

## Terrorism and Fines & Penalties An Insurance Solution for Self Insurers

We are pleased to inform you of key Policy cover enhancements now available as part of our Excess Workers Compensation Reinsurance product offering.

Cover for employer liability arising from acts of **Terrorism** or **Statutory Liability** to occupational health & safety fines and penalties have not been available through the Excess of Loss Workers Compensation market, **until now**.

Focusing on providing a strong level of cover at an affordable cost, we are delighted to now offer the Terrorism & Statutory Liability cover options to our existing and prospective clients.

Further coverage detail is also set out below.

To discuss how to arrange a **quotation** please contact Dominic Fogarty.

### Terrorism

The impact of September 11 continues in the insurance industry with terrorism exclusions a market standard. Seven years later we have seen very little progress with Government or Insurance solutions for the financial protection of Licensed Self Insurers for their liability in this area.

Indeed, currently:

1. Self Insurers still have a statutory liability to employees injured from terrorist acts; and
2. Other than Western Australia, Tasmania and New South Wales, there is no legislative limitation of liability or Government indemnity for Self Insurers; and
3. Excess of Loss Workers Compensation Policies contain exclusions for acts of Terrorism.

Even the Federal Government Terrorism Pool (under the *Terrorism Insurance Act 2003*) expressly excludes workers compensation classes of insurance.

Whilst it may seem Australia is remote to acts of terrorism the fact remains this is, in the majority of cases, an uninsured and unprotected liability left to the Self Insurer to fund.

### Terrorism Cover Extension – What Is It & How Does It Work?

Through writeback of the policy's Terrorism exclusion, LIU provide cover for the Self Insurer's statutory liability to employee's death or injuries suffered from an act of terrorism. LIU clients can purchase up to \$50,000,000 in coverage with smaller limits available which may appeal to smaller single state based Self Insurers.

The Policy will respond in the normal manner being excess of the Self Insurer's retained amount.

### How Much Does It Cost?

LIU has focussed on getting the balance right with a strong level of cover at an affordable cost. Examples of cover & costs follow:

Business	Employee No.s	Terrorism Limit Any one Occurrence/Any one Period	Cost* before Govt Charges
Industrial	3,000	\$25,000,000/\$50,000,000	\$16,500
		\$5,000,000/\$10,000,000	\$7,000

\*Minimum premiums may apply.

### Statutory Liability (Fines & Penalties)

Recent record fines and increase in penalties illustrate the potential significant cost employers now face for their breach of occupational health & safety (OH&S) regulations.

Employers can protect and minimise the financial impact of statutory fines and penalties with LIU's Statutory Liability cover extension to their existing Excess Workers Compensation Reinsurance Policy.

**Statutory Liability Extension – What Is It & How Does It Work?**

The Statutory Liability extension provides cover<sup>1</sup> to the Self Insurer (entity) as well as its officers or employees for fines & penalties (including their defence) arising from inadvertent breaches of OH&S regulations. Cover applies to all employees or operations of the company licensed to self insure and includes OH&S breaches involving the employees of others.

This claims made Policy extension is **not subject to the Self Insurer’s retained amount** but a separate Excess of \$2,000.

**How Much Does It Cost?**

Again with a strong level of cover at an affordable cost an example of cover & cost is:

Business	Employee No.s	Policy Limit Any one Claim/Any one Period	Excess Each Claim	Cost* before Govt Charges
Industrial	3,000	\$1,000,000/\$1,000,000	\$2,000	\$54,000

\*Minimum premiums may apply.

<sup>1</sup> Note that any breach (of legislation) must not constitute intentional, deliberate, dishonest, fraudulent or malicious acts, including acts of gross negligence or recklessness.

**For More Information Please Contact:**

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**About LIU**

In Australia, Liberty International Underwriters (LIU) is the trading name of the Boston-based Liberty Mutual Insurance Company (LMIC), a leading global insurer, established in 1912. Headquartered in Sydney, LIU Asia Pacific began its operation in Australia in 1999, and has since established offices in Adelaide, Brisbane, Melbourne, Singapore and Hong Kong.

LMIC is part of the Liberty Mutual Group and is licensed and regulated in Australia. Liberty Mutual Group has a Standard & Poors rating of A (strong) and is ranked 94th on the Fortune 500 list of largest corporations in the US based on 2007 revenue.

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