



Law Council
OF AUSTRALIA

MHL.JGW.LCA0788



16 April 2003

Dr Kathleen Dermody
Secretary
Senate Economics Legislation Committee
Room SG.64
Parliament House
CANBERRA ACT 2600

Dear Dr Dermody

Terrorism Insurance Bill 2002

Thank you for your letter of 31 March 2002 addressed to Ms Christine Harvey as Deputy Secretary-General for the Law Council, inviting the Council to make a written submission to the Senate Economics Legislation Committee's inquiry on the above Bill. The Law Council has brief comments, in summary that it supports the purpose of the Bill.

This submission was made with the assistance of the Law Council's Accident Compensation Committee.

I note from your letter that the purpose of the *Terrorism Insurance Bill 2002* is to deem all eligible insurance contracts to include terrorism risk over and implement a framework for reinsurance for terrorist acts for commercial properties and infrastructure, including business interruption and public liability risks. The Bill also proposes to establish the Australian Reinsurance Pool Corporation which will provide the reinsurance cover.

The Law Council supports the purpose of the Bill. Since the events of 11 September 2001 and 12 October 2002, the danger of terrorism has become horribly apparent. It is unsurprising that the insurance market would not be able itself to price and allocate the newly appreciated risk of terrorism to Australia. Government intervention is appropriate to address the issue.

The Law Council does not address here any specific points raised by the *Terrorism Insurance Bill 2002*. However, the Law Council does note that it supports the purpose of this Bill because it will facilitate insurance availability so that claims for compensation will be able to be paid.

I note for your future reference that Ms Harvey has recently left the Law Council for a new position. Please address any future correspondence about inquiries to me.

The Law Council would be happy to respond to any questions from the Senate Economics Legislation Committee on this inquiry, including by appearing before the Committee if desired. If you wish to contact the Law Council about this letter please contact Mr James Greentree-White in the first instance on 02 6246 3715.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael Lavarch', written in a cursive style.

Michael Lavarch
Secretary-General