

## Default Insurance Fund – Acts of Terrorism

The *Workers Compensation and Injury Management Act 2023 (WCIMA23)* repealed the *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001* and integrated relevant provisions into the *WCIMA23*.

### Key Points

Act ref: Part 5, Division 9. Regs ref: 104

Part 5 Division 9 of the *WCIMA23* provides for:

- A statutory definition of 'act of terrorism' based on the Commonwealth's *Criminal Code Act 1995*, modified to ensure application to personal injury.
- Ministerial declaration as the sole trigger to activate acts of terrorism claims.
- An employer who has a compensation liability in respect of a declared act of terrorism may claim on WorkCover WA for payment or reimbursement.
- Amounts paid to satisfy claims are payable from the Default Insurance Fund.
- Regulations impose a total claims limit of \$100m in respect of a declared act of terrorism.
- Regulations also impose a limit of \$100m on the total amount of compensation payable in a financial year in respect of 1 or more declared acts of terrorism.
- Common law liabilities relating to acts of terrorism are excluded.

### Questions & Answers

**Q. What is the basis for funding terrorism claims through the Default Insurance Fund via a levy on licensed insurers and self-insurers?**

**A.** The Default Insurance Fund provides for payments to be made to address scheme and system risks. Claim costs relating to acts of terrorism are met by the DIF as a system risk as insurers are unable to secure reinsurance from reputable AAA rated reinsurers. DIF payments are met via a levy on licensed insurers and self-insurers which is comparable with other jurisdictions and preferable to a direct levy on employers.

**Q. What is the basis for the limit on the total cost of claims per terrorism event?**

**A.** The amount of \$100 million is an industry standard retention amount for comparable catastrophic events.