	A terrorism reinsurance fund can be established where total workers compensation liabilities above \$1m arise. <i>The liabilities of the fund will be met by contributions from insurers and self-insurers.</i>	Reimbursement is provided for liabilities in excess of a threshold determined by an insurer's proportionate losses or reinsurance recoveries.
<b>VIC</b>	No	No statutory protection for self-insurers against workers compensation liabilities arising from an act of terrorism.	No coverage
<b>WA</b>	<i>Workers Compensation and Rehabilitation (Acts of Terrorism) Act 2001</i> (WA)	Self-insurers can be granted approval to exclude workers compensation liabilities arising from acts of terrorism <i>providing they agree to contribute to the Employers Indemnity Supplementation Fund.</i> Self-insurers that are authorised to exclude such liabilities may seek to have workers compensation claims arising from an act of terrorism met out of the fund by the Insurance Commission.	All claims will be reduced proportionately to ensure the liability of the fund is capped at \$25m.

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We're part of the global Liberty Mutual Group, a Fortune 100 company that's been in business since 1912 with a Standard & Poor's 'A' (strong) rating.

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